

Stock Code: 2505
Taiwan Stock Exchange Market Observation Post System:
<http://mops.twse.com.tw>
Company Website:
<http://www.kycc.com.tw>

Kuo Yang Construction Co., Ltd.

2020 Annual Report

Print Date: April 20, 2021

I. Spokesperson of the Company

Spokesperson Name: Cheng-I Wang

Occupational Title: Assistant Vice President, Finance Division

Telephone: (02)2500-0808

E-mail: candy@kycc.com.tw

Acting Spokesperson Name: Yun-Ti Cheng

Occupational Title: Assistant Vice President, Planning Division

Telephone: (02)2500-0808

E-mail: hugo.cheng@kycc.com.tw

II. Corporate Address and telephone:

Corporate Address: 18F, No.555, Zhongxiao East Road 4, Taipei Telephone: (02)2500-0808

III. Share Registrar and Investor Service Agent

Name: Grand Fortune Securities Co., Ltd.

Address: 6F, No. 6, Section 1, Zhongxiao West Road, Taipei

Telephone: (02)2371-1658

Website: <https://www.gfortune.com.tw>

IV. Certified Public accounting Firm:

Name of CPA Office: Pricewaterhouse Coopers Taiwan

Names of CPAs: Chun-Yuan Hsiao; Fang-Yu Wang

Address: 27F, No. 333, Keelung Road Section 1, Taipei

Telephone: (02)2729-6666

Website: <http://www.pwc.tw>

V. Name of Overseas Securities Exchanges Where the Company Listed the Stocks for Trading, and Method for Inquiry of Information on the Securities: Nil.

VI. Company Website: <http://www.kycc.com.tw>

Kuo Yang Construction Co., Ltd. 2020 Annual Report Table of Contents

Chapter 1. Letter to Shareholders	1
I. 2020 business performance	2
II. 2021 Business Plan overview	4
III. Future development strategy	4
IV. Impact of the external competitive environment, regulatory environment, and overall business environment	4
Chapter 2. Company Profile	8
Chapter 3. Corporate Governance Report	12
I. Organization Chart	12
II. Information on Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries ...	15
III. Remunerations to Directors, Supervisors, President, and Vice Presidents in recent years	30
IV. Implementation of corporate governance.....	41
(I) Operations of the Board of Directors	41
(II) Operations of the Audit Committee or attendance of Supervisors in board meetings	46
(III) Corporate governance implementation status, deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons	52
(IV) Composition and operations of the Remuneration Committee	59
(V) Implementation of corporate social responsibility, deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies, and reasons	63
(VI) Implementation of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, reasons, and measures taken.....	68
(VII) Disclosure of the Company's corporate governance principles and related guidelines if they have been established	71
(VIII) Other significant information which may improve the understanding of the implementation of corporate governance	71
(IX) Status of implementation of internal control system.....	72

(X) Penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations if such violation may have significant impact on the shareholders' equity or securities prices, major defects, and corrective action thereof in the most recent fiscal year and as of the date of the Annual Report.....	74
(XI) Important resolutions adopted in shareholders' meeting and Board of Directors' meeting in the past year and up to the date of Annual Report	74
(XII) Dissenting or qualified opinion of Directors or Supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of the Annual Report	83
(XIII) Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief R&D Officer, Chief Internal Auditor, and Corporate Governance Officer, in the past year and up to the date of the Annual Report...	83
V. Information on CPA Professional Fees.....	84
VI. Information on Replacement of CPA	85
(I) Regarding previous CPA	85
(II) Regarding succeeding CPA	87
VII. Company's Chairman, President, Financial or Accounting Affairs Manager who has served in the certifying CPA firm or its affiliates in the most recent year	87
VIII. Transfer of equity interests and/or pledge of or change in equity interests by Directors, Supervisors, managers, and major shareholders holding more than 10% of the shares in the previous year and up to the publication date of the Annual Report	88
IX. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)	90
X. The shareholding of the Company, Director, Supervisor, manager, and an enterprise that is directly or indirectly controlled by the Company in the investee company and the calculation of the consolidated shareholding percentage.....	92
Chapter 4. Funding Status.....	93
I. Capital and shares	93

(I) Sources of capital	93
(II) Shareholders	97
(III) Shareholding distribution status	97
(IV) List of main shareholders	98
(V) Market price per share, net worth, earnings, dividends, and the related information for the last two years	98
(VI) Dividend policy and implementation status	99
(VII) Effect of free-gratis dividend proposed in the current shareholders' meeting on Company's business performance and earnings per share	100
(VIII) Remuneration of employees, Directors, and Supervisors	101
(IX) Buyback of treasury stock	102
II. Issuance of corporate bonds	102
III. Issuance of preferred stocks	102
IV. Issuance of global depositary receipts (GDR)	102
V. Exercise of employee stock option plan (ESOP)	102
VI. Employees' restricted stocks	102
VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies	102
VIII. Implementation of capital allocation plan	102

Chapter 5. Business Overview..... 103

I. Business activities	103
(I) Business scope.....	103
(II) Industry overview.....	103
(III) Overview of technology and R&D.....	119
(IV) Long-term and short-term business development plans.....	119
II. Overview of market, production, and sales.....	121
(I) Market analysis	121
(II) Application and production of key products	123
(III) Supply status of primary raw materials.....	123
(IV) Names of customers who accounted for more than 10% of the purchase (sales) in any of the last two years, and the purchase (sales) amount and ratio	125
(V) Production volume and value for the last two years	126
(VI) Sales volume and value for the last two years	126
III. Employee information for the last two years up to the publication date of the Annual Report	127
IV. Environmental protection expenditure information.....	127

V. Employer-employee relations	127
VI. Important contracts.....	129
Chapter 6. Financial Overview	131
I. Condensed balance sheet and statement of income for the last five years	131
II. Financial analysis for the most recent five years	136
III. Supervisors' Audit Report on the Financial Report of the most recent year	140
IV. Financial statements of the most recent year	142
(I) Independent Auditor's Report.....	142
(II) Comparison table of the 2019 and 2020 financial statements.....	147
V. Individual financial statements of the most recent year.....	214
VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates during the last fiscal year up to the publication date of the Annual Report	292
Chapter 7. Review, Analysis, and Risks of Financial Conditions and Performance	293
I. Financial conditions	293
II. Financial performance.....	294
III. Cash flow	296
IV. Effect of major capital spending on financial position and business operation in the most recent year	296
V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the following year	297
VI. Risk matters required for analysis in the most recent year and up to the publication date of the Annual Report	299
VII. Other important matters	302
Chapter 8. Special Disclosures	304
I. Information on affiliates.....	304
II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report	309
III. Status of company shareholding or handling by a subsidiary company for the recent year up to the publication date of the Annual Report.....	309
IV. Other necessary supplemental information.....	309

Chapter 9. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report.....	310
---	-----

壹、Letter to Shareholders

Dear Shareholders, Greetings.

The outbreak of the COVID-19 epidemic in 2020 caused economic stagnation and negative growth in most of the countries across the world. Taiwan has been one of the few relatively safe countries with positive economic growth. As hot money continues to pour into Taiwan, the NTD has continuously appreciated. Transactions in Taiwan's housing market increased and the number of houses sold reached record highs as the economy prospered. The global economy is expected to recover in 2021 with the launch of COVID-19 vaccines. Experts predict that Taiwan's economic growth will remain positive and the current loose monetary policies and low interest rate will continue to create positive growth for the real estate market. The government's policies against real estate speculation and the rise in the cost of construction labor and materials are the two major factors that affect the real estate market and their impact must be closely monitored and quickly addressed.

Taiwan's exports increased as a result of the global demand for 5G, AI, and high-performance computing products. The Directorate-General of Budget, Accounting and Statistics and IMF estimated that Taiwan's economic growth rate may reach 3.83% and 3.2% in 2021. As Taiwanese businesses return to Taiwan to set up factories, and as purchase orders in Taiwan's tech industries continue to grow, the demand for office buildings and plants in Taiwan has increased. The sales of industrial plants increased in 2020 and total annual transactions reached a record high of NT\$54.7 billion. Kuo Yang also successfully expanded the construction of plants and offices. "Kuo Yang Silicon Valley" is scheduled to be completed and delivered in the second quarter of this year and has received wide acclaim on the market as an office building project. Therefore, the Company continued investments in plants and offices in the fourth quarter of 2020 and invested in land in Neihu Jiuzong Section and Tucheng Zhongyi Section. We work with professional teams to create unique plants and office buildings that meet market demands and create higher profits for the Company.

As Kuo Yang expands into new markets, we continue to develop the residential building market. We continue to invest in urban renewal projects in recent years and successfully completed the construction and delivery of the large-scale

urban renewal project "South Manor" in the fourth quarter of 2020. Kuo Yang works with Continental Engineering Co., Ltd. and the P&T Group design team to create one of the most iconic buildings in Taipei City. We believe that good buildings can help a city grow and prosper, and create brand-new lifestyles. We will continue to initiate projects in 2021 and attain our next milestones.

For nearly 50 years since the establishment of the Company, Kuo Yang real estate development group has always maintained a broad perspective and remained committed to improving the competitiveness of cities in Taiwan. Kuo Yang actively makes use of corporate resources and uses our vantage point to enhance the city and create a new era. Among Taiwan's numerous companies, Kuo Yang is the first and the only company that is capable of full integration of department stores, hotels, catering, and real estate development to create diverse and in-depth strategies. We have successfully become a mainstream Taiwanese conglomerate and play a key leadership role.

Kuo Yang actively develops residential and plant and office projects that meet the inelastic demand of the market. We also participate in the development of new urban renewal projects and reconstruction of dangerous and old buildings to create new opportunities for profits for the Company, fulfill corporate social responsibility, improve the urban landscape, and protect public safety. The Company also integrates resources of the Group to actively support the government's development of important public construction projects. We participate in the development projects of nearby areas or take part in tenders to expand the Company's sources of profits, increase revenue, and increase the remuneration of shareholders.

The Company's 2020 Business Report and 2021 Business Plan are summarized below:

I. 2020 Business Report

(I) Business Plan Implementation Results

1. 8 projects to be sold

(1) 6 projects completed

- Kuo Yan, The Green Place A, The Green Place B, The Green Place C, Smile Era, South Manor.

(2) 2 presale projects

- Kuo Yang Silicon Valley, Good morning, Kuo Yang.

2. 1 new project delivery
 - South Manor was delivered in Q4 2020.

(II) Budget Implementation

The Company did not prepare a financial forecast for 2020 and therefore does not prepare an analysis report.

(III) Analysis of Financial Gains and Losses and Profitability

Unit: NT\$1,000

Item	2020	2019
Operating revenue	14,277,915	1,923,024
Operating costs	(8,752,481)	(1,458,300)
Operating profit	5,525,434	464,724
Operating expenses	(521,605)	(338,226)
Operating profit	5,003,829	126,498
Non-operating income and expenses	155,761	(63,023)
Pre-tax profit	5,159,590	63,475
Income tax expenses	(216,523)	(6,587)
Net profit of the term	4,943,067	56,888
EPS	7.58	0.08

(IV) Research and Development

1. Key development projects:
 - (1) Urban renewal projects: Xindian Baoyuan Project, New Jilin Urban Renewal Project, Ren'ai Road Urban Renewal Project.
 - (2) Plants and offices: Neihu Jiuzong Section Project, Tucheng Zhongyi Section Project.
2. In terms of land development, we have begun the joint construction in urban renewal projects and land development in industrial zones. We also made use of idle assets such as land on Yunwen Street in Kaohsiung and land used in the Minquan East Road Project. We also supported the government's policy improving old and dangerous buildings and actively developed sites that meet the reconstruction criteria for old and dangerous buildings. The Company focused on tendering/investment solicitation for core areas in key development zones, and the development of urban renewal or land projects in areas near public transportation hubs. We also appointed a team of professional consultants to conduct assessments and analyses in accordance with the latest laws and policies to respond to supply and demand in the market and empower business growth.

3. In terms of engineering quality, we enhanced cooperation with large-scale construction groups and introduced the building information management system to improve engineering quality and the construction management system. We also actively developed new construction methods to improve the Company's competitiveness and customer satisfaction and create a positive brand image.

II. 2021 Business Plan overview

(I) Projects in the sales phase

1. Existing houses: Kuo Yan, The Green Place A, The Green Place B, Smile Era, Zhongxiao Courtyard.
2. Under construction: The Green Place C, South Manor, Good morning, Kuo Yang, Kuo Yang Silicon Valley.

III. Future development strategy

- (I) The Company shall carefully monitor the development of cross-strait relations and grasp business opportunities at appropriate times to expand the Company on the international stage with the aim of becoming the best brand in the real estate and related industries.
- (II) The Company's affiliates focus on developing strategies for diversifying assets and operations. In addition to continuous development of real estate businesses such as residential buildings, they also leveraged their successful experience in Hanshin Department Store, Grand Hi-Lai Hotel, and Hi-Lai Foods to evaluate investments in leisure hotels, tourism industry, shopping centers, and catering businesses. The affiliates seek to become "comprehensive developers" and closely monitor the substantial business opportunities in the real estate market in Taiwan and China.

IV. Impact of the external competitive environment, regulatory environment, and overall business environment

(一) Favorable factors:

1. Maintenance of loose monetary policies as a result of the international economic and financial conditions

Due to the resurgence of the COVID-19 epidemic, countries have reactivated disease prevention control measures which weakened the global economic recovery. Major economies have continued expansionary fiscal policies and maintained loose monetary

policies.

2. Record high sales of new construction projects in Northern Taiwan in seven years

According to the latest statistics of market research institutions, there were 74,044 units available for sales in presale and newly constructed projects in Northern Taiwan in 2020, and 43,213 units have been delivered with an average sales rate of 58.4%. It was the fourth consecutive year of growth and a record high in the past seven years. The statistics mean that the housing market has surpassed the 50% threshold on the bull-bear line and is heading toward a bullish market after a series of corrections.

Shih-Chang Ho, the Chief R&D Officer of My Housing Magazine, stated that the housing market benefited from low interest rates and the loose monetary environment which led to growth with an influx of capital. Demand on the new construction project market increased and the annual average sales rate of new projects in Northern Taiwan increased to 58.4% as the market turned bullish in 2020. Hsinchu had the strongest market demand in the new property market last year with a sales rate of 70.6%.

(二) Unfavorable factors:

1. Government imposes 45% taxes on real estate transactions within two years of purchase to combat real estate speculation

The government has implemented a series of policies designed to combat real estate speculation. According to reports, the Ministry of Finance will propose an amendment for the integration of house and land tax 2.0 and expand the current 45% heavy tax on properties held for one year to two years. The amendment is intended to expand the definition of short-term ownership from one year to two years to curb real estate speculation. In addition, to prevent investment companies from real estate speculation, domestic profit-seeking enterprises and individuals will have the same tax rate which will prevent individuals from using the tax rate gap to set up profit-seeking enterprises for real estate transactions within a short period of time to evade taxes. The Ministry of Finance also

amended the regulations on the deductibles for the land value increment tax. The main purpose is to prevent people from voluntarily reporting a current value for land transfer higher than the announced current value of the land as people may wish to use the integrated tax rate for the land value increment tax and house and land tax to evade taxes. The amendment imposes a limit on the deductibles calculated by the announced current value of the land minus the total increase in land value. Parts that exceed the limit may not be deducted and the system will be launched on July 1, 2021

[Expand the applicable scope of real estate transactions to prevent tax evasion]

Simultaneously, will also expand the applicable scope of real estate transactions to prevent people from intentionally using different methods for real estate speculation and tax evasion. The general aim of the amendment is to include investors of presale houses and their sites or of transactions of more than 50% of the shares held or capital contribution in profit-seeking enterprises consisting of domestic real estate, but exclude transactions of stocks in TWSE, TPEx, and emerging stocks as real estate transactions and include them in the scope of the house and land tax.

2. Actual price registration 2.0 to be launched in July

The Central Bank did not change interest rates in the meeting of the Board of Directors in December 2020 and the domestic economy is expected to achieve moderate growth. However, the Central Bank has decided to adopt targeted review measures on real estate loans to limit overheated real estate market investments and prevent excessive redirection of credit resources of banks to real estate. After the amendment and announcement of the actual price registration 2.0, the Deputy Minister of the Ministry of the Interior Ching-Chun Hua stated on the 25th that related subsidiary legislation, tables, and systems will be completed and launched before July 1. He also stated that the Ministry may yet initiate

related audits in the next few months to create order in market transactions before the management mechanisms of presale house orders and actual price registration are launched, so that the market can stabilize. High housing prices have attracted the attention of the public in recent years. The Executive Yuan sought to stabilize the housing market and began implementing a series of plans to improve the housing and real estate market. The main measures include enhanced crackdown on transactions of presale house orders, actual price registration 2.0 amendment, prevention of tax evasion, preferential loans, and additional public housing, which are aimed to improve the housing market and ensure reasonable housing prices.

The Company has proposed several response measures for the recent fluctuations in the supply of raw materials across the world, real estate transaction prices, and amendments of real estate tax systems and policies to minimize the impact on development.

In response to changes in the industry caused by movements in the society, the Company has adopted a strategy of not competing on prices but to continue to consider how to increase the value of buildings to exceed consumer expectations and improve the overall value chain from "quantity satisfaction" to "quality satisfaction".

For instance, the quality of the project completed in 2020 (South Manor) was widely recognized and we have achieved substantial improvements. The value of the project increased immediately after its delivery and it has become a landmark building in Wenshan District. In terms of the financial structure, the Company's overall financial structure has improved and we aim to achieve debt-free operations. The Company has made significant improvements in all major sectors with the hard work in recent years and we have developed strong competitive advantages vis-a-vis competitors. The overall economy is set to attain moderate growth in the next 1 to 2 years and the impact on real estate remains positive and favorable to the Company.

I wish to thank you for your support and guidance.

I wish you health and prosperity

Tzu-Kuan Lin, Chairman

貳、Company Profile

I. Date of establishment: Established on June 2, 1972 with government authorization

II. Company history

Established on May 10, 1972 with a paid-in capital of NT\$1.2 million

Established on June 2, 1972 with government authorization

March 1974	Cash capital increase of NT\$14.8 million which increased the paid-in capital to NT\$16 million
September 1976	Cash capital increase of NT\$24 million which increased the paid-in capital to NT\$40 million
July 1977	Relocated to the Chang'an Business Building at on Section 2, Chang'an East Road, Taipei City
April 1978	Cash capital increase of NT\$40 million which increased the paid-in capital to NT\$80 million
August 1978	Cash capital increase of NT\$80 million which increased the paid-in capital to NT\$160 million
January 1979	Cash capital increase of NT\$140 million which increased the paid-in capital to NT\$300 million
February 26, 1979	Public offering of shares
November 14, 1979	Listed on the Stock Exchange
May 1983	Capital increase of NT\$9 million from capital surplus which increased the paid-in capital to NT\$309 million
January 1989	Cash capital increase of NT\$309 million which increased the paid-in capital to NT\$618 million
January 1990	Cash capital increase of NT\$507 million which increased the paid-in capital to NT\$1.125 billion
December 1991	Capital increase of NT\$956.25 million from cash and capital surplus which increased the paid-in capital to NT\$2.08125 billion
April 1993	Cash capital increase of NT\$1.5 billion which increased the paid-in capital to NT\$3.58125 billion
November 1995	Relocated to 8F, No. 99, Section 1, Xincheng South Road, Taipei City
July 1996	Cash capital increase of NT\$1.01875 billion which increased the paid-in capital to NT\$4.6 billion
March 1997	Issuance of the first unsecured corporate bonds valued at NT\$1 billion.

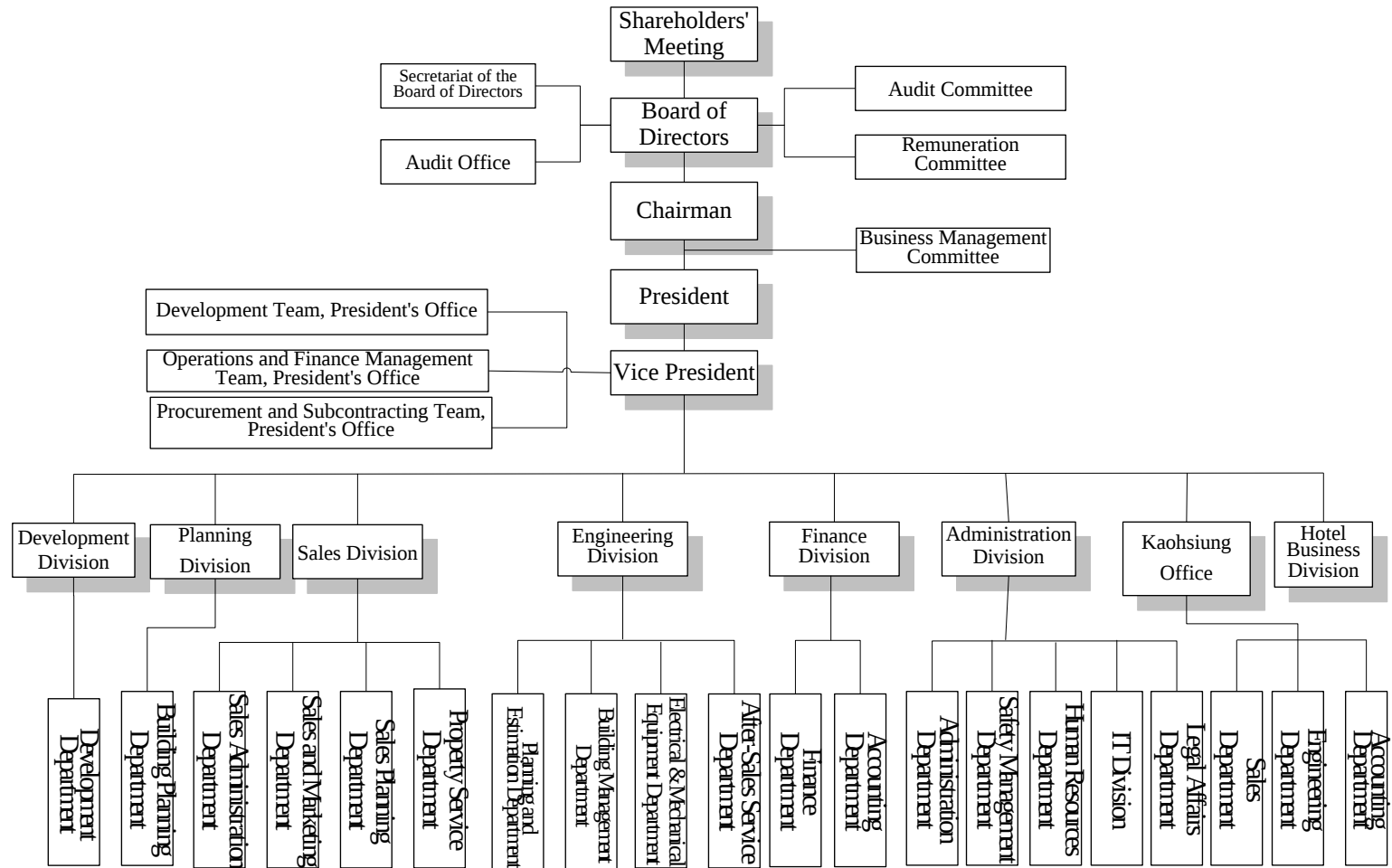
June 1997	Capital increase of NT\$1.0204 billion from earnings, capital surplus, and employee bonus which increased the paid-in capital to NT\$5.6204 billion
July 1997	Cash capital increase of NT\$1.3796 billion which increased the paid-in capital to NT\$7 billion
July 1997	Issuance of the first unsecured convertible corporate bonds valued at NT\$1 billion
March 1998	Converted corporate bonds (Kuo Yang A) into ordinary shares totaling NT\$33,071,610 which increased the paid-in capital to NT\$7,033,071,610
May 1998	Capital increase of NT\$3,758,599,980 from earnings, capital surplus, employee bonus, and conversion of corporate bonds (Kuo Yang B) into ordinary shares which increased the paid-in capital to NT\$10,791,671,590
August 1998	Converted corporate bonds (Kuo Yang C) into ordinary shares totaling NT\$11,082,820 which increased the paid-in capital to NT\$10,802,754,410
October 1999	Capital reduction of NT\$4,969,267,020 for the issuance of new shares which reduced the paid-in capital to NT\$5,833,487,390 after capital reduction
June 2002	Capital reduction of NT\$2,833,487,390 for the issuance of new shares which reduced the paid-in capital to NT\$3 billion after capital reduction.
June 2003	Cash capital increase of NT\$600 million through private placement which increased the paid-in capital to NT\$3.6 billion after the capital increase
November 2003	Cash capital increase of NT\$500 million through private placement which increased the paid-in capital to NT\$4.1 billion after the capital increase
December 2003	Cash capital increase of NT\$1 billion through private placement which increased the paid-in capital to NT\$5.1 billion after the capital increase
February 2004	Cash capital increase of NT\$450 million through private placement which increased the paid-in capital to NT\$5.55 billion after the capital increase
April 2004	Cash capital increase of NT\$160 million through private placement which increased the paid-in capital to NT\$5.71 billion after the capital increase

November 2004	Capital reduction of NT\$2.664 billion which reduced the paid-in capital to NT\$3.046 billion after capital reduction
April 2006	Cash capital increase of NT\$600 million through private placement which increased the paid-in capital to NT\$3.646 billion after the capital increase
June 2006	Cash capital increase of NT\$400 million through private placement which increased the paid-in capital to NT\$4.046 billion after the capital increase
December 2006	Cash capital increase of NT\$380 million through private placement which increased the paid-in capital to NT\$4.426 billion after the capital increase
October 2010	Launched Kuo Yan in Kaohsiung and won the 18th Chinese Architectural Golden Stone Award and the Golden Stone First Prize in the Super High Residential Building Category in Kaohsiung and Pingtung in 2010
September 2011	Launched Good Morning, Kuo Yang and received the Golden Stone Award in the Excellent Planning and Design Category
May 2012	Issuance of the first domestic secured convertible corporate bonds valued at NT\$900 million
September 2012	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$25,849,500 which increased the paid-in capital to NT\$4,451,849,500
December 2012	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$11,001,690 which increased the paid-in capital to NT\$4,462,851,190
2012	The Company received the Chinese Architectural Golden Stone Award in the Excellent Construction Quality Category for "Kuo Yang Tianmu", Golden Stone Award in the Excellent Planning and Design Category for "Sky Garden", and Golden Stone Award in the Excellent Brand Company Category
2013	Kuo Yang Tianmu received the highest honor in the 2013 Taiwan Real Estate Excellence Awards in the "Best Urban Renewal Category for Excellent Reconstruction and Renewal Project"
March 2013	Converted corporate bonds (Kuo Yang II) into ordinary

	shares totaling NT\$36,940,890 which increased the paid-in capital to NT\$4,499,792,080
June 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$56,350,410 which increased the paid-in capital to NT\$4,556,142,490
September 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$22,987,360 and converted earnings to capital increase of NT\$449,979,210 which increased the paid-in capital to NT\$5,029,109,060
	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$4,027,460 which increased the paid-in capital to NT\$5,033,136,520 in December 2013
March 2014	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$2,455,760 which increased the paid-in capital to NT\$5,035,592,280
May 2015	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$730,232,510 which increased the paid-in capital to NT\$5,765,824,790
September 2018	Cash capital increase of NT\$1.2 billion which increased the paid-in capital to NT\$6,965,824,790
February 2019	Relocated to the United Daily News Office Building at 18F, No. 555, Section 4, Zhongxiao East Road, Taipei City
November 2020	Cash capital reduction of NT\$3,165,824,790 which decreased the paid-in capital to NT\$3.8 billion

參、Corporate Governance Report

I. Organization System



Passed by the Board of Directors on October 23, 2017

Department	Business Overview
President's Office	(I) Business management, operation analysis, market research, and product planning. (II) Procurement and subcontracting.
Development Division	(I) Development of diverse projects. (II) Land survey and integration, investment assessment, property rights, and market research. (III) Negotiation, preparation, and determination of partnerships and transaction terms, and contract signing. (IV) Development management, budget implementation, and administrative tasks. (V) Tracking, analysis, and filing of development benefits.
Sales Division	(I) Market research analysis. (II) Sales and marketing tasks. (III) Sales planning. (IV) Sales and administrative operations. (V) Property management services. (VI) Customer sales services.
Planning Division	(I) Product positioning, design, and planning. (II) Application for building licenses. (III) Recommendations for the use of materials. (IV) Design of indoor areas, landscaping, and lighting.
Engineering Division	(I) Construction planning. (II) Estimates for construction projects. (III) Recommendations for mechanical and electrical equipment and construction supervision for construction projects. (IV) Construction management, estimation, and supervision of construction projects.
Finance Division	(I) Finance operations, cashier, and bill control. (II) Debt management for bank loans. (III) Preparation of funding and budget. (IV) Financial and accounting affairs. (V) Control of project budgets. (VI) Design and execution of tax plans. (VII) Planning and execution of annual accounts.
Administration Division	(I) Administrative tasks for shareholder services stock and general affairs. (II) Management of the receipt and issuance of documents and management of company licenses and property ownership certificates. (III) Supervision of the printing of company documents. (IV) Employee appointment, dismissal, and training. (V) Human resource planning. (VI) Planning and configuration of the Company's IT platform. (VII) Management and maintenance of IT equipment. (VIII) Information collection and training.

	(IX) Legal advice for contracts and documents of the Company. (X) Appointment, communication, and tracking of legal cases. (XI) Safety of the Company's work environment. (XII) Safety plans for the Company's employees.
Kaohsiung Office	(I) Land development in Kaohsiung. (II) Operations, administration, and construction supervision for construction projects in Kaohsiung. (III) Market research analysis for construction projects in Kaohsiung.

Business operations of key departments:

II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries

(I) Information on Directors (A) March 31, 2021

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Chi Chan Industries Co., Ltd.		2020. 06. 10	Three years	2008. 06. 13	1,281,126	0.18%	698,880	0.18%	-	-	None	None	-	-	-	-	-	

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman Institutional shareholder representative	Republic of China	Tzu-Kuan Lin - Institutional shareholder representative of Chi Chan Industries	Male	2020. 06. 10	Three years	2008. 06. 13	0	0.00%	0	0.00%	0	0.00%	None	None	Legal representative of Grand Hi-Lai Hotel Management Consulting Co., Ltd. President, Top Plaza Hotel, Kaohsiung President, Spring City Resort, Taipei (Chinese Culture University)	President, Grand Hi-Lai Hotel Business Group Director, Hanshin Shopping Plaza Co., Ltd. Director, Hanshin Department Store Co., Ltd. Director, Kaohsiung Arena Development Corporation Chairman, Shang Yang International Asset Management Co., Ltd. Chairman, Shen Yang Construction Co., Ltd. Chairman, Che Yang Agricultural Technology Co., Ltd. Chairman, Chi Yang Construction Co., Ltd. Chairman, Pu Li Management Consulting Co., Ltd. Director, Sweet Me Hot Spring Resort Co., Ltd.	None	None	None	None

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director Institutional shareholder representative	Republic of China	Chia-Chi Hou - Institutional shareholder representative of Chi Chan Industries	Female	2020. 06. 10	Three years	2020. 06. 10	1, 807, 833	0. 26%	986, 209	0. 26%	0	0. 00%	None	None	Medical Research Assistant, Johns Hopkins University Senior Scientist, Pfizer Inc. (BS in Applied Mathematics and Chemical Engineering, Johns Hopkins University) (Master/PhD in Department of Bioengineering, Stanford University) (Master in Applied Computation, Harvard University)	Director, Hanshin Asset Management Co., Ltd. Director, Kaohsiung Arena Development Corporation Chairman, Han Yang Global Co., Ltd. Director, Jollify4ever Ltd. Chairman, HCW Investment Co., Ltd. Chairman, Chuwa Wool Industry Co., (Taiwan) Ltd. Chairman, Hanshin Shopping Plaza Co., Ltd. Chairman, Hanshin Department Store Co., Ltd. Chairman, Lien Chung International Asset Management Co., Ltd. Vice Chairman and Director, Grand Hi-Lai Hotel Co., Ltd. Director, Han Shen Investment Co., Ltd. Chairman, Cho Chia Co., Ltd. Chairman, Chung Shen Development Co., Ltd. Chairman, Hsueh Yung Co., Ltd.	None	None	None	None

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Cheng Chi Co., Ltd.		2020. 06. 10	Three years	2000. 04. 24	42,389,920	6.09%	23,124,570	6.09%	-	-	None	None	-	-	-	-	-	
Director Institutional shareholder representative	Republic of China	Wei-Hsiung Tsai - Institutional shareholder representative of Cheng Chi	Male	2020. 06. 10	Three years	2014. 10. 29	0	0.00%	0	0.00%	0	0.00%	None	None	Chairman, The Bankers Association of the Republic of China Director, Central Bank Executive Director, General Chamber of Commerce of the Republic of China Director, Taiwan Stock Exchange Corporation Chairman, Taiwan Financial Holdings Chairman, Bank of Taiwan Chairman, Land Bank of Taiwan President, First Bank (Department of International Business, National Chengchi University)	Chairman, Hanshin Asset Management Co., Ltd. Chairman, Han Shen Investment Co., Ltd. Director, Huang Hsiang Construction Corporation Director, Hanshin Shopping Plaza Co., Ltd. Director, Hanshin Department Store Co., Ltd.	None	None	None	None
Director Institutional shareholder representative	Republic of China	Chien-Ping Juan - Institutional shareholder representative of Cheng Chi	Male	2020. 06. 10	Three years	2014. 06. 23	0	0.00%	0	0.00%	21,820	0.01%	None	None	Chairman, Lending Committee, The Bankers Association of the Republic of China Vice President and Chief Auditor, Land Bank of Taiwan Director, Mega Bills Finance Director, Agricultural Credit Guarantee Fund (Department of Land Economics, National Chengchi University)	Chairman, Kaohsiung Arena Development Corporation Director, Hanshin Asset Management Co., Ltd. Independent Director, Chialin Precision Industrial Co., Ltd. Director, Han Shen Investment Co., Ltd.	None	None	None	None

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director Institutional shareholder representative	Republic of China	Tung-Ming Su - Institutional shareholder representative of Cheng Chi	Male	2020. 06. 10	Three years	2011. 06. 22	12, 100	0. 00%	0	0. 00%	0	0. 00%	None	None	Assistant Manager, Lai Lai Hotel, Taipei (National Open University)	Chairman, Grand Hi-Lai International Property Management Consulting Co., Ltd. Chairman, Grand Hi-Lai Hotel Management Consulting Co., Ltd. Vice President, Grand Hi-Lai Hotel Co., Ltd.	None	None	None	None
Director	Republic of China	Pai Ti Development Co., Ltd.		2020. 06. 10	Three years	2008. 06. 13	8, 071, 097	1. 16%	4, 402, 948	1. 16%	-	-	None	None	-	-	-	-	-	
Director Institutional shareholder representative	Republic of China	Pei-Kui Su - Institutional shareholder representative of Pai Ti Development	Male	2020. 06. 10	Three years	2017. 06. 08	0	0. 00%	0	0. 00%	0	0. 00%	None	None	Uni-President Enterprises Corp. (Department of Finance, National Sun Yat-sen University)	Hanshin Department Store Co., Ltd. Assistant Vice President, Business Management Department	None	None	None	None

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Li-Yen Yang	Male	2020. 06. 10	Three years	2020. 06. 10	0	0.00%	0	0.00%	0	0.00%	None	None	Manager, South Africa Branch, Bank of Taiwan Manager, Los Angeles Branch, Bank of Taiwan Manager, International Department, Bank of Taiwan Vice President, Bank of Taiwan Managing Director and President, Hua Nan Bank Director and President, Mega Financial Holdings Managing Director and President, Mega International Commercial Bank	Next Bank Supervisor	None	None	None	None

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Wu-Po Kuo	Male	2017. 06. 08	Three years	2017. 06. 08	0	0.00%	0	0.00%	0	0.00%	None	None	Staff, Ministry of the Interior Deputy Captain, Measurement Team, Department of Land Administration, Taipei City Government Director, Taipei Jiancheng Land Office Captain, Measurement Team, Department of Land Administration, Taipei City Government Deputy Director, Northern Region Branch, National Property Administration Director, Northern Region Branch, National Property Administration Deputy Director General, National Property Administration Director General, National Property Administration Counselor, Ministry of Finance Managing Director, Land Bank of Taiwan (Bachelor's degree, Department of Land Resources, Chinese Culture University)	-	None	None	None	None

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Chiu-Mu Tseng	Male	2017. 06. 08	Three years	2017. 06. 08	0	0.00%	0	0.00%	0	0.00%	None	None	Instructor, Air Force Institute of Technology Lecturer, National Chiayi Institute of Agriculture Director, Taipei Guting Land Office Acting Director, Taipei Shilin Land Office Secretary General, Department of Land Administration, Taipei City Government Deputy Director General, Department of Land Administration, Taipei City Government Consultant, Land Administration Agent Guild of Taipei City Consultant, Association for the Promotion of Cadastral Rights of the Republic of China Team Member, Advisory Board, Taipei City Government (Graduated from the Institute of Land Economics, National Chengchi University)	Consultant, Land Administration Agent Guild of Taipei City Team Member, Advisory Board, Taipei City Government Consultant, Taipei City Land Administration Agent Volunteer Service Association Member, Arbitration Technology and Arbitration Business Promotion Committee, Chinese Real Estate Arbitration Association -	None	None	None	None

Note: Elections of all Directors were held on June 10, 2020. As of the time of the election, the Company's paid-in capital was NT\$6,965,824,790.

As of April 12, 2021, the Company's paid-in capital was NT\$3,800,000,000.

Notes:

Table 1: Major shareholders of institutional shareholders

March 31, 2021

Name of institutional Shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding ratio (%)
Cheng Chi Co., Ltd.	Kao Pin Co., Ltd.	45.00
	Te Chin Industries Co., Ltd.	52.50
	Hsi-Feng Hou	2.50
Pai Ti Development Co., Ltd.	Chi Chan Industries Co., Ltd.	10.00
	Han Kuang Co., Ltd.	90.00
Chi Chan Industries Co., Ltd.	Chi Hsuan Development Co., Ltd.	42.79
	Ku Pang Co., Ltd.	49.71
	Kao Pin Co., Ltd.	7.28

Note 1: If Directors and Supervisors are the representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the institutional shareholder (the top ten shareholders in terms of shareholding ratio) and their shareholding ratio. If the major shareholder is a juristic person, his/her name should be filled in Table 2 below.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

Table 2: Major shareholders of major institutional shareholders listed in Table 1

March 31, 2021

Name of institution (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding ratio (%)
Kao Pin Co., Ltd.	Han Kuang Co., Ltd.	19.67
	Chuan Shang Co., Ltd.	19.67
	Chi Chia Industries Co., Ltd.	19.67
	Hsuan Ming Development Co., Ltd.	19.67
	Tsu Yan International Development Co., Ltd.	19.67
	Hsi-Feng Hou	1.64
Chi Chan Industries Co., Ltd.	Ku Pang Co., Ltd.	49.71
	Chi Hsuan Development Co., Ltd.	42.79
	Kao Pin Co., Ltd.	7.28
	Hsi-Feng Hou	0.22
Han Kuang Co., Ltd.	Kuo Pin Development Co., Ltd.	99.90
	Hsi-Feng Hou	0.10
Chi Hsuan Development Co., Ltd.	Kao Pin Co., Ltd.	64.94
	Chi Chan Industries Co., Ltd.	35.05
	Hsi-Feng Hou	0.01
Ku Pang Co., Ltd.	Kao Pin Co., Ltd.	99.15
	Hsi-Feng Hou	0.85
Te Chin Industries Co., Ltd.	Kao Pin Co., Ltd.	100.00

Note 1: If the major shareholders in Table 1 are institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the institution (the top ten shareholders in terms of shareholding ratio) and their shareholding ratio.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

Information on Directors (2)

Name	Qualifications	Having more than 5 years of work experience and professional qualifications listed below	Compliance of independence (Note)												Number of positions as an Independent Director in other public companies
			1	2	3	4	5	6	7	8	9	10	11	12	
Director															
Chi Chan Industries Co., Ltd. Representative: Tzu-Kuan Lin			✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Chi Chan Industries Co., Ltd. Representative: Chia-Chi Hou			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Cheng Chi Co., Ltd. Representative: Wei-Hsiung Tsai			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Cheng Chi Co., Ltd. Representative: Chien-Ping Juan			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Cheng Chi Co., Ltd. Representative: Tung-Ming Su			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Pai Ti Development Co., Ltd. Representative: Pei-Kui Su			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Independent Director															
Li-Yen Yang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wu-Po Kuo		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chiu-Mu Tseng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: If the Director meets any of the following criteria in the two years before being elected or during the term of office, please check "✓" the corresponding boxes:

- (1) Not employed by the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or its affiliates (this restriction does not apply to independent directors in the company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of

1% or more of the total number of outstanding 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 manager as stated in (1) or any of the persons mentioned in (2) and (3).
- (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).
- (6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
- (9) Not a professional individual, or an owner, partner, director, supervisor, or manager 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 Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or a relative within two degrees of kinship with any other director.
- (11) Does not meet any of the conditions stated in Article 30 of the Company Act.
- (12) Not elected as a government or corporate representative, as described in Article 27 of the Company Act.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries

March 31, 2021

Title (Note 1)	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education) (Note 2)	Current position in other companies	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks (Note 3)
					Number of shares	Shareho lding ratio	Number of shares	Sharehold ing ratio	Numbe r of share s	Shareho lding ratio			Title	Name	Relat ionsh ip	
President	Republic of China	Shao-Ling Peng	Female	2008.06.18	218,340	0.06%	0	0.00%	None	None	Vice President, Yu Chieh Construction Co., Ltd. (Tungnan University)	Director, Hanshin Department Store Co., Ltd.; Director, Hanshin Shopping Plaza Co., Ltd.; Director, Grand Hi-Lai Hotel Co., Ltd.; Director, Hi-Lai Foods Co., Ltd.; Director, Shang Yang International Asset Management Co., Ltd.; Director, Shen Yang Construction Co., Ltd.; Director, Che Yang Agricultural Technology Co., Ltd.; Director, Chi Yang Construction Co., Ltd.	None	None	None	None
President's Office Vice President	Republic of China	Cheng-Hsiun g Hsieh	Male	2015.07.20	128	0.00%	11,589	0.00%	None	None	(Manager, Han Yang Construction)	Supervisor, Sweet Me Hot Spring Resort Co., Ltd.; Director, Shang Yang International Asset Management Co., Ltd.; Chairman, Li Yang Agricultural Technology Co., Ltd.; Director, Shen Yang Construction Co., Ltd.; Director, Che Yang Agricultural Technology Co., Ltd.; Director, Chi Yang Construction Co., Ltd.	None	None	None	None
Assistant Vice President, Planning Division	Republic of China	Yun-Ti Cheng	Male	2016.03.15	6,546	0.00%	0	0.00%	None	None	Assistant Vice President, Ting Ho Development Co., Ltd. (Master's degree, Department of Architecture, Tamkang University)	None	None	None	None	None
Assistant Vice President, Planning Division	Republic of China	Lin-Wei Hsiao	Male	2015.06.09	2,727	0.00%	0	0.00%	None	None	(Master's degree, Department of Architecture, Tamkang University)	None	None	None	None	None
Assistant Vice President, Engineering Division	Republic of China	Wen-Ho Hsu	Male	2015.06.09	4,364	0.00%	0	0.00%	None	None	Assistant Vice President, Lu Chiang Construction (Graduate Institute of Civil and Disaster Prevention Engineering, National Taipei University of Technology)	None	None	None	None	None

Assistant Vice President of the Finance Division and Accounting Manager	Republic of China	Cheng-I Wang	Female	2015.07.20 2008.08.15	27,276	0.01%	0	0.00%	None	None	Accounting Manager, Crowell Development (China University of Technology)	Supervisor, Shang Yang International Asset Management Co., Ltd.; Supervisor, Shen Yang Construction Co., Ltd.; Supervisor, Che Yang Agricultural Technology Co., Ltd.; Supervisor, Hi-Lai Hotel Co., Ltd.; Supervisor, Silvershine Technology Inc.; Supervisor, Chi Yang Construction Co., Ltd.	None	None	None	None
---	-------------------	--------------	--------	--------------------------	--------	-------	---	-------	------	------	--	---	------	------	------	------

Title (Note 1)	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education) (Note 2)	Current position in other companies	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Assistant Vice President, Sales Division	Republic of China	Meng-Hui Lien	Female	2017.04.24	0	0.00%	0	0.00%	None	None	Secretary, Cinti Leghorn Co., Ltd. Sales and administration staff, Chang Hsuan Construction Co., Ltd. Sales and administration staff, Kuo Yang Construction Co., Ltd. Sales and administration staff, Ming Fu Development Co., Ltd. Assistant Vice President, Hiyes Corporation Ltd. (Yu Da University of Science and Technology, Comprehensive Business Studies Department)	None	None	None	None	None
Assistant Vice President, Development Division	Republic of China	Wen-Hsiung Chiu	Male	2020.8.10	0	0.00%	0	0.00%	None	None	Vice President, Victoria Construction Co., Ltd. Manager, Yuan Ta Construction Co., Ltd. Assistant Manager, Design Department, Farglory Land Development Accounting Manager, Hongpu Construction Project Yang Sheng Consulting Co., Ltd. Assistant Manager, Design Department, Hung Kuo Real Estate Development Corp. Legal representative, Chan Shih Design Co., Ltd. C.H. Ho Architects Office (Graduated from the Institute of Architecture & Urban Planning, Chung Hua University)	None	None	None	None	None
Manager, Audit Office	Republic of China	Yue-Hua Li	Female	2008.08.15	0	0.00%	0	0.00%	None	None	Accounting Manager, Ching Yang Construction Co., Ltd. (Yu Da University of Science and Technology Department of Finance/Accounting)	None	None	None	None	None

PS: Note 1: Information regarding the President, Vice Presidents, Assistant Vice Presidents, heads of departments and branches should be included and information regarding positions equivalent to President, Vice Presidents, Assistant Vice Presidents shall be disclosed regardless of job title.

Note 2: Experience related to the current position. If the individual had served in the certifying CPA firm or an affiliated enterprise in the aforementioned period, the position and job functions shall be described.

Note 3: Where the Chairman, President, or individual with equivalent roles are the same individual, spouses, or relatives within the first degree of kinship, the Company shall disclose related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).

III. Remunerations to Directors, President, and Vice Presidents in recent years

Remuneration paid to Directors and Independent Directors (disclosure of the name and remuneration of each individual)

Unit: NTD

Title	Name	Remuneration for Directors								Total remuneration (A+B+C+D) as a percentage of net income after tax (Note 10)		Remuneration received as the Company's employee								Ratio of total compensation (A+B+C+D+E+ F+G) to after-tax income (Note 10)		Remune- ration receiv- ed from invest- ees other than subsidi- aries (Note 11)
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration for Directors (C) (Note 3) (Proposed amount)		Project implementatio n expenses (D) (Note 4)				Salary, bonuses, and allowances (E) (Note 5)		Severance pay and pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company		All companies included in the Financial Report (Note 7)		The Company	All companies included in the Financial Report (Note 7)	
Cash amount	Stock amount															Cash amount	Stock amount					
Chairman	Chi Chan Industries Co., Ltd. Representative: Tzu-Kuan Lin	247,424	247,424	0	0	4,343,151	4,343,151	0	0	0.0929%	0.0929%	0	0	0	0	0	0	0	0	0.0929%	0.0929%	None
Director	Cheng Chi Co., Ltd. Representative: Wei-Hsiung Tsai	183,712	183,712	0	0	4,343,149	4,343,149	0	0	0.0879%	0.0879%	0	0	0	0	0	0	0	0	0.0879%	0.0879%	None
Director	Cheng Chi Co., Ltd. Representative: Chien-Ping Juan	173,712	173,712	0	0	4,343,149	4,343,149	0	0	0.0914%	0.0914%	0	0	0	0	0	0	0	0	0.0914%	0.0914%	None
Director	Chi Chan Industries Co., Ltd. Representative: Chia-Chi Hou	80,000	80,000	0	0	2,171,575	2,171,575	0	0	0.0455%	0.0455%	0	0	0	0	0	0	0	0	0.0455%	0.0455%	None
Director	Cheng Chi Co., Ltd. Representative: Tung-Ming Su	193,712	193,712	0	0	4,343,149	4,343,149	0	0	0.0918%	0.0918%	0	0	0	0	0	0	0	0	0.0918%	0.0918%	None
Director	Pai Ti Development Co., Ltd. Representative: Pei-Kui Su	193,712	193,712	0	0	4,343,149	4,343,149	0	0	0.0918%	0.0918%	0	0	0	0	0	0	0	0	0.0918%	0.0918%	None

Director	Chi Chan Industries Co., Ltd. Representative: Kao-Wen Chung (Note 1)	103,712	103,712	0	0	2,171,574	2,171,574	0	0	0.0460%	0.0460%	0	0	0	0	0	0	0	0	0.0460%	0.0460%	None
Independent Director	Tang Chen (Note 1)	453,712	453,712	0	0	0	0	0	0	0.0092%	0.0092%	0	0	0	0	0	0	0	0	0.0092%	0.0092%	None
Independent Director	Li-Yen Yang	410,000	410,000	0	0	0	0	0	0	0.0083%	0.0083%	0	0	0	0	0	0	0	0	0.0083%	0.0083%	None
Independent Director	Wu-Po Kuo	943,712	943,712	0	0	0	0	0	0	0.0191%	0.0191%	0	0	0	0	0	0	0	0	0.0191%	0.0191%	None
Independent Director	Chiu-Mu Tseng	943,712	943,712	0	0	0	0	0	0	0.0191%	0.0191%	0	0	0	0	0	0	0	0	0.0191%	0.0191%	None
1. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: According to the Company's "Remuneration Committee Charter", the Committee shall regularly review the Company's policies, systems, standards, and structure for the performance evaluation, salary, and remuneration of the Directors, Independent Directors, and managers. (1) Transportation expenses: Payment for attendance in meetings of the Board of Directors. The attendance fee is NT\$10,000 per person. (2) Fixed remuneration: Fixed remuneration of NT\$50,000 per month. (3) Non-fixed remuneration: No such remuneration for Directors. 2. Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g., acting as a non-employee consultant) rendered to the Company: None																						

Note: The representative of the Director Chi Chan Industries Co., Ltd. Kao-Wen Chung (term expired after the election on June 10, 2020) and the Independent Director Tang Chen (term expired after the election on June 10, 2020)

Range of remuneration chart

Range of remuneration paid to the Directors of the Company	Name of Director			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the Financial Report (Note 9) H	The Company (Note 8)	All companies included in the Financial Report (Note 9) I
Less than NT\$1,000,000	Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su, Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng (Tang Chen and Kao-Wen Chung's term expired after the election)	Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su, Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng (Tang Chen and Kao-Wen Chung's term expired after the election)	Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su, Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng (Tang Chen and Kao-Wen Chung's term expired after the election)	Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su, Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng (Tang Chen and Kao-Wen Chung's term expired after the election)
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)				
Higher than NT\$100,000,000				
Total	9 persons	9 persons	9 persons	9 persons

Note 1: The names of the Directors must be separately listed (for institutional shareholders, the names of institutional shareholders and representatives should be listed respectively) and the payment amounts shall be disclosed using the summary disclosure method.

If a Director concurrently serves as the President or Vice President, fill out this Table and Table (3-1) or (3-2) below.

Note 2: Remuneration to Directors in the most recent year (include the Directors' salary, additional duty payments, severance pay,

various bonuses, or incentive payments).

Note 3: The amount is the proposed remuneration to directors approved by the Board of Directors for the most recent fiscal year.

Note 4: This refers to the project implementation expenses of Directors in the past year (including transportation expenses, special allowance, stipends, dormitory, and car). If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration.

Note 5: All payments to Directors who are also employees of the Company (including the President, Vice Presidents, other managers, and employees), including salary, additional duty payment, severance pay, various bonuses, incentive payments, transportation expenses, special allowance, stipends, dormitory, and car. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2 - "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 6: For Directors concurrently serving as employees (including the President, Vice Presidents, other managers and employees) who receive employee remuneration (including shares and cash), the amount of employee remuneration that have been approved by the Board of Directors and distributed to them in the most recent fiscal year shall be disclosed. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 7: Total pay to Directors from all companies in the consolidated statements (including the Company) shall be disclosed.

Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.

Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the range of remuneration.

Note 10: The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 11: a. The amount of remuneration received from subsidiaries other than investee companies by the Company's Directors shall be stated clearly in this column.

b. If a Director of the Company receives remuneration from investee companies other than subsidiaries, the amount of remuneration received by the director from investee companies other than subsidiaries shall be combined into Column I of the range of remuneration chart, and the name of this column shall be changed to "All Investee Companies".

c. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by a director of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.

Remunerations for Supervisors (range of remuneration with name disclosure): The Company has established an Audit Committee.

Remuneration for the President and Vice Presidents (disclosure of the name and remuneration of each individual)

Unit:
NT\$1,000

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4) (Proposed amount)				Total remuneration (A+B+C+D) as a percentage of net income after tax (Note 8)		Remuneration from investee companies other than subsidiaries or the parent company (Note 9)
		The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company		All companies included in the Financial Report (Note 5)		The Company	All companies included in the Financial Report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shao-Ling Peng	5,933	5,933	0	0	0	0	1,892	0	1,892	0	0.158306 %	0.158306 %	None
President's Office Vice President	Cheng-Hsiung Hsieh	2,117	2,117	0	0	0	0	828	0	828	0	0.059575 %	0.059575 %	None

Range of remuneration paid to Presidents and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 7)	All companies included in the Financial Report (Note 8) <u>E</u>
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Cheng-Hsiung Hsieh	Cheng-Hsiung Hsieh
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Shao-Ling Peng	Shao-Ling Peng
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)		
Higher than NT\$100,000,000		
Total	2 persons	2 persons

Note 1: The names of President and Vice Presidents shall be listed separately and the amounts paid shall be disclosed in a summary. If a Director concurrently serves as the President or Vice President, fill out this Table and Table (1-1) or (1-2) above.

Note 2: Salary, additional duty payments, and severance pay received by the President and Vice Presidents in the past year.

Note 3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments received by the President or Vice President in the past year. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2 - "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 4: The amount of employee remuneration (including shares and cash) that have been approved by the Board of Directors and distributed to the President and Vice Presidents in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted

IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 5: The total pay to the President or Vice President from all companies in the consolidated statements (including the Company) shall be disclosed.

Note 6: The names and remuneration of President and Vice Presidents paid by the Company shall be disclosed in their respective remuneration range.

Note 7: The names of the President and Vice Presidents paid by all companies in the consolidated statements (including the Company) shall be disclosed in their respective remuneration range.

Note 8: The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 9: a. This field shows the amount of remuneration the President and Vice Presidents of the Company receive from investees other than subsidiaries of the Company.

b. If the President and Vice President of the Company receive remuneration from investees other than subsidiaries of the Company, the remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries of the Company shall be included in column E of the range of remuneration chart and the name of this column shall be changed to "All Investee Companies".

c. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by the President and Vice Presidents of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.

* The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Remuneration paid to the top five highest paid managers (disclosure of the name and remuneration of each individual) (Note 1)

Unit: NT\$1,000

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4) (Proposed amount)				Total remuneration (A+B+C+D) as a percentage of net income after tax (Note 6)		Remuneration from investee companies other than subsidiaries or the parent company (Note 7)
		The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company		All companies included in the Financial Report (Note 5)		The Company	All companies included in the Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shao-Ling Peng	5, 933	5, 933	0	0	0	0	1892	0	1892	0	0. 158306%	0. 158306%	None
Assistant Vice President	Wen-Ho Hsu	2, 641	2, 641	0	0	0	0	1025	0	1025	0	0. 074163%	0. 074163%	None
Assistant Vice President	Meng-Hui Lien	2, 591	2, 591	0	0	0	0	1025	0	1025	0	0. 073151%	0. 073151%	None
Assistant Vice President	Yun-Ti Cheng	2, 370	2, 370	0	0	0	0	828	0	828	0	0. 064693%	0. 064693%	None
Assistant Vice President	Cheng-I Wang	2, 143	2, 143	0	0	0	0	828	0	828	0	0. 064693%	0. 064693%	None

Note 1: The "top five highest paid managers" refer the Company's manager. The definitions of managers shall be based on the applicable scope for "managers" specified in the Tai-Cai-Zheng-3 No. 0920001301 Order issued by the Securities and Futures Administration Commission on March 27, 2003. The principles for the calculation and determination of the "top five highest paid managers" shall be based on the sum of the salary, severance pay and pension, bonuses, allowances, etc. received by the manager from all companies in the consolidated financial statements, and the employee remuneration (i.e., sum of A+B+C+D), and the individuals with the top five highest remuneration shall be included. If a Director concurrently serves as one of the aforementioned managers, fill out this Table and Table (1-1) above.

Note 2: Salary, additional duty payments, and severance pay received by the top five highest paid managers in the past year.

Note 3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments

received by the top five highest paid managers in the past year. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2 - "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 4: The amount of employee remuneration (including shares and cash) that have been approved by the Board of Directors and distributed to the top five highest paid managers in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 5: Total remuneration to the top five highest paid managers from all companies in the consolidated statements (including the Company) shall be disclosed.

Note 6: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 7: a. The amount of remuneration received from subsidiaries other than investee companies or the parent company by the Company's top five highest paid managers shall be stated clearly in this column (please specify "none" if there is no remuneration).

b. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by top five highest paid managers of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries or the parent company.

* The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Manager's name and the distribution of employee remuneration:

March 31, 2021 Unit: NT\$1,000

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount (Proposed amount)	Total	Total remuneration as a percentage of net profit after tax
Manager	President	Shao-Ling Peng	0	6,938	6,938	0.14036%
	Vice Presidents, President's Office	Cheng-Hsiung Hsieh				
	Assistant Vice President of the Finance Division and Accounting Manager	Cheng-I Wang				
	Assistant Vice President, Planning Division	Yun-Ti Cheng				
	Assistant Vice President, Planning Division	Lin-Wei Hsiao				
	Assistant Vice President, Engineering Division	Wen-Ho Hsu				
	Assistant Vice President, Sales Division	Meng-Hui Lien				
	Assistant Vice President, Development Division	Wen-Hsiung Chiu				

Note 1: The names and titles of the individuals must be disclosed, but the disclosure may be shown in aggregate profit distribution.

Note 2: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the managers in the most recent fiscal year. If this amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year. The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 3: The scope of application for the term "managerial officer" shall be pursuant to the FSC's Tai-Cai-Zheng-3 No. 0920001301 Order dated March 27, 2003. Its scope of application shall be as follows:

- (1) The President and those with equivalent powers
- (2) Vice Presidents and those with equivalent powers
- (3) Assistant Vice Presidents and those with equivalent powers
- (4) Head of Finance Department
- (5) Head of Accounting Department

(6) Other individuals with the authority for managing company affairs and signatory rights
 Note 4: Directors, Presidents, and Vice Presidents who receive employee rewards (including shares and cash) must be listed in Table 1-2 and this table.

(4) Comparison and analysis of remunerations to Directors, Supervisors, President, and Vice Presidents of the Company by the Company and all companies in the consolidated financial statements as a percentage of net profit after tax in the parent company only or individual financial reports in the last two years, and description of the policy, standards, and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

A. Analysis of total remuneration paid to the Company's Directors, Supervisors, President, and Vice Presidents in the last two years as a percentage of the net profit after tax in the parent company only or individual financial report

Title	2019		2020	
	Total remuneration as a percentage of net loss after tax		Total remuneration as a percentage of net profit after tax	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	7.2464%	7.2464%	0.6030%	0.6030%
Supervisor	=	=	=	=
President and Vice Presidents	14.8462%	14.8462%	0.2179%	0.2179%

- B. Remuneration policies, standards and packages, procedures for determining remuneration, and correlation of remuneration with business performance and future risks:
- (a) Attendance fees: Directors receive an attendance fee of NT\$10,000 for each meeting.
 - (b) President and Vice Presidents: The salary (including base salary, meal allowance, and additional pa for supervisors) is determined based on their experience, number of years of service, and performance.
 - (c) Director remuneration from distribution of earnings: The Company allocates no more than 5% of the earnings before tax as remuneration for Directors and Supervisors in accordance with the Articles of Incorporation (the Company has allocated 0.5% each year).
 - (D) Employee remuneration from distribution of earnings: The Company allocates 0.5% to 5% of the earnings before tax of the current year as remuneration for employees in accordance with the Articles of Incorporation (the Company has allocated 0.5% each year).

IV. Implementation of corporate governance

(I) Operations of the Board of Directors

Information on operations of the Board of Directors

The Board of Directors convened 10 meetings (5 for the newly elected members and 5 for the previous members) in 2020. The attendance of Directors and Supervisors was as follows:

Title	Name	Attendance in person B	Attendances by proxy	Attendance in person rate (%) 【B/A】 (Note 2)	Remarks 2020.6.10 (Election of all Directors)
Chairman (Note 1)	Tzu-Kuan Lin	10	1	85%	Re-elected
Director (Note 2)	Wei-Hsiung Tsai	10	0	100%	Re-elected
Director (Note 2)	Chien-Ping Juan	10	0	100%	Re-elected
Director (Note 1)	Kao-Wen Chung	5	0	100%	Outgoing
Director (Note 1)	Chia-Chi Hou	5	0	100%	Newly elected
Director (Note 2)	Tung-Ming Su	10	0	100%	Re-elected
Director (Note 3)	Pei-Kui Su	10	0	100%	Re-elected
Independent Director	Tang Chen	2	3	40%	Outgoing
Independent Director	Li-Yen Yang	4	1	80%	Newly elected
Independent Director	Wu-Po Kuo	10	0	100%	Re-elected
Independent Director	Chiu-Mu Tseng	10	0	100%	Re-elected

Other disclosures:

一、The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:

(I) Items specified in Article 14-3 of the Securities and Exchange Act:

1. The adoption or amendment, pursuant to Article 36-1, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
None.

2. Matters in which a director or supervisor is an interested party: None

3. Loans of funds, endorsements, or provision of guarantees of a material nature: The following information is provided in Item 8 in the "Implementation of corporate governance":

- (1) Important resolution 4 passed in the 5th meeting of the Board of Directors on May 11, 2020.

- (2) Important resolutions 8, 9, 10, and 11 passed in the 6th meeting of the Board of Directors on August 3, 2020.

(3) Important resolutions 3 and 4 passed in the 9th meeting of the Board of Directors on November 9, 2020.

(4) Important resolution 5.7 passed in the 5th meeting of the Board of Directors on December 21, 2020.

The aforementioned motions were passed unanimously by all Independent Directors in attendance.

4. The hiring or dismissal of a certified public accountant, or their compensation: None

(II) With the exception of the aforementioned items, resolutions adopted by the Board of Directors, to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None

二、Directors abstaining in certain proposals for being a stakeholder (the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated):

(I) March 25, 2020: The Company's plan for participating in the capital cash increase of Hanshin Department Store Co., Ltd.

With the exception of the Directors Kao-Wen Chung and Pei-Kui Su who served as Special Assistant and Assistant Vice President of Hanshin Department Store Co., Ltd. and were required to recuse themselves from discussions and voting, the proposal was passed unanimously by all other Directors in attendance.

(II) May 11, 2020: The Company's plan for investing in the capital cash increase of Hanshin Department Store Co., Ltd. as a designated party. With the exception of the Directors Kao-Wen Chung and Pei-Kui Su who served as Special Assistant and Assistant Vice President of Hanshin Department Store Co., Ltd. and were required to recuse themselves from discussions and voting, the proposal was passed unanimously by all other Directors in attendance.

(III) August 03, 2020: The Company planned to invest in Grand Hi-Lai Hotel Co., Ltd. With the exception of the Chairman Tzu-Kuan Lin and the Directors Chia-Chi Hou and Tung-Ming Su who both serve at Grand Hi-Lai Hotel Co., Ltd. and were required to recuse themselves from discussions and voting, the proposal was passed unanimously by all other Directors in attendance.

(IV) September 28, 2020: The Company planned to participate in the cash capital increase of Hanshin Shopping Plaza Co., Ltd. With the exception of the Chairman Tzu-Kuan Lin, the Directors Che-Hsiung Tsai and Chia-Chi Hou who serve as the Directors of Hanshin Shopping Plaza Co., Ltd., and the Director Pei-Kui Su who serve as the manager, and were required to recuse themselves from discussions and voting, the proposal was passed unanimously by all other Directors in attendance.

(V) December 21, 2020: The Company planned to purchase shares of Hanshin Department Store Co., Ltd. from Wei Chun International Development Co., Ltd. With the exception of the Chairman Tzu-Kuan Lin and the Directors Che-Hsiung Tsai, Chia-Chi Hou, and Pei-Kui Su who recused themselves in accordance with Article 206 of the Company Act, the proposal was passed unanimously by all other Directors in attendance.

三、The company listed on TWSE/TPEx shall disclose the evaluation cycle and duration,

scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors. Refer to the Board of Directors evaluation status in the table.

四、 Programs in the current and most recent year adopted to strengthen the functionality of the Board (for example, establishment of an Audit Committee, improvement of information transparency, etc.) and execution evaluation: The Company established the Audit Committee on June 8, 2017.

(I) Strengthening the functionality of the Board

- 1.No Director of the Company is a spouse or a relative within two degrees of kinship with any other Director.
- 2.All operations of the Company's Board of Directors are processed in accordance with applicable laws and regulations. `
- 3.Members of the Company's Board of Directors attend continuing education courses on corporate governance organized by institutions specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.

(II) Improvement of information transparency, etc.

The Company's financial statements are regularly audited and certified by PricewaterhouseCoopers, Taiwan. All information disclosures required by laws and regulations are correctly and promptly completed, and we assign designated personnel to take charge of the collection and disclosure of the Company's information. We also established a spokesperson system to ensure the prompt and adequate disclosure of material information.

Note 1: Representative of Chi Chan Industries Co., Ltd.

Note 2: Representative of Cheng Chi Co., Ltd.

Note 3: Representative of Pai Ti Development Co., Ltd.

- (1) If a Director or Supervisor has resigned before the end of the year, the resignation date must be specified in the remarks section. The attendance rate (%) shall be calculated by dividing the number of the Board of Directors meetings held during the period by the number of the meetings that the Director or Supervisor has actually attended.
- (2) If a Director or Supervisor has been reelected before the end of the year, the names of the new and old Director and Supervisors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The attendance rate (%) shall be calculated by dividing the number of the Board meetings held during the period by the number of the meetings that the Director or Supervisor has actually attended.

(II) Board of Directors evaluation status:

The Company established the Board of Directors Performance Evaluation Guidelines on November 9, 2020 and explained the remuneration policies, standards and packages, procedures for determining remuneration, and correlation of remuneration with business performance and future risks in the Annual Report.

Board of Directors evaluation status

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation contents (Note 5)
Once every year	1/1-12/31 (As the election was held on June 10, the evaluation period was from June 10 to December 31)	Board of Directors	Self-evaluation of individual Directors	1. Participation in the operation of the company 2. Quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control
		Individual Directors		1. Familiarity with the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control
		Functional committees		1. Participation in the operation of the company 2. Knowledge of the duties of the functional committee 3. Quality of functional committee's

				decisions 4. Functional committee composition and election of members 5. Internal control
--	--	--	--	--

Board of Directors:

The results showed that the Board of Directors has fulfilled its duties for providing instructions and monitoring the Company's strategies, major business operations, and risk management. The overall implementation status was satisfying and met corporate governance requirements. However, there remains room for improvement in terms of the participation in the operation of the company and election of Directors.

Individual Directors:

The results showed that the communication between Directors and managers of the Company was satisfying. However, the Directors believed that they must continue to acquire new knowledge and continue to study to improve their professional knowledge, understand the Company's industry, make professional and suitable judgments, and plan for future development.

Functional committees:

The results showed that the functional committees have effectively played their roles and ensured the effective implementation of internal controls and adequate risk management for sustainability. The Company has therefore not yet established a Nominating Committee.

Recommendations for improvement:

The Company should actively arrange continuing education for Directors to ensure that they can improve their professional knowledge and skills and their legal knowledge to effectively implement the corporate governance system.

(II) Operations of the Audit Committee:

Information on the operations of the Audit Committee

The Audit Committee convened a total of 9 meetings (4 for the newly elected members and 5 for the previous members) (A) in the most recent year (2020). The attendance of Independent Directors was as follows:

Title	Name	Attendance in person (B)	Attendances by proxy	Attendance in person rate (%) (B/A) (Note)	Remarks Election of all Directors on June 10, 2020
Independent Director	Tang Chen	2	3	40%	Outgoing
Independent Director	Li-Yen Yang	3	1	75%	Newly elected
Independent Director	Wu-Po Kuo	9	0	100%	Re-elected
Independent Director	Chiu-Mu Tseng	9	0	100%	Re-elected

Other disclosures:

一、 The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

二、 (I) Items specified in Article 14-5 of the Securities and Exchange Act: Submitted to the Board of Directors after the approval of the Audit Committee.

1. Passed with no dissenting opinions in the 19th meeting of the 1st Audit Committee on March 23, 2020:

- (1) The Company's 2019 individual and consolidated financial statements.
- (2) The independence evaluation of the certifying CPAs for 2020.
- (3) The consolidated financial statements prepared by the Company.
- (4) The results of the evaluation on the effectiveness of the design and implementation of the Company's internal control system for 2019.
- (5) Proposal for amendment of the Company's "earnings distribution or loss offsetting" to quarterly distribution or offsetting.
- (6) The Company's plan for participating in the capital cash increase of Hanshin Department Store Co., Ltd.

2. Passed with no dissenting opinions in the 20th meeting of the 1st Audit Committee on April 9, 2020:

- (1) The Company's proposal for the disposal of the Company's land in the Greater Nangang Project through a public auction.

3. Passed with no dissenting opinions in the 21st meeting of the 1st Audit Committee on April 20, 2020:

- (1) The Company's 2019 Business Report.
- (2) 2019 earnings distribution proposal.

4. Passed with no dissenting opinions in the 22nd meeting of the 1st Audit Committee on April 27, 2020:

Proposal for the amendment of Article 29 of the Articles of Incorporation

- regarding the allocation ratio of employee remuneration.
5. Passed with no dissenting opinions in the 23rd meeting of the 1st Audit Committee on May 11, 2020:
 - (1) Proposal for the extension of the Company's expiring loan facility with Jih Sun International Bank Xinyi Branch.
 - (2) Proposal for the extension of the Company's expiring loan contract with International Bills Finance Corporation.
 - (3) Proposal for the extension of the Company's expiring loan contract with Mega Bills Finance.
 - (4) Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan facility provided by Mega Bills Co., Ltd. for existing houses in phase 1 of [The Green Place].
 - (5) The Company's plan for investing up to NT\$88,048,545 in Hanshin Department Store Co., Ltd. as a designated party.
 6. Passed with no dissenting opinions in the 1st meeting of the 2nd Audit Committee on August 3, 2020:
 - (1) Proposal for the Company's cash capital reduction.
 - (2) The Company's 2020 Q2 consolidated financial statements and business report.
 - (3) The Company's 2020 Q2 earnings distribution proposal.
 - (4) The Company's establishment of the "Investment Review Implementation Regulations".
 - (5) The Company planned to invest in high-performance weighted stocks on the open market (TWSE, TPEX, and emerging stocks) of up to NT\$1,500,000 thousand to increase capital utilization and create more sources of revenue.
 - (6) The Company's proposed investment of NT\$81,000 thousand in Grand Hi-Lai Hotel Co., Ltd.
 - (7) The Company's plan to apply for the extension of the loan facility and joint endorsements and guarantees with Taiwan Cooperative Bank for the [Good morning, Kuo Yang] joint investment and development project in Keelung.
 - (8) Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring guarantee for promissory notes by EnTie Commercial Bank for the construction of the Kanazawa Area of [The Green Place].
 - (9) Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan contract with O-Bank enacted for the guarantee credit limit for the performance bond and working capital for unsold houses in Ruhaku Area of the [The Green Place] development project.
 - (10) Wei Li International Development Co., Ltd. sent a letter to the

Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan facility provided by International Bills Finance Corporation for existing houses in Ruhaku Area of [The Green Place].

- (11) The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the Company's approval for the extension of the guarantee credit limit provided by EnTie Commercial Bank for the unsold existing houses and parking spaces of the [Smile Era] with superficies in Kaohsiung.
 - (12) The Company's subsidiary Shen Yang Construction Co., Ltd. planned to change the authorized capital to NT\$2,000,000 thousand in response to funding requirements and organize cash capital increase of NT\$700,000 thousand. The Company intends to take part in the capital cash increase and subscribe to all available shares.
 - (13) The establishment of the "Investment Review Implementation Regulations" by the Company's subsidiary Shen Yang Construction Co., Ltd.
 - (14) The Company's subsidiary Shen Yang Construction Co., Ltd. planned to invest in high-performance weighted stocks on the open market (TWSE, TPEx, and emerging stocks) of up to NT\$800,000 thousand to increase capital utilization and create more sources of revenue.
 - (15) The Company's plan for selecting equity investment targets in accordance with the "Investment Review Implementation Regulations" of the Company and the subsidiary Shen Yang Construction Co., Ltd.
 - (16) The Company and subsidiary Shen Yang Construction Co., Ltd. planned to sell all shares in the investee company Li Yang Agricultural Technology Co., Ltd.
7. Passed with no dissenting opinions in the 2nd meeting of the 2nd Audit Committee on September 28, 2020:
The Company's plan for participating in the capital cash increase of Hanshin Shopping Plaza Co., Ltd. with an investment of NT\$480,000 thousand which accounts for 20% of total shares after the capital increase.
8. Passed with no dissenting opinions in the 3rd meeting of the 2nd Audit Committee on November 9, 2020:
- (1) Established the baseline date of capital reduction, capital reduction and share exchange operation book, and baseline date for the capital reduction and exchange of shares.
 - (2) Proposal for the extension of the Company's expiring loan facility with O-Bank for financing the remaining units of [Kuo Yan].
 - (3) Proposal for the extension of the extension of the Company's expiring loan facility with Chang Hwa Bank and endorsements and guarantees for financing the land and building construction in the [Kuo Yang Silicon Valley] project invested and constructed by the Company in Xizhi District, New Taipei City.
 - (4) The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter

to request the Company's approval and continuation of the joint guarantee for the extension of the guarantee credit limit provided by O-Bank for the unsold existing houses of the [Smile Era] with superficies in Kaohsiung.

- (5) The Company's subsidiary Shang Yang International Asset Management Co., Ltd. planned to reduce capital by NT\$82,000 thousand to offset losses in order to improve its capital structure and amended its Articles of Incorporation accordingly.
 - (6) Proposal for the establishment of the Company's "Board of Directors Performance Evaluation Guidelines".
 - (7) The Company's plan for working with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Jiuzong Section, Neihu District, Taipei City.
9. Passed with no dissenting opinions in the 4th meeting of the 2nd Audit Committee on December 21, 2020:
- (1) The Company's 2021 budget.
 - (2) The Company's proposal for not distributing the 2020 Q3 earnings and the submission of the business report.
 - (3) The Company planned to purchase 802,000 shares of Hanshin Department Store Co., Ltd. from Wei Chun International Development Co., Ltd. at a purchase price no higher than the net worth per share of Hanshin Department Store Co., Ltd.
 - (4) The building bulk of the Company's investment in four plots of land on Jiuzong Section, Neihu District, Taipei City was increased from 30% to 40% and the Company requested approval for increasing the budget for the project and the authorization for the Chairman to make decisions within the budget.
 - (5) Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring guarantee for promissory notes by EnTie Commercial Bank for the construction of the Kanazawa Area of [The Green Place].
 - (6) The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the parent company's approval for the extension of the guarantee credit limit provided by King's Town Bank Zhongzheng Branch for the unsold existing houses of the [Smile Era] with superficies in Kaohsiung.
 - (7) With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral and Wei Li International Development Co., Ltd. as the borrower to apply for a land financing limit from Chang Hwa Bank. The financing bank requested the Company to provide joint guarantee and credit extension.
 - (8) The amendment of certain clauses in the "Procedures for Endorsements and

Guarantees" of the Company's subsidiary Shen Yang Construction Co., Ltd.

(9) The Company's subsidiary Shen Yang Construction Co., Ltd. owns 80% of the shares of the subsidiary Chi Yang Construction Co., Ltd., which sent a letter to request the parent company's approval for changing the working capital credit extension conditions for the building bulk purchase in the previous loan facility provided by the Bank of Taiwan Dunhua Branch, the building financing and working capital credit limit during the urban renewal period, and the provision of joint guarantee by Shen Yang Construction Co., Ltd.

(10) Preparation of the Company's 2021 audit plan.

(11) The acquisition of land on Plot 9, Shengli Section, Fengshan District, Kaohsiung City by the Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. through a joint tender in collaboration with Tsang Hsin Construction Co., Ltd.

(II) With the exception of the aforementioned items, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of all Directors: None.

II. Independent Directors abstaining in certain proposals for being a stakeholder (the name of the Independent Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated): None

三、Independent Directors' communication with chief internal auditor and CPAs (including material items, methods, and results of communication over the Company's financial and business status etc.).

(I) Policy for communication between Independent Directors and the Chief Internal Auditor:

An internal audit report on the communication between the Chief Internal Auditor and Independent Directors on business operations shall be formulated in the quarterly meetings of the Audit Committee. In the event of a material discrepancy, the report shall also be immediately submitted to the Independent Directors. No major discrepancies were found in 2020 and the communication between Independent Directors and the Company's Chief Internal Auditor in 2020 was good.

(II) Policy for communication between Independent Directors and CPAs:

1. Where necessary, the Independent Directors of the Audit Committee shall communicate and discuss with CPAs in writing. the scope of discussions shall include the independence and related liabilities in the CPAs' audit of the Group's consolidated financial statements, related matters for audit plans, material findings in the audit (including account adjustments and significant discrepancies in internal control), contents of the audit report, and the review of the mid-term consolidated financial statements.
2. The Audit Committee completed the review report on the Group's consolidated financial statements and audit opinions after reviewing the audit by the professional CPAs.

Note:

- * If an Independent Director has resigned before the end of the year, the resignation date must be specified in the remarks section. The attendance rate (%) shall be calculated by dividing the number of the Audit Committee meetings held during the period by the number of the meetings that the Independent Director has actually attended.
- * If Independent Directors are re-elected before the end of the fiscal year, incoming and outgoing Independent Directors should be listed accordingly, and the "remark" column should indicate whether the status of an Independent Director is "outgoing", "incoming" or "re-elected", and the date of the election. The actual attendance rate (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Supervisors' Participation in Board Meetings

The Company held an election of all Directors on June 8, 2017 and established the Audit Committee to replace supervisors in accordance with laws.

(III) Corporate governance implementation status, deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons

Assessment item	Implementation status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its code of practice on corporate governance based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established the "Corporate Governance Practice Principles" and disclosed them on MOPS.	No material deviation
II. Shareholding structure and shareholders' equity				
(I) Has the Company established internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implemented the procedures accordingly?	V		(I) The Company has appointed designated personnel (spokesperson and shareholder service unit) to process shareholders' suggestions and disputes in accordance with the "Rules of Procedure for Shareholders' Meetings". The Company also set up the Legal Affairs Department to process the Company's legal affairs and hired professional lawyers as accountants.	No material deviation
(II) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those	V		(II) The Company's shareholder service unit is responsible for managing related information and maintains a list of major shareholders of	

Assessment item	Implementation status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
major shareholders? (III) Did the company establish and execute risk control mechanism for affiliates, and firewall methods? (IV) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V V		companies over which the Company has actual control and the list of ultimate owners of those major shareholders. (III) The affairs have been implemented in accordance with the Company's "internal control system", "internal audit system", and related laws and regulations. The Company also established the "Regulations on the Management of Subsidiaries". (IV) The Company has established the "Management and Operating Procedures for Preventing Insider Trading" and "Code of Ethics".	
III. Composition and duties of the Board of Directors (I) Has the Board of Directors developed and implemented a diversification policy for the composition of its members? (II) Has the Company voluntarily established other functional committees in addition to Remuneration Committee and Audit	V V V		(I) Members of the Company's Board of Directors have professional experience in business management, finance planning, big data, and IT fields and the composition is diverse. (II) The Company shall set up establish other types of functional committees in the future based on actual requirements. (III) The Company has established the Board of	No material deviation

Assessment item	Implementation status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
Committee? (III) Has the Company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation at regular intervals each year? (IV) Does the Company periodically evaluate the level of independence of the CPA?	V		Directors Performance Evaluation Guidelines and evaluation methods and conducted performance evaluation at regular intervals each year. (IV) The Company selects independent CPAs with good reputation who have no personal interest in the Company and evaluates their independence each year.	
IV. Has the Company set up a dedicated unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the Directors and Supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholder meetings)?	V		The Company plans to appoint a Corporate Governance Officer and part-time staff (Administration Division, shareholder service unit, and secretary of the Chairman's Office) before the end of June to jointly take charge of related matters.	No material deviation

Assessment item	Implementation status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
V. Has the Company set up channels of communication for stakeholders, dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The Company has established a spokesperson system and uses the telephone, email, and fax to communicate with stakeholders and properly address related matters.	No material deviation
VI. Has the Company appointed a professional shareholder service agency to process affairs related to shareholders' meetings?	V		The Company has appointed Grand Fortune Securities Co., Ltd. to process affairs related to shareholders' meetings.	No material deviation
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status? (II) Did the Company adopt other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and disclose	V V		(I) The Company's website http://www.kycc.com.tw regularly discloses information regarding the Company's financial, business and corporate governance status. (II) The Company has established an official website to disclose the Company's basic information, financial information, and construction progress. The Company has appointed dedicated personnel take charge of the collection and disclosure of the Company's	No material deviation

Assessment item	Implementation status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
company data, implement the spokesperson system, upload the investor conference processes to the Company's website, etc.)? (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?	V		information, designated the Accounting Manager as the spokesperson and acting spokesperson, and implemented a spokesperson system. (III) The Company shall publish and report its annual financial report within three months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month within 45 days after the end of each quarter.	
VIII. Does the Company have other information that is helpful for understanding its status of corporate governance (including but not limited to employee rights and interests, employee well-being, investor relations, supplier relations, rights of interested parties, further education sought	V		Refer to the information on labor relations, material contracts, and major suppliers in "Chapter 5 Business Overview" in the Annual Report for information on employee rights, employee care, investor relations, supplier relations, and stakeholder rights. The Company discloses the status of Directors' and Supervisors' continuing education on the Market Observation Post System.	No material deviation Most of the Directors have completed the continuing education

Assessment item	Implementation status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
by Directors and Supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the taking out of liability insurance for Directors and Supervisors)?			Refer to the Risk matters required for analysis in the most recent year and up to the publication date of the Annual Report in "Chapter 7 Item 6" of the Annual Report for information on risk matters required for analysis in the most recent year and up to the publication date of the Annual Report. With regard to the implementation status of customer relations policies, the Company has established the After-Sales Service Department to provide customers with related services. The Company purchases liability insurance for Directors each year after the proposal was passed by the Board of Directors in 2018.	required by the competent authority.
IX. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.	V		The units have conducted self-evaluations of related corporate governance evaluation items and formulated recommendations for improvements for the "implementation of corporate social responsibility" category. The Company has engaged the professional institution "consulting service and execution team of EY Taiwan" to provide assistance for improvements. (1) The Company discloses discussions and results of resolutions of the Remuneration Committee and	No material deviation

Assessment item	Implementation status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			the Company's handling of opinions of the board members in the Annual Report. (2) The Company discloses the execution of resolutions adopted at the previous shareholders' meeting (2020) in the Annual Report. (3) The Company uploads the English version of the notification for shareholders' meeting 30 days prior to the date of the meeting. The Company gradually implements improvements for other items for which it did not score points.	

Note: Regardless of whether "Yes" or "No" was selected, explanation shall be provided in the Summary column.

(IV) Composition and operations of the Remuneration Committee:

The Company's Remuneration Committee was established with the approval of the Board of Directors on December 26, 2011 in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" established by the FSC.

The Company's Remuneration Committee was created to assist the Board of Directors the evaluation and supervision of the Company's overall salary and remuneration policy, and the establishment and regular reviews of the level of remuneration for Directors and managers.

(1) Information on members of the Remuneration Committee

Title (Note 1)	Qualifications	Having more than 5 years of work experience and professional qualifications listed below		Compliance of independence (Note 2)										member also serves as a member of their	Remarks 2020. 8. 3 (newly appointed for the 4th term)
		An instructor or higher 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 area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	
Independent Director	Li-Yen Yang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Newly elected
Independent Director	Wu-Po Kuo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Re-elected
Independent Director	Chiu-Mu Tseng	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Re-elected
Independent Director	Tang Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Term expired on June 7, 2020

Note 1: For "Title", please specify whether the person is a Director, Independent Director, or other.

Note 2: If a member meets any of the following criteria in the two years before being elected or during the term of office, please check "✓" the corresponding boxes:

- (1) Not employed by the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or its affiliates (this restriction does not apply to independent directors in the company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding 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 manager as stated in (1) or any of the persons mentioned in (2) and (3).
- (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).
- (6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
- (9) Not a professional individual, or an owner, partner, director, supervisor, or manager 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 Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Does not meet any of the conditions stated in Article 30 of the Company Act.

(2) Operation of Remuneration Committee

I. The Company's Remuneration Committee consists of 3 members.

II. Current term for the members: (4th term)

The term of these members is from August 3, 2020 to June 9, 2023

The Remuneration Committee convened a total of 3 meetings (2 meetings for the previous term and 1 meeting for this term) (A) in 2020 and the qualifications and attendance information of the members were as follows:

Title	Name	Attendance in person (B)	Attendances by proxy	Attendance in person rate (%) (B/A) (Note 1)	Remarks 2020. 8. 3 (newly appointed for the 4th term)
Convener	Li-Yen Yang	1	0	100%	Newly elected

Committee Member	Wu-Po Kuo	3	0	100%	Re-elected
Committee Member	Chiu-Mu Tseng	3	0	100%	Re-elected
Convener	Tang Chen	0	2	0%	Term expired on June 7, 2020

一、If the Board of Directors did not adopt or revised the recommendations of the Remuneration Committee, it should describe the date of board meeting, term of the board, agenda item, resolutions adopted by the Board of Directors, and actions taken by the Company in response to the opinion of the Remuneration Committee: None.

二、If there are objections or reservations by the members that have been recorded in writing during the Remuneration Committee resolution, the Remuneration Committee meeting's date, period, motion content, the opinions of all members, and handling of the member's opinions must be disclosed in detail: None.

Date	Content of motion	All opinions of Committee Member and the Company's handling of such opinions
8th meeting of 3rd Remuneration Committee April 20, 2020	The Company's 2019 remuneration distribution proposal for board members and employees	Passed unanimously by all Committee Members
9th meeting of 3rd Remuneration Committee April 27, 2020 (Provisional meetings)	Proposal for the amendment of Article 29 of the Articles of Incorporation regarding the allocation ratio of employee remuneration.	Passed unanimously by all Committee Members
1st meeting of 4th Remuneration Committee September 28, 2020	Proposal for the Company's appointment of the level 1 manager for the Development Division, the salary, and the terms of employment.	Passed unanimously by all Committee Members

Note:

- (1) Where a member of the Remuneration Committee resigns before the end of the fiscal year, the "Remarks" column shall state the member's resignation date, whereas his/her rate of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

- (2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the "Remarks" column shall indicate whether the status of a member is "Outgoing", "Incoming" or "Re-elected", and the date of the election. The actual attendance rate (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(V) Implementation of corporate social responsibility, deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies, and reasons

Performance of corporate social responsibility

Assessment item	Implementation status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary (Note 2)	
I. Does the Company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly? (Note 3)	V		The Company pays close attention to any potential risks to maintain the sustainability of its operations. The Company holds a meeting at the end of each year to discuss operational risks for the following year, review the amendments of relevant laws and regulations, and evaluate the risks and response measures.	No material deviation.
II. Did the Company establish full-time (part-time) corporate social responsibility promotional units, and did the Board of Directors authorize the senior management to handle such units and report to the Board regarding the handling status?	V		The Company has designated a part-time corporate social responsibility promotional unit but the "Corporate Social Responsibility Code of Practice" already stipulates that the Administration Division shall regularly report to the Board of Directors.	No material deviation.
III. Environmental issues				
(I) Has the Company established an appropriate environmental management system based on the characteristics of the industry?	V		(I) The construction contractor appoints field directors for each of the Company's construction projects and they establish appropriate environmental management systems in accordance with related regulations.	No material deviation
(II) Is the Company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?	V		(II) The Company promotes environmental protection campaigns and complies with all relevant environmental protection laws and regulations to implement the campaigns and conserve resources. In terms of product planning, the	

Assessment item	Implementation status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary (Note 2)	
(III) Does the Company evaluate potential risks and opportunities brought on by climate change with regard to the present and future of its business, and take appropriate measures to counter climate change issues? (IV) 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 reduction, greenhouse gas reduction, water reduction, or waste management?	V		Company adopts the concepts of green building, ecological environment, and environmentally friendly building materials in the products designed by the Company. (III) The Company convenes annual risk management meetings to evaluate the potential opportunities and risks created by climate change. We incorporate climate change factors into business strategies and decisions. (IV) The Company reports the total weight of waste in the annual CSR Report. Although the Company has not yet formulated energy saving and carbon reduction strategies, the Company actively promotes environmental protection, energy conservation, and carbon emissions reduction measures, and promotes green buildings to mitigate the impact of climate change. We also continue to enhance our strategies and management responses for climate change.	
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(一) The Company shall comply with relevant labor laws and regulations, protect the legal rights and interests of employees, respect internationally recognized principles of the labor force's human rights, and shall not commit violations against the fundamental labor rights.	No material deviation

Assessment item	Implementation status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary (Note 2)	
(II) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee compensation?	V		The human resources policies of the Company shall be founded on the principles of the labor force's human rights and shall contain appropriate management methods and procedures.	
(III) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?	V		(二) The Company has established the "HR Management Rules", "Performance Evaluation Guidelines", and the "Articles of Incorporation" which include regulations for allocating remuneration to adequately reflect business performance and results in employee compensation.	
(IV) Has the Company established an effective career development training program for employees?	V		(三) The Company provides a safe and healthy work environment for employees, including necessary health and first-aid facilities, and is committed to reduce risks to employee safety and health and to prevent occupational accidents. We convene regular safety and health education seminars each year.	
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	V		(四) The Company organizes training to create a positive environment for the development of employees' careers and establish effective training programs for developing professional skills. (五) The Company complies with relevant laws and regulations, and cares about the rights and interests of house buyers. The Company has designated customer service personnel and	

Assessment item	Implementation status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary (Note 2)	
(VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	V		uses the 0800 service hotline, email, and face-to-face meetings to fully understand customer requirements, formulate improvement measures, and quickly respond to customers. The Company always provides the most rapid services in response to the opinions of the house buyers. (六)The Company strictly implements the supplier management and auditing system, and all projects are evaluated after completion. We implement overall evaluations based on progress control, project quality, safety, health, environmental protection, project management, coordination, and cooperation.	
V. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?	V		The Company's Corporate Social Responsibility Report is prepared in accordance with the GRI Standards published by the Global Reporting Initiative (GRI). The financial data used in the Report are based on public information audited by the CPA.	No material deviation
VI. If the Company has established corporate social responsibility guidelines by following the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: None				
VII. Other important information that facilitates the understanding of the implementation of corporate social responsibility: The Company is committed to operations of its business and construction of high-quality residential buildings. We uphold the values for giving back to society and make contributions for promoting social services and welfare. We always provide the most rapid services for the opinions of the house buyers and pay close attention to development of relations with community				

Assessment item	Implementation status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary (Note 2)	
residences. We promote activities for "overall community development" which increase customers' satisfaction and improves the quality of the Company's products.				

Note 1: If "Yes" is selected in the operating status, please explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the reason and explain related future policies and plans for strategies and measures.

Note 2: If the Company has produced the Corporate Social Responsibility Report, the Company may reference the Corporate Social Responsibility Report or indicate the page number in the operating status.

Note 3: The materiality principle refers to related environmental, social, and governance issues that may cause material impact on the Company's investors and other stakeholders.

(VI) Implementation of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons

Implementation of ethical corporate management

Assessment item	Implementation status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and solutions (I) Has the Company implemented an Ethical Corporate Management Policy approved by the Board of Directors and stated its ethical corporate management policy and practices as well as the active commitment of the Board of Directors and management towards enforcement of such policy in its regulations and external correspondence? (II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a 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 Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? (III) Does the Company clearly provide its operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company	V V V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies to implement the corporate governance and risk management mechanisms. (II) The Company has established the "Code of Ethics" and "Construction Procurement and Contracting Management Regulations" to take preventive measures for business activities with higher risks of unethical conduct in the scope of business. (III) To implement ethical management values and policies, the Company established the "Code of Ethics" which specify the operating procedures, code of conduct,	No material deviation

Assessment item	Implementation status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
enforce the programs above effectively and perform regular reviews and amendments?			and disciplinary actions for implementation.	
II. Implementation of ethical management				
(I) Does the Company evaluate the integrity of all transaction counterparties and stipulate integrity clauses in the agreements it signs with transaction counterparties?	V		(I) The Company has stipulated integrity clauses in the agreements it signed with suppliers.	No material deviation
(II) Does the Company have a unit responsible for ethical corporate management on a full-time (part-time) basis under the Board of Directors which reports to the Board of Directors the Ethical Corporate Management Policy and programs against unethical conduct regularly (at least once a year)?	V		(II) The Company has assigned units to implement ethical corporate management on a part-time basis. The Administration Division and Legal Affairs Department are responsible for the establishment of the Ethical Corporate Management Policy and preventive measures. The Audit Office is responsible for supervision and implementation, and regularly reports to the Board of Directors.	
(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	V		(III) The policy for preventing conflicts of interest have been stipulated in the "Rules of Procedure for the Board of Directors' Meetings" and the "Remuneration Committee Charter".	
(IV) Does the Company have effective accounting and internal control systems in place to uphold business integrity? Does the internal audit unit follow the results of risk assessments for unethical behavior and devise plans to audit the systems accordingly to prevent unethical conduct, or hire accountants to conduct the	V		(IV) The Company complies with regulations and has established a comprehensive accounting system and internal control system to ensure the reliability of financial reporting. Internal audit	

Assessment item	Implementation status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
audits? (V) Does the Company periodically provide internal and external training programs on ethical management?		V	personnel regularly review the compliance of the aforementioned system to ensure the implementation of ethical corporate management. (V) The Company has not yet organized training programs on ethical management.	
III. Operations of the Company's whistleblowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers? (II) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures? (III) Has the Company set up protection for whistleblowers to protect them from inappropriate measures as a result of reporting such incidents?	V V V		(一) The Company's has set up a communication section on the Company's website. After information is collected by the dedicated person, it is delivered to the responsible unit for swift response.. (二) The Company has established standard operating procedures for investigations and confidentiality mechanisms in the "Code of Ethics" and "Employee Rewards and Penalties Regulations". (三) The Company has set up protection for whistleblowers to protect them from inappropriate measures as a result of reporting such incidents.	No material deviation
IV. Enhancing information disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System?	V		The Company has disclosed its Ethical Corporate Management Principles and progress in the Annual Report and on the Market Observation Post System.	No material deviation

Assessment item	Implementation status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
V. If the Company has implemented its own Ethical Corporate Management Principles by following the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: No deviation				
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management: (e.g., review and amendment of the Company's Ethical Corporate Management Principles)				
(I) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.				
(II) The regulations for the prevention of conflicts of interests for Directors and stakeholders have been specified in the Company's "Rules of Procedure for the Board of Directors' Meetings", "Ethical Corporate Management Best Practice Principles", "Code of Ethics", and "Remuneration Committee Charter".				
(III) The Company has established the "Management and Operating Procedures for Preventing Insider Trading" to create positive mechanisms for processing and disclosing material insider information to prevent inappropriate information disclosure.				

Note 1: Regardless of whether "Yes" or "No" was selected, explanation shall be provided in the Summary column.

1. The Company requires employees to perform fiduciary duties when engaging in business activities and prohibits them from direct or indirect acceptance any forms of illegitimate benefits. The Company emphasizes the importance of ethical conduct in the training for new employees.
2. The Company strengthens controls over activities with higher risks business through the division of functions and the design and implementation of internal control systems to prevent the occurrence of unethical conduct.
3. Where there is a conflict of interest in any decision or transaction that may conflict with the interests of the Directors, Supervisors, and managers, such individuals shall recuse themselves from the decision or vote.

(VII) Disclosure of the Company's corporate governance principles and related guidelines if they have been established: Detailed on the Company's website (<https://www.kycc.com.tw>) °

(VIII) Other significant information which may improve the understanding of the implementation of corporate governance: Please refer to the Corporate Governance Report in the Annual Report.

(IX) Status of implementation of internal control system

1. Statement on Internal Control

Kuo Yang Construction Co., Ltd.

Statement on Internal Control

Date: March 22, 2021

This Statement on Internal Control is issued based on the self-assessment results of the Company for 2020:

- I. The Company recognizes that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's Board of Directors and managerial officers; such policies have been implemented throughout the Company. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability, timeliness, and information transparency of reports and compliance with relevant regulatory requirements.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company judges 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 (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. For more information on the aforementioned items, please refer to the "Regulations".
- IV. The Company has adopted the aforementioned internal control system judgment items to assess the effectiveness of the internal control system design and implementation.
- V. Based on the aforementioned evaluation results, the Company holds that it has reasonably assured the achievement of the aforementioned with the internal control system as of December 31, 2020 (including the monitoring over the subsidiaries), including understanding the effectiveness and efficiency in operation, reliability and transparency in timely

reporting, and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective.

- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the meeting of the Company's Board of Directors held on March 22, 2021, where 0 of the 9 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Kuo Yang Construction Co., Ltd.

Chairman: Tzu-Kuan Lin

President: Shao-Ling Peng

2. If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: None.

(X) Penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations if such violation may have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of the Annual Report: None

(XI) Important resolutions adopted in shareholders' meeting and Board of Directors' meeting in the past year and up to the date of Annual Report

Shareholders' Meetings	Important resolutions	Implementation status
2020/06/10	1. Ratification of the 2019 Business Report and Financial Statements. 2. Ratification of 2019 earnings distribution proposal. 3. Amendment of the Company's "Articles of Incorporation". 4. Election of all of the Company's Directors. 5. Proposal for lifting the non-compete clause for newly elected Directors and their representatives.	1. Resolutions were announced in accordance with Article 230 of the Company Act. 2. Cash dividends were distributed on September 21, 2020. 3. Implemented in accordance with the amended procedures. 4. Announced in accordance with regulations. 5. Announced in accordance with regulations.
2020/09/18 Extraordinary meeting	Passed the Company's cash capital reduction proposal.	1. Set December 31, 2020 as the baseline date for capital reduction in exchange for shares. 2. Set January 4, 2021 as the date for the exchange of new shares and listing on TWSE. 3. Set January 11, 2021 as the date for the return of paid-in capital for capital reduction.

Item No.	Date of board meeting	Important resolutions
1st meeting in 2020	2020/03/23	1. The Company's 2019 individual and consolidated financial statements. 2. The independence evaluation of the certifying CPAs for 2020. 3. The consolidated financial statements prepared by the Company. 4. The Company's 2019 "Statement on Internal Control" was based on evaluation results of the effectiveness of the overall internal control system which stated that "the

Item No.	Date of board meeting	Important resolutions
		internal control system was effective in terms of design and execution, and complies with all laws and regulations". 5. The proposal for amendment of the Company's "earnings distribution or loss offsetting" to quarterly distribution or offsetting was filed for approval. 6. Election of all of the Company's Directors. 7. Proposal for the establishment of the date for the 2020 general shareholders' meeting and related matters. 8. The Company's plan for participating in the capital cash increase of Hanshin Department Store Co., Ltd. Note 1: Except for the resolution in Item 8: With the exception of the Director Kao-Wen Chung and Pei-Kui Su who recused themselves from discussions and voting, the proposal was passed unanimously by all Directors in attendance following an inquiry by the chair. Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.
2nd meeting in 2020 (Extraordinary)	2020/04/09	The Company's proposal for the disposal of the Company's land in the Greater Nangang Project through a public auction. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
3rd meeting in 2020	2020/04/20	1. The Company's 2019 Business Report. 2. The Company's 2019 remuneration distribution proposal for board members and employees. 3. The Company's 2019 profit distribution proposal. 4. Nomination and review of the candidate list for Directors and Independent Directors. 5. Proposal for lifting the non-compete clause for newly elected Directors and their representatives. 6. Proposal for the amendment of the "Articles of Incorporation". 7. Amendment of the expiry date and extension of the general working capital loan agreement signed with Chang Hwa Bank for the "Kuo Yang Silicon Valley" construction project. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
4th meeting in 2020 (extraordinary)	2020/04/27	1. Proposal for the amendment of Article 29 of the Articles of Incorporation regarding the allocation ratio of employee remuneration. 2. Proposal for the amendment of Article 29 of the Articles of Incorporation regarding the allocation ratio of employee remuneration.

Item No.	Date of board meeting	Important resolutions
		Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
5th meeting in 2020	2020/05/11	1. Proposal for the extension of the Company's expiring loan facility with Jih Sun International Bank Xinyi Branch. 2. Proposal for the extension of the Company's expiring loan contract with International Bills Finance Corporation. 3. Proposal for the extension of the Company's expiring loan contract with Mega Bills Finance. 4. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan facility provided by Mega Bills Co., Ltd. for existing houses in phase 1 of [The Green Place]. 5. The Company's plan for investing up to NT\$88,048,545 in Hanshin Department Store Co., Ltd. as a designated party. Note 1: Except for the resolution in Item 5: With the exception of the Director Kao-Wen Chung and Pei-Kui Su who recused themselves from discussions and voting, the proposal was passed unanimously by all Directors in attendance following an inquiry by the chair. Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.
6th meeting in 2020 (Extraordinary)	2020/06/10	Nomination of the Chairman. Election result: The Director Che-Hsiung Tsai nominated the Director Tzu-Kuan Lin to continue to serve as the Company's Chairman, and all Directors in attendance agreed to appoint the Director Tzu-Kuan Lin to serve as the Company's Chairman.
7th meeting in 2020	2020/08/03	1. Proposal for the appointment of the members of the Remuneration Committee. 2. Proposal for the Company's cash capital reduction. 3. Related matters for convening the Company's first extraordinary shareholders' meeting in 2020. 4. The Company's 2020 Q2 consolidated financial statements and business report. 5. The Company's 2020 Q2 earnings distribution proposal. 6. The Company's establishment of the "Investment Review Implementation Regulations". 7. The Company planned to invest in high-performance weighted stocks on the open

Item No.	Date of board meeting	Important resolutions
		market (TWSE, TPEX, and emerging stocks) of up to NT\$1,500,000 thousand to increase capital utilization and create more sources of revenue. 8. The Company's proposed investment of NT\$81,000 thousand in Grand Hi-Lai Hotel Co., Ltd. 9. The Company's plan to apply for the extension of the loan facility and joint endorsements and guarantees with Taiwan Cooperative Bank for the [Good morning, Kuo Yang] joint investment and development project in Keelung, and related matters. 10. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring guarantee for promissory notes by EnTie Commercial Bank for the construction of the Kanazawa Area of [The Green Place]. 11. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan contract with O-Bank enacted for the guarantee credit limit for the performance bond and working capital for unsold houses in Ruhaku Area of the [The Green Place] development project. 12. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan facility provided by International Bills Finance Corporation for existing houses in Ruhaku Area of [The Green Place]. 13. The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the Company's approval for the extension of the guarantee credit limit provided by EnTie Commercial Bank for the unsold existing houses and parking spaces of the [Smile Era] with superficies in Kaohsiung. 14. The Company's subsidiary Shen Yang Construction Co., Ltd. planned to change the authorized capital to NT\$2,000,000 thousand in response to funding requirements and organize cash capital increase of NT\$700,000 thousand. The Company intends to take part in the capital cash increase and subscribe to all available shares. 15. The establishment of the "Investment Review Implementation Regulations" by the

Item No.	Date of board meeting	Important resolutions
		Company's subsidiary Shen Yang Construction Co., Ltd. 16. The Company's subsidiary Shen Yang Construction Co., Ltd. planned to invest in high-performance weighted stocks on the open market (TWSE, TPEx, and emerging stocks) of up to NT\$800,000 thousand to increase capital utilization and create more sources of revenue. 17. The Company's plan for selecting equity investment targets in accordance with the "Investment Review Implementation Regulations" of the Company and the subsidiary Shen Yang Construction Co., Ltd. 18. The Company and subsidiary Shen Yang Construction Co., Ltd. planned to sell all shares in the investee company Li Yang Agricultural Technology Co., Ltd. 19. Proposal for the Company's appointment of the level 1 manager for the Development Division. Note 1: Except for the resolution in Item 8: As the Chairman Tzu-Kuan Lin and the Directors Chia-Chi Hou and Tung-Ming Su who both serve at Grand Hi-Lai Hotel Co., Ltd., the three Directors recused themselves in accordance with Article 16, Paragraph 1 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", and the proposal was passed unanimously by all other Directors in attendance. Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.
8th meeting in 2020	2020/09/28	The Company's plan for participating in the capital cash increase of Hanshin Shopping Plaza Co., Ltd. with an investment of NT\$480,000 thousand which accounts for 20% of total shares after the capital increase. Note: As the Chairman Tzu-Kuan Lin and the Directors Che-Hsiung Tsai, and Chia-Chi Hou serve as Directors and the Director Pei-Kui Su serves as the manager of Hanshin Shopping Plaza Co., Ltd., they recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance.
9th meeting in 2020	2020/11/09	1. Established the baseline date of capital reduction, capital reduction and share exchange operation book, baseline date for the capital reduction and exchange of shares, and related matters. 2. Proposal for the extension of the Company's

Item No.	Date of board meeting	Important resolutions
		expiring loan facility with O-Bank for financing the remaining units of [Kuo Yan], and related matters. 3. Proposal for the extension of the extension of the Company's expiring loan facility with Chang Hwa Bank and endorsements and guarantees for financing the land and building construction in the [Kuo Yang Silicon Valley] project invested and constructed by the Company in Xizhi District, New Taipei City, and related matters. 4. The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the Company's approval and continuation of the joint guarantee for the extension of the guarantee credit limit provided by O-Bank for the unsold existing houses of the [Smile Era] with superficies in Kaohsiung. 5. The Company's subsidiary Shang Yang International Asset Management Co., Ltd. planned to reduce capital by NT\$82,000 thousand to offset losses in order to improve its capital structure and amended its Articles of Incorporation accordingly. 6. The terms of the Directors and Supervisors of three companies including the Company's wholly-owned subsidiaries Shen Yang Construction Co., Ltd. and Shang Yang International Asset Management Co., Ltd., and Shen Yang Construction Co., Ltd.'s wholly-owned subsidiary Che Yang Agricultural Technology Co., Ltd. were set to expire and a proposal was filed to request the assignment of Directors and Supervisors. 7. Proposal for changing the Company's "Investment Review Implementation Regulations" to "Investment Review Implementation Guidelines" and amendments of certain articles. 8. Proposal for changing the "Investment Review Implementation Regulations" of the Company's subsidiary Shen Yang Construction Co., Ltd. to "Investment Review Implementation Guidelines" and amendments of certain articles. 9. Proposal for the establishment of the Company's "Board of Directors Performance Evaluation Guidelines" (draft). 10. The Company's plan for working with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Jiuzong Section, Neihu District, Taipei City. Note: The aforementioned important resolutions were passed unanimously by all Directors in

Item No.	Date of board meeting	Important resolutions
		attendance following an inquiry by the chair.
10th meeting in 2020	2020/12/21	1. The Company's 2021 budget. 2. The Company's proposal for not distributing the 2020 Q3 earnings and the submission of the business report. 3. The Company planned to purchase 802,000 shares of Hanshin Department Store Co., Ltd. from Wei Chun International Development Co., Ltd. at a purchase price no higher than the net worth per share of Hanshin Department Store Co., Ltd. 4. The building bulk of the Company's investment in four plots of land on Jiuzong Section, Neihu District, Taipei City was increased from 30% to 40% and the Company requested approval for increasing the budget for the project and the authorization for the Chairman to make decisions within the budget. 5. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring guarantee for promissory notes by EnTie Commercial Bank for the construction of the Kanazawa Area of [The Green Place]. 6. The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the parent company's approval for the extension of the guarantee credit limit provided by King's Town Bank Zhongzheng Branch for the unsold existing houses of the [Smile Era] with superficies in Kaohsiung. 7. With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral and Wei Li International Development Co., Ltd. as the borrower to apply for a land financing limit from Chang Hwa Bank. The financing bank requested the Company to provide joint guarantee and credit extension. 8. The amendment of certain clauses in the "Procedures for Endorsements and Guarantees" of the Company's subsidiary Shen Yang Construction Co., Ltd. 9. The Company's subsidiary Shen Yang Construction Co., Ltd. owns 80% of the shares of the subsidiary Chi Yang Construction Co., Ltd., which sent a letter to request the parent company's approval for changing the working capital credit extension conditions for the building bulk purchase in the previous loan facility provided by the Bank of Taiwan Dunhua Branch, the building

Item No.	Date of board meeting	Important resolutions
		financing and working capital credit limit during the urban renewal period, and the provision of joint guarantee by Shen Yang Construction Co., Ltd. 10. Preparation of the Company's 2021 audit plan. 11. The acquisition of land on Plot 9, Shengli Section, Fengshan District, Kaohsiung City by the Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. through a joint tender in collaboration with Tsang Hsin Construction Co., Ltd. Note 1: Except for the resolution in Item 3, the Chairman Tzu-Kuan Lin and the Directors Che-Hsiung Tsai, Chia-Chi Hou, and Pei-Kui Su recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance. Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.
1st meeting in 2021	2021/01/18	1. Review of the salary and remuneration structure of the Company's Directors, Independent Directors, and managers. 2. Review of the monthly salary for the managers of the Company. 3. The Company's 2019 remuneration distribution proposal for board members and employees. 4. The Company's plan for working with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongyi Section, Tucheng District, New Taipei City. 5. Ta Yuan Construction Co., Ltd., the contractor for the Company's joint investment for the construction of the [Good morning, Kuo Yang] project in Keelung City, planned to apply for the extension of the working capital financing limit from Taiwan Business Bank upon expiry, and requested the Company to continue to provide the joint guarantee. 6. With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee for the credit extension. 7. With regard to the Company's joint investment and development of land on Zhongyi Section,

Item No.	Date of board meeting	Important resolutions
		Tucheng District, New Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit extension. Note 1: Except for the resolution in Item 4, the Directors Che-Hsiung Tsai, Chien-Ping Juan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance. Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.
2nd meeting in 2021	2021/03/08	The Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. acquired land on Plot 9, Shengli Section, Fengshan District, Kaohsiung City through a joint tender in collaboration with Tsang Hsin Construction Co., Ltd. They jointly applied for a land financing limit from the Agricultural Bank of Taiwan and requested Shen Yang Construction Co., Ltd. to provide joint guarantee. They issued a letter to request permission from the parent company. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
3rd meeting in 2021	2021/03/22	1. The Company's 2020 individual and consolidated financial statements. 2. The independence evaluation of the certifying CPAs for 2021. 3. The Company's 2020 "Statement on Internal Control" was based on evaluation results of the effectiveness of the overall internal control system which stated that "the internal control system was effective in terms of design and execution, and complies with all laws and regulations". 4. Proposal for the establishment of the date for the 2021 general shareholders' meeting. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
4th meeting in 2021	2021/04/19	1. The Company's 2020 Business Report. 2. The Company's 2020 remuneration distribution proposal for board members and employees. 3. 2020 earnings distribution proposal. 4. Amendment of the equity investment targets in accordance with the "Investment Review Implementation Guidelines".

Item No.	Date of board meeting	Important resolutions
		Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.

(XII) Dissenting or qualified opinion of Directors or Supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of the Annual Report: None

(XIII) Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief R&D Officer, Chief Internal Auditor, and Corporate Governance Officer, in the past year and up to the date of the Annual Report: None

V. Information on CPA Professional Fees

Information on CPA Professional Fees

Table on the range of CPA professional fees

Name of the CPA Firm	CPA Name		Audit period	Remarks
PricewaterhouseCoopers Taiwan	Chun-Yuan Hsiao	Fang-Yu Wang	2020.01-2020.12	None

Note: If the Company has changed the CPA or CPA firm during this year, please list the audit periods and explain the reasons for the replacement in the remarks section.

Unit: NT\$1,000

Professional fee item Amount brackets		Audit fee	Non-audit fees	Total
1	Less than NT\$2,000 thousand	-	v	-
2	NT\$2,000 thousand (inclusive) to NT\$4,000 thousand	v	-	-
3	NT\$4,000 thousand (inclusive) to NT\$6,000 thousand	-	-	v
4	NT\$6,000 thousand (inclusive) to NT\$8,000 thousand	-	-	-
5	NT\$8,000 thousand (inclusive) to NT\$10,000 thousand	-	-	-
6	Higher than NT\$10,000 thousand (inclusive)	-	-	-

(I) Cases where the non-audit fee paid to certified CPA, certified Office of CPA and affiliated enterprises accounts for over one quarter of the audit fee: Specified in the table below.

Unit: NT\$1,000

Name of the CPA Firm	CPA Name	Audit fee	Non-audit fees					CPA audit period	Remarks
			System design	Business registration	Human resources	Other (Note 2)	Subtotal		
PricewaterhouseCoopers Taiwan	Chun-Yuan Hsiao Fang-Yu Wang	NT\$2,000 (inclusive) to NT\$4,000	-	-	-	897	897	2020.01~2020.12	Consists mainly of the NT\$697 thousand for the professional fees for the report on cash income and land auction service fees in the Greater

									Nangang Project.
--	--	--	--	--	--	--	--	--	---------------------

Note 1: If the Company has replaced the CPAs or CPA firm in the current fiscal year, the audit period should be listed separately, and the reason for replacement should be stated in the "remark" column. Information regarding the audit and non-audit fees paid should also be disclosed in order.

Note 2: Non-audit fees shall be listed by service item. If the "Others" column under Non-Audit Fees reaches 25% of the total non-audit fees, the service items associated with this column shall be listed in the "Remarks" column.

(II) If the Company changes the CPA firm and the amount of audit fee paid in the year of change is less than that in the previous year, information shall be disclosed: None.

(III) If the audit fee is more than 15% less than that paid in the previous year, information shall be disclosed: None.

VI. Information on Replacement of CPA: If the Company has replaced the CPA in the most recent two years, the following information shall be disclosed:

Information on Replacement of CPA (2)

(I) Regarding previous CPA

Date of change	2018. 03. 21		
Reason for replacement and explanation	The Company's business and management requirements		
Statement on whether the client or the CPA terminates or rejects the appointment	Party	CPA	Client
	Circumstances		
	Termination initiated by client		V
	CPA declined to accept (continue) the appointment		
Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two years	None		
Different opinions from the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedures

			Other
	None	V	
	Description		
Other disclosures (Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	None		

(II) Regarding succeeding CPA:

CPA firm name	PricewaterhouseCoopers Taiwan
CPA Name	Chun-Yuan Hsiao, Fang-Yu Wang
Date of appointment	2018. 03. 21
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs	None
Written opinions from succeeding CPAs with regards to matters with which former CPAs disagreed	None

(III) The former CPA's response for items specified in Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Accounting Standards: None

VII. Company's Chairman, President, Financial or Accounting Affairs Manager who has served in the certifying CPA firm or its affiliates in the most recent year: None

VIII. Transfer of equity interests and/or pledge of or change in equity interests by Directors, Supervisors, managers, and major shareholders holding more than 10% of the shares in the previous year and up to the publication date of the Annual Report

Change in the shares held by the Directors, Supervisors, managerial officers, and major shareholders

Title	Name	2020		2021 as of April 20	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Director	Chi Chan Industries Co., Ltd.	(582, 246)	0	0	0
	Representative - Tzu-Kuan Lin	0	0	0	0
	Representative - Chia-Chi Hou	(821, 624)	0	0	0
	Cheng Chi Co., Ltd.	(19, 265, 350)	0	0	0
	Representative - Chien-Ping Juan	0	0	0	0
	Representative - Che-Hsiung Tsai	0	0	0	0
	Representative - Tung-Ming Su	0	0	0	0
	Pai Ti Development Co., Ltd.	(3, 668, 149)	0	0	0
	Representative - Pei-Kui Su	0	0	0	0
	Li-Yen Yang	0	0	0	0
	Wu-Po Kuo	0	0	0	0
	Chiu-Mu Tseng	0	0	0	0
President	Shao-Ling Peng	(181, 902)	0	0	0
Vice President	Cheng-Hsiung Hsieh	(107)	0	0	0
Accounting Manager	Cheng-I Wang	(22, 724)	0	0	0
Assistant Vice President, Development Division	Wen-Hsiung Chiu	0	0	0	0
Assistant Vice President, Planning Division	Yun-Ti Cheng	5, 000	0	0	0
	Lin-Wei Hsiao	(5, 454) (2, 273)	0 0	0 0	0 0
Assistant Vice President, Engineering Division	Wen-Ho Hsu	(3, 636)	0	0	0

Assistant Vice President, Sales Division	Meng-Hui Lien	0	0	0	0
Major shareholder	None	0	0	0	0

Notes: Note 1: Shareholders with over 10% of the Company's total share shall be classified as major shareholders and listed separately.

Note 2: Information regarding the transfer of shares or shares pledged to the counterparty being the related party shall be filled in the following Table.

Note 3: The decrease in changes in 2020 was mainly due to the decrease in capital and the issuance of new shares in the capital reduction.

Information on transfer of shares: None

Name (Note 1)	Reason for transfer of shares (Note 2)	Transacti on date	Transactio n counterpar ty	Relationship between the counterparty and the Company, its Directors, Supervisors and shareholders with shareholding percentage of over 10%	Number of shares	Transactio n price

Information on pledged shares: None

Name (Note 1)	Reason for changes in pledged shares (Note 2)	Date of change	Transaction counterpart y	Relationship between the counterparty and the Company, its Directors, Supervisors and shareholders with shareholding percentage of over 10%	Number of shares	Shareh olding ratio	Pledge ratio	Pledge (redemp tion) amount

IX. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)

Information on the relationship between any of the top ten shareholders

Name (Note 1)	Personal shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Han Shen Investment Co., Ltd.	35,985,223	9.47%	-	-	-	-	-	None	
Representative: Wei-Hsiung Tsai	0	0	-	-	-	-	-	None	
Chung Shen Development Co., Ltd.	27,709,048	7.29%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Lien Chung International Asset Management Co., Ltd.	
Morta Enterprise Co., Ltd.	24,795,785	6.53%	-	-	-	-	-	None	
Representative: Wen-Hsien Li	0	0	-	-	-	-	-	Ku Pang Co., Ltd. Representative	
Cheng Chi Co., Ltd.	23,124,570	6.09%	-	-	-	-	-	None	
Representative: Chun-Yu Hou	986,846	0.26%	-	-	-	-	-	Representative of Kao Pin Co., Ltd.	
Ku Pang Co., Ltd.	18,351,934	4.83%	-	-	-	-	-	None	
Representative: Wen-Hsien Li	0	0	-	-	-	-	-	Representative of Morta Enterprise Co., Ltd.	
Lien Chung International Asset Management Co., Ltd.	15,773,402	4.15%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Chung Shen Development Co., Ltd.	
Chi Hsuan Development Co., Ltd.	15,365,406	4.04%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Youshin Development Co., Ltd. and Wei Li International Development Co., Ltd.	
Wei Li International Development Co., Ltd.	14,851,488	3.91%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Chi Hsuan Development Co., Ltd. and Youshin Development Co., Ltd.	
Youshin Development Co., Ltd.	11,685,390	3.08%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Chi Hsuan Development Co., Ltd. and Wei Li International Development Co., Ltd.	
Kao Pin Co., Ltd.	6,982,662	1.84%	-	-	-	-	-	None	
Representative: Chun-Yu Hou	986,846	0.26%	-	-	-	-	-	Representative of Cheng Chi Co., Ltd.	

Note 1: All top ten shareholders must be listed. For institutional shareholders, their names and the name of their representatives must be listed separately.

Note 2: The shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural-person shareholders must be disclosed based on the financial reporting standards used by the issuer.

Note 4: The aforementioned number of shares held are based on the number of shares registered as of the ex-dividend date on April 12, 2021.

X. The shareholding of the Company, Director, Supervisor, manager, and an enterprise that is directly or indirectly controlled by the Company in the investee company and the calculation of the consolidated shareholding percentage.

December 31, 2020 Unit: shares

Investee company (Note)	Investment by the Company		Investments by Directors, Supervisors, managers and directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareho lding ratio	Number of shares	Shareholdi ng ratio	Number of shares	Shareholdi ng ratio
Shadwell Limited	200,000	100%			200,000	100%
Shang Yang International Asset Management Co., Ltd.	61,800,000	100%			61,800,000	100%
Sweet Me Hot Spring Resort Co., Ltd.	2,200,000	20%			2,200,000	20%
Shen Yang Construction Co., Ltd.	160,000,000	100%			160,000,000	100%
Che Yang Agricultural Technology Co., Ltd.			250,000	100%	250,000	100%
Chi Yang Construction Co., Ltd.			13,600,000	80%	13,600,000	80%
Chi Yang Construction Co., Ltd.			3,150,000	45%	3,150,000	45%
Century Rainbow Limited			2,718,138	100%	2,718,138	100%
Celestial Talent Limited			1,988,828	100%	1,988,828	100%
Charm Merit Limited			1,000,000	100%	1,000,000	100%
Good Fame Limited			1,000,000	40%	1,000,000	40%

Note: Long-term investment calculated by equity method.

肆、Funding Status

I. Capital and shares:

(I) Sources of capital

As of April 20, 2021

Unit: 1,000 shares /
NT\$1,000

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
1972. 6	10	120	1,200	120	1,200	Founded with cash	-	
1974. 3	10	1,600	16,000	1,600	16,000	Cash capital increase	-	
1976. 9	10	4,000	40,000	4,000	40,000	Cash capital increase	-	
1978. 4	10	8,000	80,000	8,000	80,000	Cash capital increase	-	
1978. 8	10	16,000	160,000	16,000	160,000	Cash capital increase	-	
1979. 1	10	30,000	300,000	30,000	300,000	Cash capital increase	-	
1983. 5	10	30,900	309,000	30,900	309,000	Capital surplus	-	
1989. 1	10	61,800	618,000	61,800	618,000	Cash capital increase	-	
1990. 1	20	112,500	1,125,000	112,500	1,125,000	Cash capital increase	-	
1991. 12	10	208,125	2,081,250	208,125	2,081,250	Cash capital increase Capital surplus	-	
1993. 4	10	358,125	3,581,250	358,125	3,581,250	Cash capital increase	-	
1996. 7	19.5	600,000	6,000,000	460,000	4,600,000	Cash capital increase	-	
1997. 6	10	1,000,000	10,000,000	562,040	5,620,400	Retained earnings Capital surplus Employee bonus	-	Note 1
1997. 7	55.5	1,000,000	10,000,000	700,000	7,000,000	Cash capital increase	-	Note 2
1998. 3	10	1,400,000	14,000,000	703,307	7,033,072	Convertible corporate bonds	-	
1998. 5	10	1,400,000	14,000,000	1,079,167	10,791,672	Retained earnings Capital surplus Employee bonus Convertible corporate bonds	-	Note 3

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
1998. 8	10	1,400,000	14,000,000	1,080,275	10,802,754	Convertible corporate bonds	-	
1999. 10	10	1,400,000	14,000,000	583,348.739	5,833,487.39	Capital reduction	-	Note 4
2002. 6	10	1,000,000	10,000,000	300,000	3,000,000	Capital reduction	-	Note 5
2003. 6	<u>2. 8</u>	700,000	7,000,000	360,000	3,600,000	<u>Cash capital increase through private placement</u>	Debt converted to shares	Self-reported
2003. 11	<u>4</u>	700,000	7,000,000	410,000	4,100,000	<u>Cash capital increase through private placement</u>	-	Self-reported
2003. 12	<u>4</u>	700,000	7,000,000	510,000	5,100,000	<u>Cash capital increase through private placement</u>	-	Self-reported
2004. 2	<u>4. 5</u>	700,000	7,000,000	555,000	5,550,000	<u>Cash capital increase through private placement</u>	-	Self-reported
2004. 4	<u>6. 7</u>	700,000	7,000,000	571,000	5,710,000	<u>Cash capital increase through private placement</u>	-	Self-reported
2004. 10	10	700,000	7,000,000	304,600	3,046,000	Capital reduction	-	Note 6
2006. 4	<u>8</u>	700,000	7,000,000	364,600	3,646,000	<u>Cash capital increase through private placement</u>	-	Self-reported
2006. 6	<u>10. 5</u>	700,000	7,000,000	404,600	4,046,000	<u>Cash capital increase through private placement</u>	-	Self-reported
2006. 12	<u>20</u>	700,000	7,000,000	442,600	4,426,000	<u>Cash capital increase through private placement</u>	-	Self-reported
2012. 9	10	700,000	7,000,000	445,185	4,451,850	Convertible corporate bonds	-	Note 7

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
2013.1	10	700,000	7,000,000	446,285	4,462,851	Convertible corporate bonds	-	Note 7
2013.3	10	700,000	7,000,000	449,979	4,499,792	Convertible corporate bonds	-	Note 7
2013.6	10	700,000	7,000,000	455,614	4,556,142	Convertible corporate bonds	-	Note 7
2013.9	10	700,000	7,000,000	502,910	5,029,109	Convertible corporate bonds Conversion of earnings to capital increase	-	Note 7 Note 8
2014.1	10	700,000	7,000,000	503,313	5,033,136	Convertible corporate bonds	-	Note 7
2014.4	10	700,000	7,000,000	503,559	5,035,592	Convertible corporate bonds	-	Note 7
2015.5	10	700,000	7,000,000	576,582	5,765,824	Convertible corporate bonds	-	Note 7
2018.7	11	700,000	7,000,000	696,582	6,965,824	Cash capital increase	-	Note 9
2020.10	10	700,000	7,000,000	380,000	3,800,000	Cash capital reduction		Note 10

Note 1: Capital reduction approval document number: (86) Tai-Cai-Zheng (1) No. 33381 dated May 2, 1997.

Note 2: Capital reduction approval document number: (86) Tai-Cai-Zheng (1) No. 48083 dated June 30, 1997.

Note 3: Capital reduction approval document number: (87) Tai-Cai-Zheng (1) No. 27283 dated April 14, 1998.

Note 4: Capital reduction approval document number: (88) Tai-Cai-Zheng (1) No. 80122 dated September 23, 1999.

Note 5: Capital reduction approval document number: (91) Tai-Cai-Zheng (1) No. 101440 dated January 14, 2002.

Note 6: Capital reduction approval document number: Tai-Cai-Zheng (1) No. 0930122306 dated June 30, 2004.

Note 7: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 10100123831 dated April 16, 2012.

Note 8: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 1020038627 dated September 18, 2013.

Note 9: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 1070325525 dated July 23, 2018.

Note 10: Capital reduction approval document number: Jin-Guan-Zheng-Fa-Zi No. 1090371099 dated October 27, 2020.

As of May 15, 2021 Unit: shares

Type of shares	Authorized capital			Remarks
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	380,000,000	320,000,000	700,000,000	Listed stocks

Information on shelf registration None

Types of securities	Amount of scheduled issuance		Amount issued		The purpose and expected benefits of the issued shares	Unissued shares and scheduled time of issuance	Remarks
	Total number of shares	Approved amount	Number of shares	Price			

(II) Shareholders

As of the ex-dividend date (April 12, 2021)

Shareholder Quantity	Government institution n	Financial institution on	Other institution s	Individuals	Foreign institution s and foreigners	Total
Number of persons	3	4	176	36,026	103	36,312
Number of shares held	490	31,034	224,810,077	134,023,325	21,135,074	380,000,000
Shareholdin g ratio	0.00	0.00	59.16	35.27	5.56	100.00

Note: Companies primarily listed on the TWSE or the TPEX shall disclose the proportion of their shares held by Chinese investors. Chinese investors refer to individuals, corporate entities, organizations, other institutions, or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Shareholding distribution status

1. Ordinary shares

Ordinary shares

Par value of NT\$10 per share as of the ex-dividend date (April 12, 2021)

Class of shareholding	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	23,252	4,021,264	1.06
1,000 to 5,000	9,017	18,752,057	4.93
5,001 to 10,000	1,976	13,886,471	3.65
10,001 to 15,000	695	8,365,226	2.20
15,001 to 20,000	335	5,938,736	1.56
20,001 to 30,000	327	8,115,364	2.14
30,001 to 40,000	165	5,653,930	1.49
40,001 to 50,000	82	3,714,711	0.98
50,001 to 100,000	229	15,562,497	4.09
100,001 to 200,000	116	16,233,002	4.27
200,001 to 400,000	54	15,298,643	4.03
400,001 to 600,000	16	7,718,006	2.03
600,001 to 800,000	13	8,913,989	2.35
800,001 to 1,000,000	7	6,524,307	1.72
1,000,001 and above (additional brackets may be classified where necessary)	28	241,301,797	63.50
Total	36,312	380,000,000	100.00

2. Preferred shares: None

(IV) List of main shareholders:

(Shareholders with more than 5% of shares or the top ten shareholders in terms of shareholding ratio)

Shareholder's name	Shares	Number of shares held	Shareholding ratio (%)
Han Shen Investment Co., Ltd.		35,985,223	9.47
Chung Shen Development Co., Ltd.		27,709,048	7.29
Morta Enterprise Co., Ltd.		24,795,785	6.53
Cheng Chi Co., Ltd.		23,124,570	6.09
Ku Pang Co., Ltd.		18,351,934	4.83
Lien Chung International Asset Management Co., Ltd.		15,773,402	4.15
Chi Hsuan Development Co., Ltd.		15,365,406	4.04
Wei Li International Development Co., Ltd.		14,851,488	3.91
Youshin Development Co., Ltd.		11,685,390	3.08
Kao Pin Co., Ltd.		6,982,662	1.84

Note: The aforementioned number of shares held are based on the number of shares registered as of the ex-dividend date on April 12, 2021.

Changes in major shareholders holding more than 10% of the shares: None

(V) Market price per share, net worth, earnings, dividends, and the related information for the last two years

Item \ Year		2019	2020	Current year as of March 31, 2021 (Note 8)
Market price per share (Note 1)	Highest	18.25		
	Lowest	11.30		
	Average	13.06		
Net value per share (Note 2)	Before distribution	11.76		
	After distribution	11.61		Not applicable
EPS	Weighted average number of shares (1,000 shares)	616,582,479		380,000,000
	Earnings per share (Note 3) before retroactive adjustment	0.08		
	Earnings per share (Note 3) after retroactive adjustment	0.08		
Earnings per share	Cash dividends		-	Not applicable
	Stock dividends	-	-	Not applicable
		-	-	Not applicable
	Cumulative undistributed dividends (Note 4)		-	Not applicable
Return on investment analysis	Price-earnings ratio (Note 5)		163.25	Not applicable
	Price-dividend ratio (Note 6)		Undistributed	Not applicable
	Cash dividend yield rate (Note 7)		Undistributed	Not applicable

* If retained earnings or capital surplus were used for capital increase and distribution

of shares, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the meeting of the Board of Directors in the subsequent fiscal year

Note 3: If retroactive adjustments are required due to stock dividends, the Company shall list the earnings per share before and after the adjustment.

Note 4: If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the Company shall separately disclose the accumulated unpaid out dividend up to that year.

Note 5: P/E ratio = average closing price for each share for the year/earnings per share.

Note 6: Price to dividend ratio = average closing price per share for the year / cash dividends.

Note 7: Cash dividend yield = cash dividends / average closing price per share for the year.

Note 8: Data on net asset value per share and earnings per share from the latest quarter that has been verified by CPAs up to the date of publication of the Annual Report shall be filled. For all other columns, the Company shall fill information for the current fiscal year until the publication date of the Annual Report.

註 9: It includes the dividends for the fourth quarter for 2020 approved by the Board of Directors in the meeting on April 19, 2021.

(VI) Dividend policy and implementation status:

The Company added clauses and established the following dividends policy in accordance with (89) Tai-Cai-Zheng (1) No. 100116 Letter of the Securities and Futures Administration Commission, Ministry of Finance and President Order Hua-Zong-1-Yi No. 10400058161 Order dated May 20, 2015:

- 1、In the event of surplus earnings after closing of annual accounts, the Company shall pay due taxes in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.
- 2、The Company's industry is a stable and mature industry. The dividend policy

should account for the financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.

- 3、The Company's 2020 general shareholders' meeting (June 10) passed the amendment of the Company's Articles of Incorporation which authorized the Board of Directors to distribute quarterly dividends on a quarterly basis

The cash dividends for each quarter of 2020 are shown in the table below..

Earnings distribution for each quarter of 2020:

Unit: NT\$

Period	Date of passage in board meeting	Cash dividends per share	Total earnings distribution
2020 Q1	Not applicable		
2020 Q2	2020/08/03	1.5	1,044,873,719
2020 Q3	2020/12/21	No distribution	-
2020 Q4	2021/04/19	1.0	380,000,000

- (VII) Effect of free-gratis dividend proposed in the current shareholders' meeting on Company's business performance and earnings per share:

The Company did not distribute stock dividends this year and this item is therefore not applicable.

(VIII) Remuneration of employees and Directors

1. Percentages or ranges of remuneration of employees and Directors under the Articles of Incorporation

According to the Company's Articles of Incorporation, in the event of profit in the year, the Company shall appropriate 0.5% to 5% of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees and no more than 5% as remuneration for Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

. The remuneration for employees in the preceding paragraph may be paid in stock or cash based on a resolution of the Board of Directors, and may be paid to employees of subsidiaries who meet the certain requirements.

The distribution of remuneration for employees and Directors shall be resolved by a majority vote at a board meeting attended by more than two thirds of the Directors and it shall be reported at the shareholders' meeting.

2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

Based on the Company's estimates, the 2020 remuneration for employees and Directors amounted to NT\$26,058,896 and NT\$26,058,896, respectively.

According to the Articles of Incorporation, they shall be allocated based on 0.5% of the earnings before tax. If the actual distribution is different from the estimate, the difference will be accounted for as changes in accounting estimates and adjusted in the year of the distribution.

3. Remuneration proposals passed by the board of directors:

- (1) Remuneration of employees and Directors shall be paid in cash or stock.

In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses shall be disclosed:

The Company's distribution of 2020 remuneration for employees and Directors has been passed by the Board of Directors on April 19, 2021, and the Board of Directors has resolved to distribute NT\$26,058,896 as employee remuneration and NT\$26,058,896 as Director remuneration. The amounts are the same as the estimated amount in 2020.

- (2) Amount of employee remuneration distributed in the form of stocks, as

a percentage of the net income after taxes provided in the standalone or consolidated financial statements of the current period, and as a percentage of total employee remuneration:

The Company did not issue employee stock bonus in 2020.

4. Discrepancies, if any, between actual distribution of employee and Director remuneration (including the number of shares distributed, amount and stock price) and the recognized remuneration of employees and Directors and disclosure of the differences, reasons and responses:

The Company's distribution of 2019 remuneration for employees and Directors has been passed by the Board of Directors on April 20, 2020, and the Board of Directors has resolved to distribute NT\$1,322,456 as employee remuneration and NT\$1,322,456 as Director remuneration. All remuneration shall be distributed in cash and the amounts are the same as the estimated amount in 2019

(IX) Buyback of treasury stock: None

II. Issuance of corporate bonds: None

III. Issuance of preferred stocks: None

IV. Issuance of global depositary receipts (GDR): None

V. Exercise of employee stock option plan (ESOP): None

VI. Employees' restricted stocks: None

VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None

VIII. Implementation of capital allocation plan: None

伍、Business Overview

I. Business activities

(I) Business scope:

1 Main contents

- (1) Commissioned construction of residential buildings, commercial buildings, and plants and offices for lease or sale, appointment by the government's competent authority of industries for the development, lease, and sales of industrial zones. (except for the construction business)
- (2) Trading, manufacturing, and agency services for of construction materials.
- (3) Garden landscaping and interior design and construction. (except for the construction business) (except for architect business)
- (4) Industrial factory buildings lease construction and development.
- (5) Office building leasing.
2. Revenue breakdown: The Company invests in the construction of residential buildings and the lease and sales of office and commercial buildings, and industrial buildings in Taiwan. The revenue from these businesses account for 100% of the Company's revenue.
3. The Company's current products: Residences, villas, stores, and plants and offices.
4. Plans for new product development: The Company will continue to focus on luxury residential buildings in prime locations and cooperate with government policies in promoting residential projects for urban renewal.

(II) Industry overview:

1. Current state and development of the industry:

- (1) Overall political and economic environment: The increase of prices of raw materials and the government's adjusted policies has made buyers in the real estate market more conservative.

In terms of the recent international political and economic developments, despite the reactivation of rigorous control measures in major countries in response to the deterioration of pandemic across the globe, they have had limited impact on the manufacturing industry and the PMI of the manufacturing in the industry in Europe and Americas has continued to increase. The epidemic has increased business opportunities for remote communication in Taiwan. The start of the 5G era also increased the demand for semiconductors and created shortages in production capacity. As a result, the electronics and machinery manufacturers have remained optimistic regarding economic development

in the current month and the next six months. Traditional industries benefited from the increase in international oil and raw material prices and demand for their products gradually recovered. As a result, the traditional industries have become more optimistic regarding the economic outlook compared to the previous survey. For the service sector, the upcoming peak season for year-end dinner parties and outstanding performance of the Taiwanese stock market have made the securities industry and catering and accommodations industry more optimistic regarding the economic conditions in the current month. In terms of the construction industry, the rising cost of reinforced concrete in recent periods, continuous shortage in the supply of concrete materials, and relatively intensive transactions in the housing market have elevated the baseline. The government's policy for flexible adjustments has increased conservatism in real estate investments. It is evident that the housing market will continue to adjust in the next six months and construction companies have mostly adopted a cautious approach regarding economic development in the next six months. The results of surveys conducted by the Taiwan Institute of Economic Research (TIER) and calculations based on the model have shown continuous growth in the manufacturing composite indicator in December and a slight decline in the service sector composite indicator while the construction sector composite indicator fell for the second consecutive month. With regard to the macroeconomic environment in 2021, TIER predicted that the economic growth rate for Taiwan in 2021 would stand at 4.30%, up 0.29% compared to the forecast in November 2020.

- (2) Number of units transferred in sales: The number of units transferred in sales in 2020 reached a 7-year record high while development in 2021 remains unclear

Data of the Construction and Planning Agency, Ministry of the Interior showed that the number of units transferred in sales in 2020 has gradually increased from 245 thousand units in 2016 and 266 thousand units in 2017 to 278 thousand units in 2018. The annual growth rate was 4.5%. 300,275 units were transferred in 2019 and 326 thousand units were transferred in 2020. Despite the epidemic in the first half of the year,

the adequate control over the epidemic and low interest rates have led to a swift recovery in the housing market. The epidemic did not reverse the recovery of the housing market but substantially increased the demand for industrial and commercial real estate. We will continue to monitor the residential housing market, the number of units transferred in sales, and amendments of laws on taxation and actual price registration in 2021. We expect the market to become more conservative.

According to statistics compiled by the My Housing Magazine, the value of new projects in Taiwan in 2020 was NT\$1.66 trillion and the annual growth rate was 8%. The average sales rate of presale houses in Taipei City also returned to levels above 60% as the overall housing market recovered from the decline. After waiting for 3 to 4 years, the total land transactions of major construction companies attained NT\$304.9 billion land transactions in 2020 as the overall real estate market recovered.

Number of units transferred in sales

Year	Number of units	Annual growth rate
2016	245 thousand	-16.3%
2017	266 thousand	8.5%
2018	278 thousand	4.5%
2019	300.2 thousand	8%
2020	326 thousand	8.6%

Source: Construction and Planning Agency, Ministry of the Interior

- (3) Cathay Real Estate Indicator: Overall housing market prices and volumes remained stable with strong market demand in 2020

Both the value and volume in the Cathay Real Estate Indicator in 2020 Q4 increased from the previous quarter. Compared to the same quarter in the previous year, the value has risen while the volume remained stable. In terms of the international economic and financial conditions, due to the resurgence of the COVID-19 epidemic, countries have reactivated disease prevention control measures which weakened the global economic recovery. Major economies have continued expansionary fiscal policies and maintained loose monetary policies. In terms of the domestic international economic and financial conditions, the Central

Bank did not change interest rates in the meeting of the Board of Directors in December and the domestic economy is expected to achieve moderate growth. However, the Central Bank has decided to adopt targeted review measures on real estate loans to limit overheated real estate market investments and prevent excessive redirection of credit resources of banks to real estate. We expect these measures to have positive effects on the healthy development of the housing market. The Legislative Yuan also passed the actual price registration 2.0 on December 30 which require full disclosure of the address in future actual price registration, prohibits the transfer of presale house orders, and reporting of presale house contracts on a case-by-case basis within 30 days. This series of new measures for improving the housing market will change the sales in the future domestic real estate market.

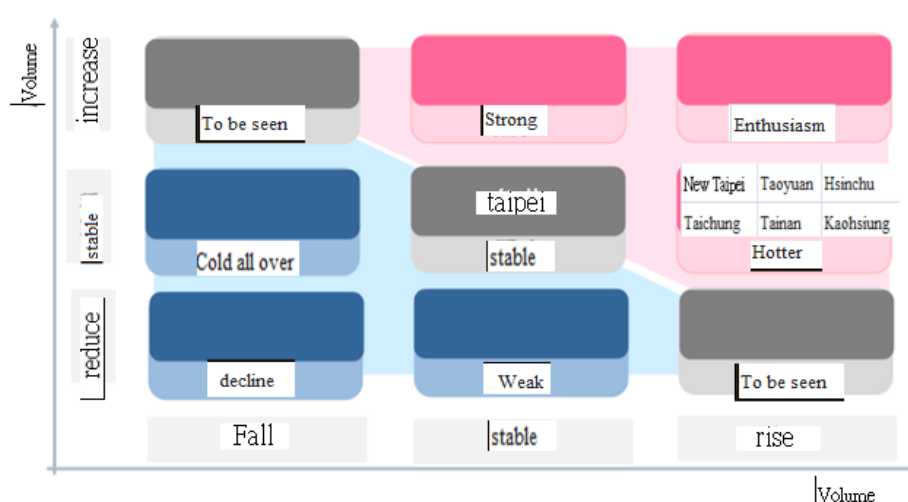
In terms of the performance of individual regions compared to the same quarter in the previous year, the transaction prices remained stable in New Taipei City, Taichung, and Kaohsiung in this quarter but rose in other areas. The transaction volume decreased in Hsinchu County and Hsinchu City in this quarter, remained stable in Taipei City, New Taipei City, Taoyuan, and Tainan, and increased in Taichung and Kaohsiung. The shifts in the four quarters showed that in terms of the transactions prices in this wave compared to the peak in the previous wave, the transaction prices in New Taipei City approached the high points in this period while other regions exceeded the previous wave. However, the transaction volume was polarized and remained relatively low in areas north of Taoyuan and Hsinchu, but the transaction volume in Central and Southern Taiwan already exceeded the peak in the previous wave.

The transaction prices in the housing market this quarter increased compared to the same quarter in the previous year and the transaction volume remained stable. The prices and volume in Hsinchu County and Hsinchu City were irregular and must be closely monitored, but the demand has increased in other regions. In terms of the development in the past year, the prices of new projects on the market increased while the transaction volume remained stable. The market demand increased and irregular presale house orders have disappeared from the market after the government implemented control measures. After the government creates an indicator for determining economic conditions in the housing market, it will help provide more data and precision for the healthy development of the housing market.

(A) Project scale and categories

[Nationwide prices and volumes remained stable with increased market demand in 2020]

The prices of new projects on the market increased while the transaction volume remained stable. The epidemic affected all regions in the first quarter and fewer projects were launched on the market compared to 2019. As countries adopted loose monetary policies and expansionary fiscal policies, housing prices have risen in many countries including Taiwan as a result of an abundant source of capital across the globe. The market was stimulated by low interest rates, monetary easing, and the increase of investments by returning Taiwanese businesses. The market demand for investment and property purchases gradually increased, and both the number of projects and prices rose in the second and third quarters. Both prices and volume increased in the housing market in the second half of the year. Irregular presale house orders appeared in the presale market but disappeared from the market after the government implemented control measures. Prices and projects in all regions stabilized in the fourth quarter as market sentiments became more conservative.



Source: Cathay Real Estate Indicator 2020 Q4 Quarterly Report

According to the Cathay Real Estate Indicator in 2020, transaction prices rose in the nationwide housing market and transaction volume shifted within a stable range. The value has risen while the volume remained stable throughout the year as market demand increased. The number of new projects and transaction volume increased compared to 2019. The asking price continued to rise while discounts declined and sales rate increased. We shall continue to monitor future changes in

overall transaction volume.

Nationwide		2020					2019	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		28.55	29.71	30.30	30.20	29.81	27.12	9.90%(++)
Bargaining space(%)		13.39	13.29	14.42	12.66	13.43	15.09	-1.65(---)
Asking price(ten thousand/ping)		32.96	34.27	35.41	34.58	34.43	31.94	7.80%(+)
Push case volume	Amount (100 million yuan)	2,678	3,827	3,495	3,248	13,249	12,725	4.12%(Δ)
	Number of households(households)	21,242	22,381	25,495	23,609	92,727	96,212	-3.62%(Δ)
30-day sales rate(%)		9.77	11.04	12.20	14.12	11.82	11.51	0.31(Δ)
Volume index	Amount	189.62	306.03	309.10	332.37	289.51	265.49	9.05%(Δ)
	Number of households	245.49	292.13	368.03	394.40	325.01	327.57	-0.78%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2020 Q4 Quarterly Report

[Industry outlook for 2021]

The loose monetary policies and low interest rates across the globe will persist in 2021 and the post-pandemic changes will continue to impact economic growth in all countries. The Central Bank adopted selective credit controls at the end of 2020 and the Ministry of the Interior's amendment of actual price registration regulations and ban on the use of presale house orders were also passed in three readings of the Legislative Yuan at the end of the year'. Other ministries' actions for improving the housing market have not yet been implemented and most companies are expected exhibit conservatism in the first half of 2021 as the housing market enters a period of correction. After the government creates an indicator for determining economic conditions in the housing market, it will help provide more data and precision for the healthy development of the housing market.

(B) Market performance in different regions

1. Taipei City - stable prices and transaction volume

The new project market in Taipei City in 2020 was stable in both prices and transaction volume. The value of new projects increased by 30% and both the transaction and asking prices rose as the discount rate increased and the sale rate decreased. The market still focused on customers who seek small residences for self-use as the main source of customers of new projects and low-priced products remained mainstream. The housing market prices and transaction volume remained stable in Taipei City in 2020.

Taipei City		2020					2019	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		80.42	82.37	86.53	86.58	84.75	79.22	6.99%(Δ)
Bargaining space(%)		14.30	13.15	12.30	12.03	12.61	12.45	0.16(Δ)
Asking price(ten thousand/ping)		93.84	94.84	98.67	98.41	96.98	90.48	7.18%(Δ)
Push case volume	Amount (100 million yuan)	164	1135	530	556	2,386	1,790	33.25%(+)
	Number of households(households)	466	2055	1623	1243	5,387	4,882	10.34%(Δ)
30-day sales rate(%)		14.17	7.91	13.56	12.54	11.19	12.41	-1.23(Δ)
Volume index	Amount	84.03	324.00	259.70	252.00	257.69	199.86	28.94%(Δ)
	Number of households	134.50	330.95	448.19	317.52	307.79	308.64	-0.28%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

2. New Taipei City - rising prices and stable transaction volume

Both the asking prices and transaction prices rose in the new project market in New Taipei City in 2020 as optimism took hold of the market. The value and transaction amount of new projects fell by nearly 10% throughout the year as the transaction volume remained stable. The prices rose while the transaction volume remained stable in the housing market and the market demand increased.

New Taipei City		2020					2019	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		41.11	40.31	41.56	40.03	40.73	37.72	8.00%(+)
Bargaining space(%)		13.74	12.15	12.74	11.51	12.43	13.26	-0.83(-)
Asking price(ten thousand/ping)		47.66	45.89	47.63	45.24	46.51	43.48	6.98%(+)
Push case volume	Amount (100 million yuan)	569	1061	1064	755	3,449	3,829	-9.93%(Δ)
	Number of households(households)	3298	6270	7025	5149	21,742	23,085	-5.82%(Δ)
30-day sales rate(%)		8.89	10.37	10.41	12.31	10.55	10.88	-0.33(Δ)
Volume index	Amount	147.83	321.09	323.46	271.46	276.67	305.71	-9.50%(Δ)
	Number of households	162.30	359.61	404.53	350.73	319.29	347.46	-8.11%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2020 Q4 Quarterly Report

3. Taoyuan City - rising prices and stable transaction volume

The new project market in Taoyuan City in 2020 exhibited rising prices and stable transaction volume. Prices rose throughout the year as the sales rate and transaction volume remained stable. The value of new projects continued to increase but the rate of increase has slowed. The sales rate remained stable and the market demand increased.

Taoyuan City		2020					2019	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		23.75	26.68	26.60	26.72	26.06	23.40	11.38%(++)
Bargaining space(%)		12.56	11.22	15.89	13.41	13.31	15.22	-1.91(---)
Asking price(ten thousand/ping)		27.17	30.06	31.63	30.86	30.07	27.60	8.92%(+)
Push case volume	Amount (100 million yuan)	464	463	602	456	1,985	1,895	4.76%(Δ)
	Number of households(households)	4456	3716	4147	3685	16,004	16,753	-4.47%(Δ)
30-day sales rate(%)		7.74	9.17	11.12	13.99	10.39	9.68	0.71(Δ)
Volume index	Amount	324.02	383.00	603.47	574.91	501.61	412.41	21.63%(Δ)
	Number of households	346.63	342.66	463.74	518.48	417.88	407.61	2.52%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2020 Q4 Quarterly Report

4. Hsinchu County and Hsinchu City - rising prices and stable transaction volume

The prices of new projects in Hsinchu County and Hsinchu City rose throughout the year in 2020 as the sales rate increased and the transaction volume remained stable. The new projects (value) rose throughout the year and the value of transactions increased by nearly 30% as the sales rate rose significantly. The market demand increased due to rising prices and stable transaction volume.

Hsinchu City		2020					2019	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		24.61	26.47	25.90	24.90	25.62	22.89	11.93%(++)
Bargaining space(%)		10.87	10.54	12.42	14.05	11.19	14.71	-3.51(--)
Asking price(ten thousand/ping)		27.61	29.59	29.58	28.97	28.84	26.83	7.50%(++)
Push case volume	Amount (100 million yuan)	179	238	89	80	586	567	3.39%(Δ)
	Number of households(households)	1528	1833	884	729	4,974	5,380	-7.55%(Δ)
30-day sales rate(%)		11.59	14.91	13.00	17.14	13.64	10.37	3.28(+)
Volume index	Amount	301.51	515.26	168.96	198.68	283.16	220.17	28.61%(Δ)
	Number of households	336.21	518.91	218.29	237.24	327.66	264.76	23.76%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2020 Q4 Quarterly Report

5. Taichung City - rising prices and stable transaction volume

The prices of new projects on the market in Taichung City increased in 2020 while the transaction volume remained stable. The new projects consisted mainly of lower-priced products and the price has increased throughout the year while the transaction volume remained stable. The transaction prices continued to increase this year and the transaction volume shifted within a stable range. The increase in the prices of new projects has declined but the market demand remained high.

Taichung City		2020					2019	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		22.13	27.47	25.68	25.71	25.51	22.46	13.56%(++)
Bargaining space(%)		14.39	15.31	16.69	11.34	14.48	17.37	-2.89(---)
Asking price(ten thousand/ping)		25.85	32.43	30.83	29.00	29.83	27.18	9.73%(+)
Push case volume	Amount (100 million yuan)	357	451	578	528	1,913	1,820	5.10%(Δ)
	Number of households(households)	3496	4085	5772	5039	18,392	19,358	-4.99%(Δ)
30-day sales rate(%)		11.19	13.16	13.28	13.42	12.89	13.88	-0.99(Δ)
Volume index	Amount	166.45	247.40	320.22	295.23	263.13	267.19	-1.52%(Δ)
	Number of households	225.08	309.25	441.15	388.93	341.10	386.48	-11.74%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2020 Q4 Quarterly Report

6. Tainan City - rising prices and stable transaction volume

The new project market in Tainan City in 2020 was stable in both prices and transaction volume. The transaction prices rose throughout the year while the transaction volume remained stable. The increase in the number of new projects has slowed as the transaction volume increased at a steady pace and market demand increased.

Tainan City		2020					2019	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		21.60	22.88	23.49	23.53	22.99	20.94	9.75%(++)
Bargaining space(%)		15.14	15.30	14.12	12.87	14.33	13.94	0.39(Δ)
Asking price(ten thousand/ping)		25.45	27.01	27.36	27.00	26.83	24.34	10.25%(++)
Push case volume	Amount (100 million yuan)	238	212	326	211	987	764	29.26%(+)
	Number of households(households)	2726	2323	3663	2524	11,236	7,884	42.52%(++)
30-day sales rate(%)		9.90	10.75	11.83	13.45	11.50	13.11	-1.61(-)
Volume index	Amount	301.64	292.42	494.34	364.35	348.73	319.88	9.02%(Δ)
	Number of households	359.01	332.13	576.26	451.70	429.77	343.66	25.06%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2020 Q4 Quarterly Report

7. Kaohsiung City - rising prices and stable transaction volume

The prices of new projects in Kaohsiung City remained stable in 2020 as the sales rate increased and the transaction volume remained stable. The number of new projects decreased throughout the year and the sales rate increased. The transaction volume was the same as the previous year and market demand increased.

Kaohsiung City		2020					2019	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		23.35	23.71	23.90	23.96	23.76	22.65	4.89%(+)
Bargaining space(%)		12.94	16.78	13.95	14.39	14.15	16.12	-1.98(-)
Asking price(ten thousand/ping)		26.82	28.49	27.78	27.99	27.67	27.01	2.47%(Δ)
Push case volume	Amount (100 million yuan)	707	268	306	662	1,943	2,060	-5.68%(Δ)
	Number of households(households)	5272	2099	2381	5240	14,992	18,870	-20.55%(-)
30-day sales rate(%)		10.11	12.21	16.14	16.96	13.76	10.92	2.84(+)
Volume index	Amount	271.72	124.22	187.34	426.51	230.07	211.34	8.86%(Δ)
	Number of households	248.56	119.43	179.11	414.18	240.32	240.09	0.09%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2020 Q4 Quarterly Report

(C) Urban renewal policy

[More than one thousand dangerous and old building reconstruction projects in 2020 — future amendment to the Urban Renewal Act promotes reconstruction of dangerous and old high-rise buildings]

The Construction and Planning Agency, Ministry of the Interior stated that with the support of the central and local governments, both the number of applications and approvals for urban renewal and reconstruction of dangerous and old buildings reached record highs in 2020. In addition, the Construction and Planning Agency also reviewed the expiry and implementation of the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings based on actual operations and completed the amendment and promulgation of the Statute in May 2020. The Construction and Planning Agency emphasized that urban renewal and the reconstruction of dangerous and old buildings are major policies of the government, which will continue to implement related policies and subsidies, and supervise the expansion of the National Housing and Urban Regeneration Center to expand urban renewal. The Ministry of the Interior also reviewed the provisions on high-rise buildings in the Urban Renewal Act and submitted the amendment to the Legislative Yuan for review on December 28, 2020.

[Threefold increase in the number of projects this year — amendment of incentives in regulations upon expiry]

After the Ministry of the Interior promulgated the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" on May 10, 2017, the cumulative number of applications rose to 136 cases in 2018 and 569 cases in 2019. In response to the expiry of the progress incentives and challenges in land usage planning, the Ministry completed the amendments of Articles 3, 6, and 8 on May 6, 2020 to relax restrictions on the total area consolidated neighboring land plots. The progress incentives were adjusted to decrease each year and new incentives for large-scale projects were added to expand the incentives for reconstruction projects. With the active cooperation and policy support of the central and local governments, the cumulative number of applications as of the end of 2020 reached 1,646 cases and the number of applications for the reconstruction of dangerous and old buildings increased by threefold.

[Active amendment of the urban renewal operation manual to help promote public and private urban renewal projects]

The Ministry of the Interior promulgated the amendment of the "Urban Renewal Act" on January 30, 2019. In addition to completing the amendments of subsidiary legislation in July of the same year, the

Ministry also updated related operation manuals in 2020 (URL: <https://twur.cpami.gov.tw/zh/download/9>) as reference for implementation by all sectors. The Ministry also continued to provide subsidies for private urban renewal, reconstruction, refurbishment, and maintenance projects. The cumulative number of approved urban renewal projects totaled 86 in 2020. Compared to the average number of 44 cases in past years, the number of urban renewal projects has doubled. To strengthen the capacity of government-led urban renewal projects, the Ministry has continued to support and assist authorities in organizing government-led urban renewal projects. As of the end of 2020, it has provided assistance in advance planning for 28 sites and investment operations for 46 sites.

[Review the Urban Renewal Act to increase urban renewal for high-rise buildings, continue to provide subsidies, and support reconstruction]
Heavy casualties and property losses caused by past earthquakes mostly occurred as a result of insufficient anti-earthquake measures of high-rise residential complexes. To prevent the recurrence of such incidents and increase the disaster relief capabilities of cities, the Ministry of the Interior amended regulations again in September 2020 and revised Articles 57, 61, and 65 of the Urban Renewal Act to strengthen procedures for dangerous buildings and increase building bulk incentives to accelerate the reconstruction of high-rise buildings before building bulk controls, and provide citizens with safe residential buildings.

[Urban renewal in Taipei City continues to expand as 2 major policies clarified regulations and mechanisms to maintain stable urban renewal growth and increased efficiency]

- a. Accelerate the implementation of the 168 project and assistance for sea-sand buildings to streamline urban renewal procedures
The 168 project was first implemented in 2015. As long as the applicant has obtained "100% approval of all owners" and "no dispute" for an urban renewal project when filing it for approval, the Urban Regeneration Office will help review and pass the renewal application within 6 months of the submission of the plan. The enterprise and rights plan will be reviewed and passed by the Urban regeneration Office within 8 months after approval. These measures

are implemented to ensure a smoother review process and accelerate urban renewal reviews. The Urban Regeneration Office launched the 168 project improvement procedures last year (2019) and established the "Taipei City Urban Renewal 168 Project Implementation Guidelines". It also requested the executives and committee members to complete document reviews during the public exhibition period and requested the committee members to convene at least 1 project team meeting without hearing procedures. These measures help reduce the number of issues and significantly reduced the review procedures. In addition, the Office also approved the implementation of the streamlined procedures for sea-sand houses and public urban renewal projects once they have obtained more than 90% approval to accelerate review efficiency. 175 applications were filed for the 168 project this year and the average review period has been reduced to 130 days, which is a significant reduction of the review period.

b. Innovative reforms and clarified legal mechanisms

The Urban Regeneration Office revised the "Taipei City Urban Renewal and Dispute Resolution Review Committee Organization Guidelines" in accordance with related amendments in the "Urban Renewal Act" and added 2 review committee members and executives. It also implemented continuous review and amendment of the "Taipei City Urban Renewal Building Bulk Incentives Regulations", "Taipei City Urban Renewal and Dispute Resolution Review Committee Principles for Reviewing Important Proposals in Previous Meetings", and the "Summary Table of Related Fees for Urban Renewal Enterprise and Rights Conversion Plans". The amendments protect the rights and interests of owners through public and transparent mechanisms and clarified legal mechanisms to ensure the stability of urban renewal projects.

[New Taipei City Three-Step Urban Renewal Action Strategy]

a. Step 1 (Strategy 1): Transit-Oriented Development (TOD)

(a) New Taipei City used MRT stations that are already in operation as hubs and reviewed the surrounding land to create diversified development and revitalize urban functions. It prioritized development for MRT interchange stations and high-capacity stations, and provided public welfare facilities for elderly activities,

elderly care, public childcare, and public housing in buildings within a certain distance of MRT entrances under certain conditions. Applicants may apply for up to 50% additional building bulk for providing public transportation parking spaces, accessible sidewalks, open spaces, and other environmental improvement facilities. The government considered the overall capacity of the city and set the maximum building bulk at two times the base building bulk.

- (b) In the first phase, the "Proposal for the Guidelines on Land Use and Zoning Management in Areas Near New Taipei City MRT Stations (Phase 1) (Compliant with the Transit-Oriented Development Strategy)" was promulgated and implemented on August 29, 2019. Related measures in the "New Taipei City Government Guidelines for the Review of Applications for Additional Building Bulk for Transit-Oriented Development" also became effective on August 29, 2019. In the second phase, the "Proposal for the Guidelines on Land Use and Zoning Management in Areas Near New Taipei City MRT and Railway Stations (Phase 2) (Compliant with the Transit-Oriented Development Strategy)" was reviewed and completed in the 112th meeting of the New Taipei City Urban Planning Committee on December 9, 2019, and promulgated and implemented on January 31, 2020.

- b. Step 2 (Strategy 2): Urban renewal along main roads to change the urban landscape

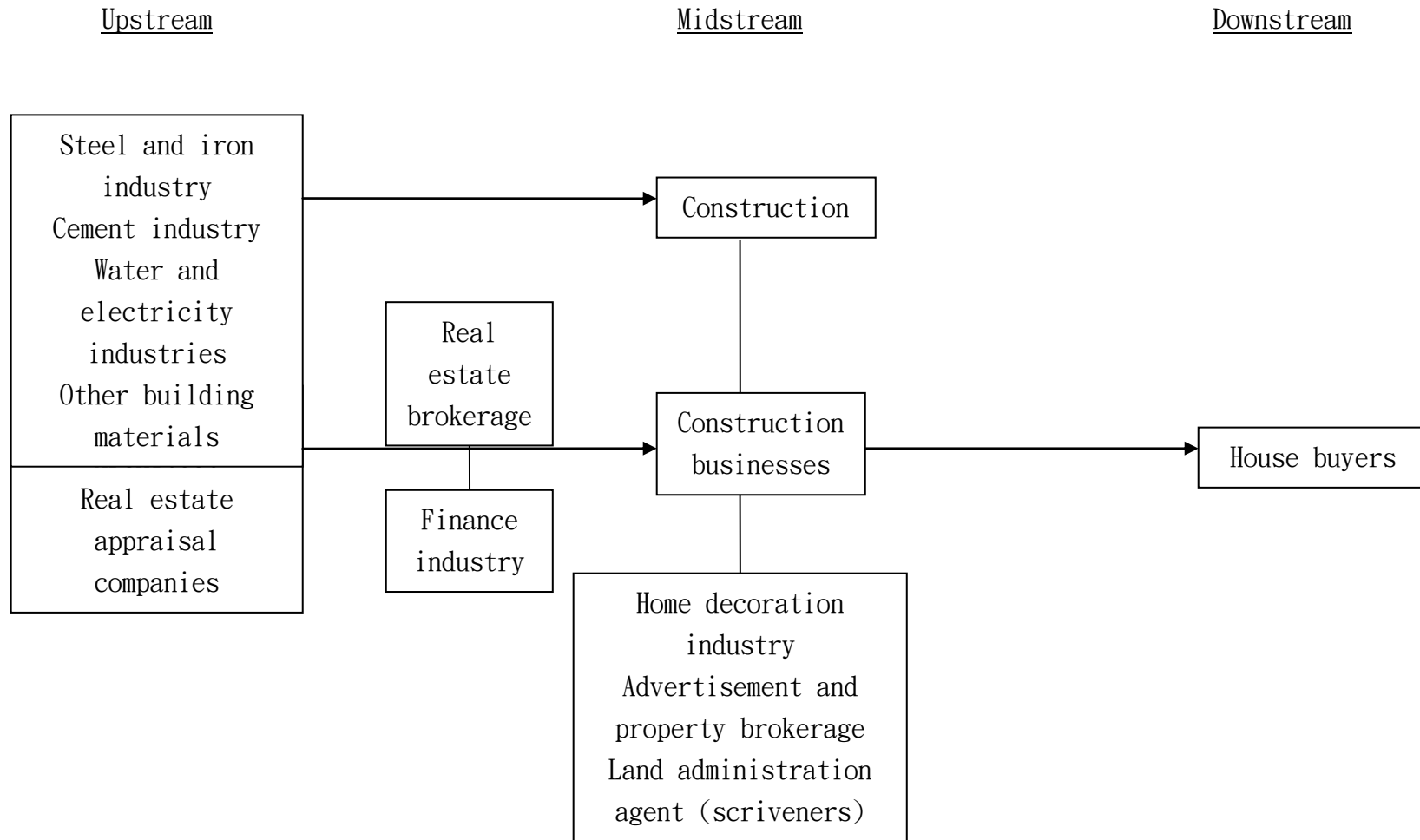
According to Article 39-2 of the "New Taipei City Enforcement Rules of Urban Planning Law" amended and implemented on July 3, 2019, dangerous and old buildings along main roads with a width of 20m in the City, sea-sand houses, and buildings within urban renewal areas that have a land area of at least 2,000m² or cover an entire block, and the site of the building is open to at least 20m of roads on the front are eligible for a maximum of 20% of additional building bulk if they provide facilities for activities for the elderly, public elderly care facilities, public housing (including transitional housing), or other facilities for public welfare. Applications may be filed before July 3, 2021 and the measures are expected to help improve the urban landscape and space for the activities of the people. Related measures in the "New Taipei City Government Guidelines for Processing Applications Filed in accordance with Article 39-2 of the New Taipei City Enforcement Rules of Urban Planning Law" was promulgated and implemented on August 22, 2019.

- c. Step 3 (Strategy 3): Prioritize assistance for dangerous and old buildings for disaster prevention and take actions to resolve issues. The government has taken the initiative to help keep residents out of dangerous areas through hazard classification, streamlining procedures, active counseling, resolving issues from residents' perspectives, and proposing solutions. The government actively provides project counseling and progress management for issues and matters that require assistance in individual projects including holding community seminars, setting up forward onsite workstations, and organizing weekly inter-agency project meetings.

[Continue to build happy homes for the people of Taiwan in the new year]

In response to the high average age of houses in Taiwan and the threat of strong earthquakes, the Company will actively obtain more information on the government's policy for promoting urban renewal and continue to track the updates of laws and regulations, so that we can continue to expand urban renewal operations of the Company and create a safe and comfortable living environment for the people of Taiwan.

2. Relationships with suppliers in the industry's supply chain



3. Competition

The Company conducts a detailed market survey and evaluations when it evaluates new construction projects to understand market demand which is used as an importance reference for the purchase of land and future construction projects. We start with thoughtful designs in the planning phase to demonstrate our resolve for innovation and evolution. We boldly reconstruct and redefine space and use more high-end and refined dimensions and ratios. We adopt the stance of users to truly experience user demand. The Company's strategies for competing on the market include the following:

(1) Product planning

Residential products:

The speed of the sales of products with high unit prices and high total prices has slowed in recent years and discounts have increased. Companies are required to offer discounts for sales. As consumption habits change, the Company has followed trends and focused development on residential products with medium and small floorspace with low total price and low down payments. We also implemented flexible payment terms for customers to make purchases with ease.

(2) Customer service

A. Home Go property management software

Personal electronic products have become increasingly popular. Kuo Yang began the development of an app at the beginning of the previous year for use in newly constructed communities to provide digital, transparent, and immediate property management services. Residents can use their mobile phones to interact with the receptionist and receive general services such as mail and express delivery notification and collection, visitor registration, requests for repairs, payment of management fees, public facility reservations, and access control

B. Overall development of the community

Kuo Yang invests funds for revitalizing the community after the transfer and actively plans and organizes community activities. We invite instructors to provide courses, facilitate interactions between residents, increase community cohesion, and establish connections between neighbors to create

overall development of the community of "Kuo Yang happy families"

c. After-sales services and property health examination

After-sales services are activated immediately after the delivery of the properties. In addition to providing warranty repairs within the warranty period in accordance with the contract, the Company also provides assistance for seeking suppliers for quotations and repairs after the warranty period. We provide a property health examination service one year after the delivery of residential projects in accordance with the contract.

(III) Overview of technology and R&D:

Although the Company has not established construction technologies or R&D units, the Company is committed to obtaining information on the latest building materials, methodology, and technologies. We organize internal discussions and appoint external instructors and suppliers to exchange ideas, obtain the latest information, and expand employees' horizons to improve their professional competencies.

(IV) Long-term and short-term business development plans:

1. Short-term development plans:

(1) Sales plans

Provide comprehensive property management for completed buildings. Increase the software value of buildings and continue sales. Implement rigorous oversight over projects under construction and adjust the sales strategy based on market conditions.

(2) Recent proposals

A: Good morning, Kuo Yang Phase 2

The project is located at Lane 62, Xinfeng Street, Keelung next to Good morning, Kuo Yang. The location is located in a low-density development area of Keelung, but offers functions of the bustling Xinfeng Street commercial district and the access to popular shopping destinations including A.mart, PX Mart, and McDonald's. It is also close to the Starbucks Xinfeng store in Keelung and located in an easy-going and relaxing environment.

B. New Jilin Urban Renewal Project

The project is located west of Jilin Road and north of Lane 168 Jilin

Road in Zhongshan District, Taipei City near to Zhongji Park and Zhongyuan Park. It is close to the Jilin Elementary School education regions and has convenient access to the Xinsheng Elevated Road. The project will offer units with 3-4 rooms.

2. Long-term development plans::

(1) Land development:

The main methods for land acquisition include outright purchase and joint construction. In the short term, the Company will continue to prioritize the development of land in the prime areas of Greater Taipei, Tainan, and Kaohsiung based on the project plans. In addition, the Company will focus on the development of urban renewal and dangerous and old building reconstruction projects.

Land is the main material for construction projects, and the choice of land purchases affects not just the risks and profitability of business operations. It is the most important factor for ensuring building and housing safety. As land has become increasingly scarce in prime locations across Taiwan and land prices continue to rise, land acquisition has becoming increasingly difficult. However, the Company remains committed to safety which is the most important factor for land acquisition. We perform land surveys and analysis in accordance with building regulations to create the first line of defense for building safety.

During the land development stage, the Company conducts due diligence on major government policies, progress of public construction projects, regional household administration policies, and the current state of the property. We carefully evaluate the potential risks and profits of the investment and development of individual projects. Before completing the land acquisition process, we will always maintain business management and protect the interests of our customers and shareholders.

(2) Product planning:

The Company shall provide reasonably priced projects with different functions for buyers with different requirements and position products correctly based on location and scale.

(3) Resource integration:

This Company will continue to invest in the integration of computer hardware, software, and corporate intranet resources to improve management

procedures, increase work efficiency, and manage the operating procedures of customer services to strengthen the Company's competitiveness.

(4) Human resource management and Talent development:

The Company has established a comprehensive human resource system. In addition to enhancing employee training to improve employee quality and professional skills, we also focus on employee benefits and provide them with a good work environment to encourage them to make use of their talents at work.

The Company will continue the human resource training program to train professional employees and attract talented management personnel to attain sustainability and create better construction projects.

II. Overview of market, production, and sales

(I) Market analysis

1. Product development trends

According to the report of the National Development Council of the Executive Yuan on "Estimated Population of the Republic of China", Taiwan will become an aging society earlier than other countries, and it estimated that Taiwan will soon become an "aged society". Taiwan will be a "super-aged society" in ten years. With changes in social values and family structure, it is evident that "elderly housing" will become another mainstream product in the real estate industry. In the future, there will be a lot of room for the growth of products targeted at the elderly. The Company will learn from the thoughtful plans for elderly housing adopted in advanced countries in Europe, the United States and Japan, and introduce construction methods and facilities to plan for the future market-oriented healthcare housing products for the elderly.

According to survey data, the most obvious sign of a declining economy is the stagnant sales of high-price products with large floorspace, which are replaced by medium to low-price products with small floorspace. Therefore, there is always a stable demand for products with medium and small floorspace from first-time house buyers. Products with medium and small floorspace benefit from numerous advantages such as low total price. In response to the strong market demand for residences with medium and small floorspace, the Company will focus on projects with medium and small floorspace and retain mechanisms for merging smaller units into medium-sized units and merging small and medium units into large units. These mechanisms will create product

diversity to respond to the evolving demand for residences.

2. Areas of distribution of the Company's main products

The Company's main businesses include the commissioned construction of residential buildings, commercial buildings, and plants and offices for lease or sale. All products are designed for the domestic market and most projects are concentrated in Greater Taipei, Tainan, and Kaohsiung.

3. Future market supply and demand and future growth

According to data from the Construction and Planning Agency, Ministry of the Interior, the total floor area of usage licenses issued across Taiwan in 2020 was 28,247,176 square meters which was a 6.6% increase from 26,488,606 square meters in 2019.

In addition, the total floor area of construction licenses issued across Taiwan in 2020 was 41,521,034 square meters, which was a significant increase of 12.4% compared to 36,927,792 square meters in 2019. Due to the adequate control over the epidemic, low interest rates, and return of Taiwanese businesses, demand in the housing market surged in 2020 as the own-use and long-term property investments returned to the market.

Overview of issued building construction licenses and total floor area of usage licenses in 2019 and 2020

Unit: Ping

Year	Quarter	Total floor area of issued usage licenses					
		Nationwide	Taipei City	New Taipei City	Nationwide	Taipei City	New Taipei City
2019	Q1	7690421	484908	854991	6740888	295658	1281415
	Q2	9855005	711453	1194274	6085811	472782	1111009
	Q3	9340213	730294	1110999	6675830	355210	753433
	Q4	10042153	704261	1406435	6986077	386011	1010188
	Total	36927792	2630916	4566699	26488606	1509661	4156045
2020	Q1	9334114	689636	941161	6496205	394390	603335
	Q2	11247150	652201	1704329	6254286	305886	828367
	Q3	10671570	433947	1415196	7660997	422187	944569
	Q4	10268200	685441	1106110	7835688	395614	687867
	Total	41521034	2461225	5166779	28247176	1518057	3064138

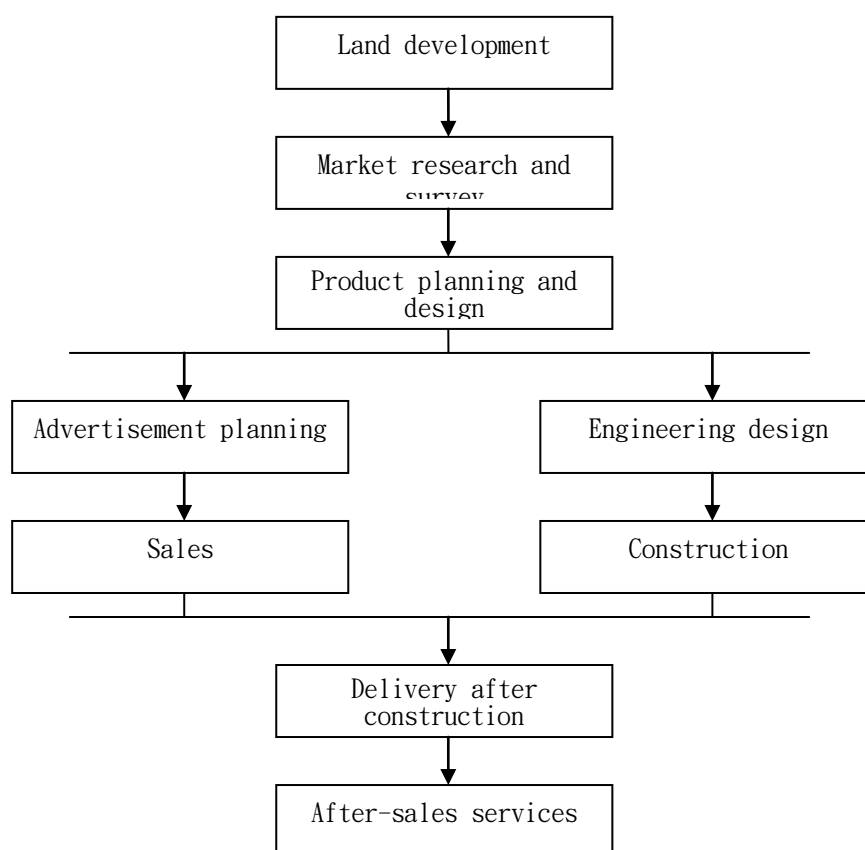
Source: Construction and Planning Agency, Ministry of the Interior

(II) Application and production of key products

1. Major applications of main products

The Company's main businesses are the construction of residential buildings, office buildings, and industrial plants for lease and sales. Lease.

2. Production process of main products



(III) Supply status of primary raw materials

1. Land for construction

The Company's Development Division continues to launch a stable number of projects. To actively acquire land and effectively accelerate the progress of existing projects, the Division makes good use of sources of land provided by brokers and attends land tender seminars organized by public and private institutions across Taiwan. We also conduct feasibility analyses on individual land tenders or public urban renewal projects. The Company expands development beyond residential projects and adopts different product positioning based on the different economic, environmental, and social needs in each area. The main products can be divided into residential buildings and commercial buildings based on their functions. The Company also targets other projects including hotels, department stores, office buildings, and plants and offices. After collecting related information, we actively participate in the tenders of feasible projects. We learn about the location, ownership, and

quantity of land materials in specific areas and actively request real estate brokers to broker deals. The Company's long-term diversified land development strategy focuses on joint development with owners of private land, urban renewal projects, MRT joint development projects, and other related development models for project evaluations. We increase the diversity of projects and acquire land when necessary to meet the Company's operational needs. The Company is also open to strategic alliances or joint development with other developers to integrate external resources, develop more projects, and create more sources of revenue for the Company.

2. Construction projects

The Company appoints architects' offices with domestic qualifications for the design of projects to maintain the Company's brand image and the quality of projects. We also appoint Grade A construction companies in Taiwan for the construction of the main parts of construction projects. The parties sign official contract to protect the Company's interests and closely monitor the construction costs and profits.

(IV) Names of customers who accounted for more than 10% of the purchase (sales) in any of the last two years, and the purchase (sales) amount and ratio

1. List of key clients:

Except for the sales of land in prime areas of Greater Nangang to "Fubon Life Insurance Co., Ltd." in 2020, all other properties were directly sold to general consumers. As the buyers were dispersed, there were no cases where a single buyer accounts for more than 10% of total sales.

2. List of key suppliers

Key suppliers in the last two years

Item	2019				2020			
	Name	Amount	Percentage of net purchases of the year (%)	Relationship with issuer	Name	Amount	Percentage of net purchases of the year (%)	Relationship with issuer
1	Continental Engineering Corp.	776,340	39.53	None	Continental Engineering Corp.	1,364,641	29.38	None
2	Chien Kuo Construction Co., Ltd.	272,737	13.89	None	Landowner of the Neihs Project	1,050,595	22.62	None
3	Ta Yuan Construction Co., Ltd.	269,047	13.70	None	Chien Kuo Construction Co., Ltd.	326,709	7.03	None
4	Chin Hsieh Hsing Construction Co., Ltd.	235,507	11.99	None	Chin Hsieh Hsing Construction Co., Ltd.	254,601	5.48	None
5	SED-IA Architects	14,854	0.76	None	Chun Chieh Construction Co., Ltd.	187,853	4.04	None
6	Other	395,388	20.13	-	Other	1,460,930	31.45	-
	Net purchases of goods	1,963,873	100.00	-	Net purchases of goods	4,645,329	100.00	-

Note: 1. The purchases include the cost of land acquisition, construction cost, and capitalized interest expenses. The sellers of land purchases are summarized and expressed for each construction project. The capitalized interest expenses cannot be expressed individually for each seller. The amount of capitalized interest expenses in 2020 and 2019 was NT\$86,664 thousand and NT\$127,144 thousand, respectively

2. The Company's largest supplier in 2020 and 2019: Continental Engineering Corp. was responsible for the construction of Zhongxiao Courtyard and South Manor..

(V) Production volume and value for the last two years

Unit: NT\$1,000

Production quantity and value Main products	Year	2019			2020		
		Production capacity	Production volume	Production value (Note)	Production capacity	Production volume	Production value (Note)
Land		-	-	82,137	-	-	297,697
Residential buildings		-	-	1,881,736	-	-	4,337,930
Other		-	-	-	-	-	9,702
Total		-	-	1,963,873	-	-	4,645,329
Total		-	-	1,963,873	-	-	4,645,329

Note: The aforementioned data consist of land and construction costs invested in the last two years

(VI) Sales volume and value for the last two years (consolidated)

Unit: Ping;NT\$1,000

Sales volume and value Main products	Year	2019				2020			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Ping	Amount	Ping	Amount	Ping	Amount	Ping	Amount
Land		-	-	-	-	6,397.40	9,634,552	-	-
Residential buildings		9,536	1,757,065	-	-	11,604.73	4,575,303	-	-
Lease		-	8,618	-	-	-	13,670	-	-
Other		-	157,341	-	-	-	54,390	-	-
Total		9,536	1,923,024	-	-	18,002.13	14,277,915	-	-

Note: 1. The sales value is calculated based on the operating revenue recognized for each year.

2. The sales volume refers to the total pings sold for individual projects.

III. Employees: Employee information for the last two years until the publication date of the Annual Report

Year		2019	2020	Current year as of April 20, 2021 (Note)
Number of employees	Manager	7	8	8
	General employees	54	57	57
	Total	61	65	65
Average age		49.4	49.6	49.6
Average years of service		9.8	9.9	9.5
Academic qualifications	Ph. D.	0%	0%	0%
	Master's Degree	14.75%	15.38%	14.75%
	Bachelor's Degree	70.49%	70.77%	70.49%
	Senior High School	14.75%	13.85%	14.75%
	Senior High School and below	–	–	–

Note: The Company shall fill information for the current fiscal year until the publication date of the Annual Report.

IV. Environmental protection expenditure information

- (I) According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.
- (II) The Company's investment in environmental pollution prevention equipment, use, and expected benefits: Not applicable.
- (III) Explanation of the pollution treatment and environment improvement of the Company over last two years until the publication date of this report. If there had been any pollution dispute, its handling process will also be explained: None.
- (IV) Total losses and fines for environmental pollution in the two most recent fiscal years and as of the publication date of the Annual Report, and explanations of the measures and possible disbursements to be made in the future: None.
- (V) Explain the current status of pollution, its effects on the Company's earnings, competitive position and capital spending, and capital expenditure estimated major environmental protection measures in the next two years:

The Company's operations have not created environmental pollution issues and the Company has not sustained losses due to pollution. The Company also does not expect to incur material environmental protection expenditures in the future.

V. Employer-employee relations:

- (I) Current important labor-management agreements and implementation:

1. Employee welfare measures:

The Company pays close attention to employee benefits and implements benefit measures systematically on a regular basis. The main items are as follows:

- The Company purchases labor insurance, health insurance, and commercial group insurance (including medical insurance) for each employee.
- Marriage, funeral, and childbirth subsidies, and employee birthday gift money.
- The Company distributes gift money and presents each employee with gift boxes on Dragon Boat Festival, Mid-Autumn Festival, and Chinese New Year.
- The Company organizes employee travel in Taiwan and abroad from time to time to help employees balance work and life.
- We organize dinner parties between different departments to increase employee cohesion.
- We provide tailor-made uniforms for both male and female employees.

2. Employee training programs:

- We periodically organize internal and external training programs to enhance employees' competitive advantages, inspire potential, and consolidate important competitive advantages for the Company's sustainability.
- We visit the construction projects of competitors from time to time and request suppliers to organize seminars on building materials at the Company.

3. Employee health and construction site safety:

- Health examination: The Company provides regular subsidies for employees' health examinations to take care of employees' health.
- Medical supplies: General medical kit: The Company has installed an automated external defibrillator (AED) at the Company and provided first-aid training.
- Maintenance of a comfortable and healthy office environment: The office was relocated to the new "Diamond-class" United Daily News Office Building which is monitored for PM2.5 each day. The Company also regularly cleans and disinfects the office environment.

4. Employee retirement system:

- Pension system of the old Labor Standards Act: Employees eligible for the old system appropriates pension reserve into the "labor pension reserve fund account" in the Bank of Taiwan each month in accordance with regulations.
- New system of the Labor Pension Act: The Company pays 6% of employees' wages to the dedicated personal pension account at the Bureau of Labor Insurance each month. For those who voluntarily pay additional pension, the Company deducts amounts from the employees' monthly salary based on the voluntary appropriation rate each month.

- (II) 1. Losses arising as a result of labor disputes in the recent year up until the publication date of this annual report: None

2. Estimations for possible losses in the future and response measures:
None

VI. Important contracts

Supply and sales contracts, technological cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that may affect investor rights and interests currently effective or expiring in the most recent year:

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint purchase, investment, and construction	Tsang Shan Development Co., Ltd. Chi Hsuan Development Co., Ltd.	May 7, 2013 to the completion of the project	Joint purchase, investment, and construction project with Chi Hsuan and Tsang Shan for the Good morning, Kuo Yang Project on 1 plot of land (No. 1382-21) on Tiaohe Section, Keelung	None
Joint investment and construction & contracted operations, management, and construction	Six companies including Wei Li International Development Co., Ltd.	September 5, 2012 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with the landowner for The Green Place Project on 1 plot of land (No. 24) on Heguan Section, Annan District, Tainan City	None
Joint construction and division of properties	27 persons including Chih-Cheng Li	March 12, 2010 to the completion of the construction and division of properties	Joint construction and division of properties with landowners in the Jilin Urban Renewal Project on 25 plots of land including plot No. 63-1 on Subsection 4, Jilin District, Taipei City	None
Joint purchase, investment, and construction	Four companies including Hanshin Asset Management Co., Ltd.	November 25, 2016 to the completion of the project	Joint purchase, investment, and construction of plants and offices with Hanshin Asset Management, Li Yang Agricultural Technology, and Heng Jui Development for the Kuo Yang Silicon Valley Project on 24 plots of land including plot No. 162 on Gonjian Section, Xizhi District, New Taipei City	None
Superficies	Southern Region Branch, National Property Administration, Shen Yang Construction Co., Ltd.	2014. 04-2084. 04	70 years of superficieses set for the Smile Era Project on plot No. 1492, Shengxing Section, Qianzhen District, Kaohsiung City	Unconditional return of land and buildings to the National Property Administration upon expiry

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint fundraising and construction & contracted operations, management, and construction	Shen Yang Construction Co., Ltd. Han Lin Development Co., Ltd.	June 3, 2016 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Han Lin for the Smile Era Project on plot No. 1492, Shengxing Section, Qianzhen District, Kaohsiung City	None
Joint purchase, investment, and construction	Six companies including Wei Li International Development Co., Ltd.	November 23, 2016 to the completion of the project	Joint purchase, investment, and construction of plants and offices with Chuwa Wool Industry, Hanshin Asset Management, Li Yang Agricultural Technology, Wei Li International Development, and Grand Hi-Lai Hotel for the Neihu Jiuzong Project on 4 plots of land including plot No. 83-1 on Jiuzong Section, Neihu District, Taipei City	None
Joint purchase, investment, and construction	Tsang Hsin Construction Co., Ltd.		Joint purchase, investment, and construction of residential buildings with Tsang Hsin for the Kaohsiung Fengshan Project on plot No. 9, Shengli Section, Fengshan District, Kaohsiung City	None
Joint investment and purchase & contracted operations, management, and construction	Six companies including Wei Li International Development Co., Ltd.	January 28, 2021 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with six companies for the Tucheng Project on 19 plots of land including plot No. 365 on Zhongyi Section, Tucheng District Kuo Yang invested 50%	None

陸、Financial Overview

I. Condensed balance sheets, statements of comprehensive income, names of certifying CPAs, and audit opinions in the most recent five years

(I) Condensed balance sheet and statements of income

Condensed balance sheet (consolidated financial report)

Unit: NT\$1,000

Item		Financial data for the most recent five years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		13,688,754	14,000,751	16,105,245	16,905,435	17,737,237
Property, plant and equipment (Note 2)		235,043	236,780	56,186	72,178	86,325
Intangible assets		1,255	338	–	–	–
Other assets (Note 2)		1,830,730	1,422,695	1,528,104	1,594,179	2,485,524
Total assets		15,755,782	15,660,564	17,689,535	18,571,792	20,309,086
Current liabilities	Before distribution	8,405,938	8,168,740	9,267,104	10,266,443	10,951,154
	After distribution	8,405,938	8,312,886	9,615,395	Undistributed	11,331,154 (Note 2)
Non-current liabilities		121,438	2,225	2,827	87,890	67,338
Total liabilities	Before distribution	8,527,376	8,170,965	9,269,931	10,354,333	11,018,492
	After distribution	8,527,376	8,315,111	9,618,222	10,458,820	11,398,492 (Note 2)
Equity attributable to owners of parent company		7,104,439	7,252,989	8,419,604	8,191,461	9,256,668
Share capital		5,765,825	5,765,825	6,965,825	6,965,825	3,800,000
Capital surplus		487,761	488,975	627,683	627,683	627,683
Retained earnings	Before distribution	843,386	987,763	793,844	502,443	4,312,960
	After distribution	843,386	843,617	445,553	397,956	3,932,960 (Note 2)
Other equity		7,467	10,426	32,252	95,510	516,025
Treasury stock		–	–	–	–	–
Non-controlling interest		123,967	236,610	–	25,998	33,926
Total equity	Before distribution	7,228,406	7,489,599	8,419,604	8,217,459	9,290,594
	After distribution	7,228,406	7,345,453	8,071,313	8,112,972	8,910,594 (Note 2)

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Note 2: Amount approved in the resolution of the Board of Directors on April 19, 2021.

Condensed consolidated income statement (consolidated financial report)

Unit: NT\$1,000

Item \ Year	Financial data for the most recent five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	1,458,192	2,673,125	752,654	1,923,024	14,277,915
Operating profit	393,021	548,611	231,463	464,724	5,525,434
Operating profit and loss	50,950	153,856	(39,351)	126,498	5,003,829
Non-operating income and expenses	(19,944)	(14,835)	(15,821)	(63,023)	155,761
Net profit/loss before tax	31,006	139,021	(55,172)	63,475	5,159,590
Current profit or loss from continuing operations	6,212	140,281	(50,989)	56,888	4,943,067
Loss from discontinued operations	-	-	-	-	-
Current net profit (net loss)	6,212	140,281	(50,989)	56,888	4,943,067
Other comprehensive income/losses for the current period (net income after tax)	5,157	3,243	(9,143)	63,258	437,254
Total comprehensive income	11,369	143,524	(60,132)	120,146	5,380,321
Net profit (loss) attributable to owners of the parent company	6,675	144,093	(48,965)	56,890	4,943,139
Net profit (loss) attributable to non-controlling interests	(463)	(3,812)	(2,024)	(2)	(72)
Total comprehensive income attributable to owners of the parent company	11,832	147,336	(58,108)	120,148	5,380,393
Total comprehensive income attributable to non-controlling interests	(463)	(3,812)	(2,024)	(2)	(72)
EPS	0.01	0.25	(0.08)	0.08	7.58

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Note 2: The earnings per share is calculated based on the weighted average number of outstanding shares in each year.

Condensed balance sheet (individual financial report)

Unit: NT\$1,000

Item \ Year		Financial data for the most recent five years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		12,570,107	12,027,057	14,410,691	15,147,587	15,434,367
Property, plant and equipment (Note 2)		20,601	19,331	18,902	34,808	34,250
Intangible assets		1,255	338	–	–	–
Other assets (Note 2)		2,200,993	1,782,388	1,916,480	2,092,331	3,756,247
Total assets		14,792,956	13,829,114	16,346,073	17,274,726	19,224,864
Current liabilities	Before distribution	7,567,079	6,573,900	7,924,587	8,996,759	9,902,241
	After distribution	7,567,079	6,718,046	8,272,878	9,101,246	10,282,241 (Note 2)
Non-current liabilities		121,438	2,225	1,882	86,506	65,955
Total liabilities	Before distribution	7,688,517	6,576,125	7,926,469	9,083,265	9,968,196
	After distribution	7,688,517	6,720,271	8,274,760	9,187,752	10,348,196 (Note 2)
Equity attributable to owners of parent company		7,104,439	7,252,989	8,419,604	8,191,461	9,256,668
Share capital		5,765,825	5,765,825	6,965,825	6,965,825	3,800,000
Capital surplus		487,761	488,975	627,683	627,683	627,683
Retained earnings	Before distribution	843,386	987,763	793,844	502,443	4,312,960
	After distribution	843,386	843,617	445,553	397,956	3,932,960 (Note 2)
Other equity		7,467	10,426	32,252	95,510	516,025
Treasury stock		–	–	–	–	–
Non-controlling interest		–	–	–	–	–
Total equity	Before distribution	7,104,439	7,252,989	8,419,604	8,191,461	8,191,461
	After distribution	7,104,439	7,108,843	8,071,313	Undistributed	8,086,974

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Note 2: T Amount approved in the resolution of the Board of Directors on April 19, 2021.

Condensed consolidated income statement (individual financial report)

Unit: NT\$1,000

Item \ Year	Financial data for the most recent five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	1,480,348	2,717,387	198,716	1,393,666	13,789,342
Operating profit	415,177	591,993	111,704	357,960	5,633,634
Operating profit and loss	88,623	186,951	(118,258)	99,089	5,194,466
Non-operating income and expenses	(57,154)	(44,118)	65,110	(35,612)	(34,804)
Net profit/loss before tax	31,469	142,833	(53,148)	63,477	5,159,662
Continuing operations Current profit and loss	6,675	144,093	(48,965)	56,890	4,943,139
Loss from discontinued operations	-	-	-	-	-
Current net profit (net loss)	6,675	144,093	(48,965)	56,890	4,943,139
Other comprehensive income/losses for the current period (net income after tax)	5,157	3,243	(9,143)	63,258	437,254
Total comprehensive income	11,832	147,336	(58,108)	120,148	5,380,393
EPS	0.01	0.25	(0.08)	0.08	7.58

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Note 2: The earnings per share is calculated based on the weighted average number of outstanding shares in each year..

(II) Names of certifying CPAs of the most recent five years and audit opinions:

1. Names of auditors and opinions in the most recent five years

Year	Name of certifying CPA	Certifying CPA firm	Audit opinions
2016	Tseng-Kuo Huang, Jung-Hua Chen	L. H. Chen & Co., CPAs	Unqualified opinion
2017	Tseng-Kuo Huang, Jung-Hua Chen	L. H. Chen & Co., CPAs	Unqualified opinion
2018	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2019	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2020	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters

2. If there is any replacement of auditor in the last five years, the reasons for the replacement of the CPA firm and the former and successor CPAs should be explained:

- (1) Due to internal business adjustments of L.H. Chen & Co., CPAs, the certifying CPAs for the financial statements were replaced by the CPAs Chung-Yuan Tsai and Jung-Hua Chen starting from 2015 Q2.
- (2) Due to internal business adjustments of L.H. Chen & Co., CPAs, the certifying CPAs for the financial statements were replaced by the CPAs Tseng-Kuo Huang and Jung-Hua Chen starting from 2015 Q4.
- (3) The Company replaced the CPA firm with PricewaterhouseCoopers, Taiwan and replaced the CPAs with the CPAs Chun-Yuan Hsiao Fang-Yu Wang starting from the 2018 Q1 financial statements due to the Company's business and management requirements.

II. Financial analysis for the most recent five years

(1) Financial analysis (consolidated financial report)

Analysis item (Note 3)		Financial analysis for the most recent five years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt to total assets ratio	54.12	52.18	52.40	55.75	54.25
	Ratio of long-term capital to real estate properties, plants and equipment	3,127.02	3,164.04	14,990.27	11,506.76	10,840.35
Solvency (%)	Current ratio	162.85	170.14	173.79	164.67	161.97
	Quick ratio	20.81	18.73	27.48	24.49	66.05
	Interest protection multiples	2.37	3.70	0.12	1.66	74.25
Operating ability	Receivable turnover (times)	13.39	14.08	2.97	10.70	71.10
	Average collection days	27.25	25.92	122.89	34.11	5.13
	Inventory turnover (times)	0.09	0.18	0.04	0.11	0.70
	Payable turnover (times)	1.28	3.77	1.06	2.12	10.58
	Average inventory turnover days	4,055.56	2,027.77	9,125.00	3,318.18	521.42
	Property, plant, and equipment turnover ratio (times)	6.36	11.33	5.14	29.96	180.16
	Total assets turnover (times)	0.09	0.17	0.05	0.11	0.73
	Return on assets (%)	0.16	1.17	-0.004	0.74	25.72
Profitability	Return on equity (%)	0.09	1.91	-0.64	0.68	56.47
	Pre-tax income to paid-in capital ratio (%) (Note 7)	0.54	2.41	-0.79	0.91	135.78
	Net profit margin (%)	0.43	5.25	-6.77	2.96	34.62
	Earnings per share (NT\$)	0.01	0.25	-0.08	0.08	7.58
	Cash flow ratio (%)	-	-	-	-	82.79
Cash flow	Cash flow adequacy ratio (%)	51.02	79.55	-	-	200.72
	Cash reinvestment ratio	-	-	-	-	84.30
Leverage	Operating leverage	1.13	1.04	0.88	1.25	1.01
	Financial leverage	1.80	1.50	0.39	4.25	1.01
Explanation of the reasons for changes in financial ratios exceeding 20% in the last two years:						
1. Increase in quick ratio: Mainly due to the decrease in inventory in 2020.						
2. Increase in interest protection multiples: Mainly due to the increase in net profit before tax in 2020.						
3. Increase in receivable turnover: Mainly due to the increase in operating revenue in 2020.						
4. Decrease in average collection days: Mainly due to the increased receivable turnover in 2020.						
5. Increase in inventory turnover: Mainly due to the increase in operating costs in 2020.						
6. Increase in payable turnover: Mainly due to the increase in operating costs in 2020.						
7. Decrease in average inventory turnover days: Mainly due to the increased inventory turnover in 2020.						
8. Increase in property, plant, and equipment turnover ratio: Mainly due to the increase in operating revenue in 2020.						
9. Increase in total assets turnover: Mainly due to the increase in operating revenue in 2020.						
10. Increase in return on assets and return on equity: Mainly due to the increase in net profit after tax in 2020.						
11. Increase in pre-tax income to paid-in capital ratio: Mainly due to the increase in net profit before tax and decrease in paid-in capital in 2020.						
12. Increase in net profit margin: Mainly due to the significant increase in net profit after tax in 2020.						
13. Increase in EPS: Mainly due to the higher net profit attributable to owners of the parent company in 2020.						
14. Increase in the cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: Mainly due to the increase of net cash flows in business activities in 2020.						
15. Decrease in financial leverage: Mainly due to the decrease in operating profit and decrease in interest expenses in 2020.						

(2) Financial analysis (individual financial report)

Analysis item (Note 3) \ Year (Note 1)		Financial analysis for the most recent five years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt to total assets ratio	51.97	47.55	48.49	52.58	51.85
	Ratio of long-term capital to real estate properties, plants and equipment	35,075.37	37,531.50	44,553.41	23,781.79	27,219.34
Solvency (%)	Current ratio	166.12	182.95	181.85	168.37	155.87
	Quick ratio	15.49	19.11	32.67	24.82	61.71
	Interest protection multiples	2.39	3.83	-0.02	2.01	124.53
Operating ability	Receivable turnover (times)	16.90	16.10	0.89	9.42	80.26
	Average collection days	21.59	22.67	410.11	38.74	4.54
	Inventory turnover (times)	0.10	0.19	0.01	0.08	0.73
	Payable turnover (times)	1.35	4.72	0.35	2.48	11.72
	Average inventory turnover days	3,650.00	1,921.05	36,500.00	4,562.50	500.00
	Property, plant, and equipment turnover ratio (times)	68.61	136.10	10.39	51.90	399.36
	Total assets turnover (times)	0.10	0.19	0.01	0.08	0.76
Profitability	Return on assets (%)	0.17	1.30	-0.04	0.65	27.28
	Return on equity (%)	0.09	2.01	-0.62	0.68	56.66
	Pre-tax income to paid-in capital ratio (%) (Note 7)	0.55	2.48	-0.76	0.91	135.78
	Net profit margin (%)	0.45	5.30	-24.64	4.08	35.85
	Earnings per share (NT\$)	0.01	0.25	-0.08	0.08	7.58
Cash flow	Cash flow ratio (%)	-	3.78	-	-	92.21
	Cash flow adequacy ratio (%)	61.92	112.69	5.82	6.18	239.91
	Cash reinvestment ratio	-	3.41	-	-	85.36
Leverage	Operating leverage	1.31	1.25	0.98	1.23	1.00
	Financial leverage	1.34	1.37	0.69	2.72	1.01

Explanation of the reasons for changes in financial ratios exceeding 20% in the last two years:

1. Increase in quick ratio: Mainly due to the decrease in inventory in 2020.
2. Increase in interest protection multiples: Mainly due to the increase in net profit before tax in 2020.
3. Increase in receivable turnover: Mainly due to the increase in operating revenue in 2020.
4. Decrease in average collection days: Mainly due to the increased receivable turnover in 2020.
5. Increase in inventory turnover: Mainly due to the increase in operating costs in 2020.
6. Increase in payable turnover: Mainly due to the increase in operating costs in 2020.
7. Decrease in average inventory turnover days: Mainly due to the increased inventory turnover in 2020.
8. Increase in property, plant, and equipment turnover ratio: Mainly due to the increase in operating revenue in 2020.
9. Increase in total assets turnover: Mainly due to the increase in operating revenue in 2020.
10. Increase in return on assets and return on equity: Mainly due to the increase in net profit after tax in 2020.
11. Increase in pre-tax income to paid-in capital ratio: Mainly due to the increase in net profit before tax and decrease in paid-in capital in 2020.
12. Increase in net profit margin: Mainly due to the significant increase in net profit after tax in 2020.

2020.

13. Increase in EPS: Mainly due to the increased net profit after tax in 2020.

14. Increase in the cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio:
Mainly due to the increase of net cash flows in business activities in 109.

Decrease in financial leverage: Mainly due to the decrease in operating profit and decrease in interest expenses in 2020

Note : The formula for calculating the financial ratio is as follows:

1. Financial structure

(1) Debt to total assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to real estate properties, plants and equipment
= (total equity + non-current liabilities) / net amount of real estate properties,
plants and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expense) / current
liabilities.

(3) Interest protection multiples = net income before tax and interest
expenses / current interest expenses.

3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable
arising from operation) turnover ratio = net sales / average receivables
(including accounts receivable and notes receivable arising from operation)
balances.

(2) Average collection period = 365 / receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from
operation) turnover ratio = cost of goods sold / average payables (including
accounts payable and notes payable arising from operation) balances.

(5) Average inventory turnover days = 365 / inventory turnover.

(6) Property, plant, and equipment turnover ratio = net sales / average net for
property, plant, and equipment.

(7) Total assets turnover = net sales / average total assets.

4. Profitability

(1) Return on assets = [net income + interest expense (1- tax rate)] /
average total assets.

(2) Return on equity = income after tax/net average equity.

(3) Net margin = net income / net sales.

(4) Earnings per share = (profit or loss attributable to owners of the parent
company - preferred stock dividends) / weighted average number of shares issued.

(Note 4)

5. Cash flow

(1) Cash flow ratio = new cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.

(3) Cash reinvestment ratio = (net cash flows from operating activities – cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating cost and expenses) / operating profit (Note 6).

(2) Financial leverage = operating profit / (operating profit – interest expenses).

III. Audit Committee's Review Report for the Financial Report for the Most Recent Year

Kuo Yang Construction Co., Ltd. Audit Committee's Review Report

The 2020 Financial Statements (Consolidated Financial Statements and Individual Financial Statements) prepared by the Company's Board of Directors were audited by PricewaterhouseCoopers, Taiwan which issued an Audit Report. The aforementioned Financial Statements were reviewed by the Audit Committee which found them to be compliant with regulations. The Committee therefore issued the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Respectfully submitted to

The shareholders' meeting of 2021

Audit Committee Convener: Li-Yen Yang

March 22, 2021

Kuo Yang Construction Co., Ltd. Audit Committee's Review Report

The 2020 Business Report and Earnings Distribution Statement were reviewed by the Audit Committee which found them to be compliant with regulations. The Committee therefore issued the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Respectfully submitted to

The shareholders' meeting of 2021

Audit Committee Convener: Li-Yen Yang

April 19, 2021

IV. Financial statements of the most recent year

Independent Auditor's Report

(2021) Cai-Shen-Bao-Zi No. 20004773

To Kuo Yang Construction Co., Ltd.:

Audit Opinions

The Consolidated Balance Sheet of Kuo Yang Construction Co., Ltd. and subsidiaries (hereinafter referred to as Kuo Yang Group) as of December 31, 2020 and 2019, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Cash Flow Statement, and Notes to the Consolidated Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2020 and 2019 have been audited by the CPA.

In our opinion, based on the results of the CPA's audit and the audit reports of other CPAs (refer to Other Supplementary Matters), the aforementioned Consolidated Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved by FSC in all material respects and are therefore sufficient in presenting the consolidated financial conditions of the Kuo Yang Group as of December 31, 2020 and 2019, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2020 and 2019.

Basis of Audit Opinions

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 responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Consolidated Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Group when fulfilling other obligations set forth in the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Kuo Yang Group's 2020 Consolidated Financial Statements as per the professional judgment of the CPA. 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 of the Consolidated Financial Statements of Kuo Yang Group for 2020 are as follows:

Appropriateness of the period in which income from the sales of houses and land is recognized

Description

Refer to Note 4 (29) in the Consolidated Financial Statements for accounting policies on operating revenue from construction. Refer to Note 6 (18) of the Consolidated Financial Report for description of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property inspection certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

Inventories valuation - land for construction

Description

Refer to Note 4 (13) of the Consolidated Financial Statements for accounting policies on construction land valuation. Refer to Note 5 of the Consolidated Financial Statements for accounting estimates and uncertainties of assumptions for inventory valuation. Refer to Note 6 (5) of the Consolidated Financial Statements for description of accounting items.

The inventory valuation of Kuo Yang Construction is measured based on the cost and net realizable value (NRV), whichever is lower. The houses and land held for sale and houses and land under construction are compared with the most recent transaction prices in the vicinity of the sites or the Company's recent sales contracts. As it is difficult to obtain comparable sales prices for construction land, the valuation of the net realizable value of construction land requires the judgment or estimate of the management. Therefore, we consider the valuation of the net realizable value of a construction site as one of the most important items in the audit.

Corresponding auditing procedures

- Understand and assess the internal operating procedures and accounting procedures for the valuation of land for construction by the Company's management.
- Obtain data for the assessment of the net realizable value, confirm the reasonableness of the data sources, assumptions, or methods employed, and test the content of the data to confirm the reasonableness of the construction land valuation.

Other matters - Reference to audits of other CPAs

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Group for 2020 and 2019. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Consolidated Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT\$564,559 thousand and NT\$202,017 thousand as of December 31, 2020 and 2019 accounted for 2.78% and 1.09% of the total assets, respectively. The comprehensive income recognized for 2020 and 2019 was NT\$34,168 thousand and NT\$(9,354) thousand, which accounted for 0.64% and (7.79%) of the total comprehensive income for the period, respectively.

Other matters - Individual Financial Statements

Kuo Yang Construction Co., Ltd. has prepared Individual Financial Statements for 2020, for which we have issued an audit report containing an unqualified opinion plus other matters for reference.

Responsibilities of the management and the governing bodies for the Consolidated Financial Statements

The responsibility of the management was to prepare the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Consolidated Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Group to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Group if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Group are responsible for overseeing the 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 misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Generally Accepted Auditing Standards of the ROC cannot guarantee detection of significant misrepresentations in the Consolidated Financial Statements. 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 financial statements.

When conducting the auditing work according to the Generally Accepted Auditing Standards of the ROC, we exercised our professional judgment and remained professionally skeptical. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Consolidated Financial Statements; Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Group.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the 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 Kuo Yang Group's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Consolidated Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Group to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Consolidated Financial Statements (including related notes) and if these statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Group to state our opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the consolidated audit. We remain solely responsible for the audit opinions of the Consolidated Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

From the matters communicated with those charged with governance, the CPA determines matters that were of most significance in the audit of the 2020 Consolidated Financial Statements of Kuo Yang Group for the current period 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.

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial Supervisory
Commission approval document number: Jin-Guan-Zheng-6 No.
0960042326

Financial Supervisory Commission Approval Document No.:
Jin-Guan-Zheng-Shen No. 1030027246

March 22, 2021

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: NT\$1,000

			December 31, 2020		December 31, 2019	
Assets		Notes	Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 5,724,939	28	\$ 1,504,926	8
1110	Current financial assets at fair value through profit or loss	6 (2)	32,275	-	36,939	-
1120	Current financial assets at fair value through other comprehensive income	6 (3)	378,534	2	91,414	1
1150	Notes receivable, net	6 (4)	52,548	-	61,748	-
1170	Accounts receivable, net	6 (4) and 7	249,514	1	37,800	-
1200	Other receivables	7	488,532	3	400,084	2
1220	Current income tax assets		584	-	329	-
130X	Inventories	6 (5) (6) and 8	9,918,081	49	14,025,233	76
1410	Prepayments		586,214	3	365,978	2
1476	Other financial assets - current	8	229,340	1	310,313	2
1479	Other current assets - other		76,676	-	70,671	-
11XX	Total current assets		17,737,237	87	16,905,435	91
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6 (3) and 7	1,024,216	5	359,330	2
1550	Investments recognized under the equity method	6 (7) and 7	565,612	3	202,949	1
1600	Property, plant and equipment	6 (8) and 8	86,325	-	72,178	-
1755	Right-of-use assets	6 (9) and 8	358,860	2	466,773	3
1760	Investment properties, net	6 (10) and 8	255,414	1	256,801	1
1840	Deferred income tax assets		-	-	5,784	-
1920	Refundable deposits	7	104,287	1	122,867	1
1975	Net defined benefit assets - non-current	6 (13)	-	-	6,276	-
1980	Other financial assets - non-current	8	59,435	-	59,431	-
1990	Other non-current assets - other		117,700	1	113,968	1
15XX	Total non-current assets		2,571,849	13	1,666,357	9
1XXX	Total assets		\$ 20,309,086	100	\$ 18,571,792	100

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: NT\$1,000

Liabilities and Equity			December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6 (11)	\$ 3,518,839	17	\$ 5,576,476	30
2110	Short-term notes and bills payable	6 (12)	1,883,373	9	2,799,635	15
2130	Contract liabilities - current	6 (18) and 7	1,012,044	5	1,036,014	6
2150	Notes payable		107,188	1	64,911	-
2170	Accounts payable		829,033	4	653,554	4
2219	Other payables - other	6 (14) and 7	3,456,579	17	79,198	-
2230	Current income tax liabilities		33,005	-	5,075	-
2280	Lease liabilities - current		21,991	-	22,014	-
2399	Other current liabilities - other		89,102	1	29,566	-
21XX	Total current liabilities		10,951,154	54	10,266,443	55
Non-current liabilities						
2580	Lease liabilities - non-current		63,147	-	82,077	1
2645	Deposits received	7	2,996	-	4,643	-
2670	Other non-current liabilities - other		1,195	-	1,170	-
25XX	Total non-current liabilities		67,338	-	87,890	1
2XXX	Total liabilities		11,018,492	54	10,354,333	56
Equity						
Equity attributable to owners of parent company						
	Share capital	6 (14)				
3110	Capital stock - common		3,800,000	19	6,965,825	38
	Capital surplus	6 (15)				
3200	Capital surplus		627,683	3	627,683	3
	Retained earnings	6 (16)				
3310	Legal reserve		856,070	4	372,395	2
3350	Undistributed earnings		3,456,890	17	130,048	1
	Other equity	6 (17)				
3400	Other equity		516,025	3	95,510	-
31XX	Total equity attributable to owners of parent company		9,256,668	46	8,191,461	44
36XX	Non-controlling interest		33,926	-	25,998	-
3XXX	Total equity		9,290,594	46	8,217,459	44
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 20,309,086	100	\$ 18,571,792	100

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

(except earnings per share which is expressed in NT\$)

Item	Notes	2020		2019	
		Amount	%	Amount	%
4000 Operating revenue	6 (18) and 7	\$ 14,277,915	100	\$ 1,923,024	100
5000 Operating costs	6 (15) (23) (24)	(8,752,481)	(61)	(1,458,300)	(76)
5900 Operating profit		5,525,434	39	464,724	24
Operating expenses	6 (23) (24)				
6100 Promotion expenses		(204,193)	(2)	(117,671)	(6)
6200 Administrative expenses		(317,412)	(2)	(220,555)	(12)
6000 Total operating expenses		(521,605)	(4)	(338,226)	(18)
6900 Operating profit		5,003,829	35	126,498	6
Non-operating income and expenses					
7100 Interest income	6 (19)	55,593	-	14,302	1
7010 Other income	6 (20)	91,727	1	28,526	1
7020 Other profits and losses	6 (21)	44,829	-	330	-
7050 Finance costs	6 (22)	(70,441)	-	(96,704)	(5)
7060 Share of profit or loss of affiliates and joint ventures recognized under the equity method	6 (7)				
		34,053	-	(9,477)	-
7000 Total non-operating income and expenses		155,761	1	(63,023)	(3)
7900 Pre-tax profit		5,159,590	36	63,475	3
7950 Income tax expenses	6 (25)	(216,523)	(1)	(6,587)	-
8200 Net profit of the term		\$ 4,943,067	35	\$ 56,888	3
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plan		\$ 578	-	\$ -	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6 (17)	436,826	3	63,263	3
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		437,404	3	63,263	3
Components that may be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements	6 (17)	(136)	-	24	-
8370 Share of other comprehensive profit or loss of affiliates and joint ventures recognized under the equity method - components that may be reclassified to profit or loss	6 (17)	(14)	-	(29)	-
8360 Total components that may be reclassified to profit or loss		(150)	-	(5)	-
8300 Other comprehensive income (net)		\$ 437,254	3	\$ 63,258	3
8500 Total comprehensive income		\$ 5,380,321	38	\$ 120,146	6
Net profit (loss) attributable to:					
8610 Owners of the parent company		\$ 4,943,139	35	\$ 56,890	3
8620 Non-controlling interest		(\$ 72)	-	(\$ 2)	-
Total comprehensive income attributable to:					
8710 Owners of the parent company		\$ 5,380,393	38	\$ 120,148	6
8720 Non-controlling interest		(\$ 72)	-	(\$ 2)	-
EPS	6 (26)				
9750 Basic earnings per share		\$ 7.58		\$ 0.08	
9850 Diluted earnings per share		\$ 7.57		\$ 0.08	

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

		Equity attributable to owners of parent company								
		Retained earnings			Other equity					
Notes	Capital stock - common	Capital surplus	Legal reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity	
<u>2019</u>										
	\$ 6,965,825	\$ 627,683	\$ 372,395	\$ 421,449	\$ 22,271	\$ 9,981	\$ 8,419,604	\$ -	\$ 8,419,604	
	-	-	-	56,890	-	-	56,890	(2)	56,888	
Other comprehensive income for the period 6 (17)	-	-	-	-	(5)	63,263	63,258	-	63,258	
Total comprehensive income	-	-	-	56,890	(5)	63,263	120,148	(2)	120,146	
Earnings appropriation and distribution: 6 (16)										
Cash dividends	-	-	-	(348,291)	-	-	(348,291)	-	(348,291)	
Changes in non-controlling interests for the period	-	-	-	-	-	-	-	26,000	26,000	
Balance at December 31, 2019	\$ 6,965,825	\$ 627,683	\$ 372,395	\$ 130,048	\$ 22,266	\$ 73,244	\$ 8,191,461	\$ 25,998	\$ 8,217,459	
<u>2020</u>										
	\$ 6,965,825	\$ 627,683	\$ 372,395	\$ 130,048	\$ 22,266	\$ 73,244	\$ 8,191,461	\$ 25,998	\$ 8,217,459	
	-	-	-	4,943,139	-	-	4,943,139	(72)	4,943,067	
Other comprehensive income for the period 6 (17)	-	-	-	578	(150)	436,826	437,254	-	437,254	
Total comprehensive income	-	-	-	4,943,717	(150)	436,826	5,380,393	(72)	5,380,321	
Earnings appropriation and distribution: 6 (16)										
Allocation to legal reserve	-	-	483,675	(483,675)	-	-	-	-	-	
Cash dividends	-	-	-	(1,149,361)	-	-	(1,149,361)	-	(1,149,361)	
Changes in non-controlling interests for the period	-	-	-	-	-	-	-	8,000	8,000	
Cash refunded in capital reduction 6 (14)	(3,165,825)	-	-	-	-	-	(3,165,825)	-	(3,165,825)	
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss 6 (17)	-	-	-	16,161	-	(16,161)	-	-	-	
Balance at December 31, 2020	\$ 3,800,000	\$ 627,683	\$ 856,070	\$ 3,456,890	\$ 22,116	\$ 493,909	\$ 9,256,668	\$ 33,926	\$ 9,290,594	

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
<u>Cash Flows from Operating Activities</u>			
Net profit before tax of the current period		\$ 5,159,590	\$ 63,475
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6 (23)	34,013	31,311
Amortization cost	6 (23)	178	67
Interest expenses	6 (22)	70,441	96,704
Interest income	6 (19)	(55,593)	(14,302)
Share of profit (loss) of affiliates and joint ventures recognized under the equity method	6 (7)	(34,053)	9,477
Dividend income	6 (20)	(46,352)	(10,539)
Net gains on financial assets at fair value through profit or loss	6 (21)	(336)	(3,739)
Disposal of gains from investments recognized under the equity method		(52,460)	(5)
Gains on disposal of investments		(358)	(486)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		9,200	25,544
Accounts receivable, net		(211,714)	134,813
Other receivables		(83,448)	(64,531)
Inventories		4,277,390	(527,160)
Prepayments		(219,227)	(80,087)
Other current assets		(6,005)	(2,397)
Intangible assets		(177)	(402)
Net defined benefit assets		6,854	-
Other non-current assets		(3,733)	3,100
Changes in operating liabilities			
Contract liabilities		(23,970)	172,999
Notes payable		42,277	(22,442)
Accounts payable		175,479	84,974
Other payables		213,953	834
Other current liabilities		59,536	(9,716)
Cash inflow (outflow) generated from operations		9,311,485	(112,508)
Interest received		55,593	14,302
Interest paid		(159,617)	(225,033)
Income tax paid and refunded		161	7,048
Income tax paid		(182,847)	(2,390)
Dividends received		41,352	10,539
Net cash inflow (outflow) from operating activities		9,066,127	(308,042)

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

	<u>Notes</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash Flows from Investing Activities</u>			
Current financial assets at fair value through profit or loss		\$ 5,358	\$ 7,447
Acquisition of current financial assets at fair value through other comprehensive income		(851,638)	-
Disposal of current financial assets at fair value through other comprehensive income		528,140	-
Acquisition of non-current financial assets at fair value through other comprehensive income	7	(192,765)	(4,356)
Increase of other financial assets		80,969	(82,042)
Acquisition of payments for investments recognized under the equity method	7	(480,000)	-
Disposal of payments for investments recognized under the equity method	7	204,086	1,400
Acquisition of property, plant and equipment	6 (8)	(20,272)	(18,105)
Increase in refundable deposits		18,580	(36,062)
Other non-current liabilities - other increases		25	225
Net cash used in investing activities		(707,517)	(131,493)
<u>Cash Flows from Financing Activities</u>			
Decrease in short-term borrowings	6 (27)	(2,057,637)	(1,247,378)
Increase (decrease) in short-term bills payable	6 (27)	(916,262)	1,987,544
Cash dividends paid	6 (16)		
	(27)	(1,149,361)	(348,291)
Repayments of lease liabilities	6 (27)	(21,001)	(14,966)
(Decrease) increase in guarantee deposits received	6 (27)	(1,647)	2,761
Changes in non-controlling interests		8,000	26,000
Net cash inflow (outflow) from financing activities		(4,137,908)	405,670
Effect of exchange rate changes on cash and cash equivalents		(689)	2,759
Increase (decrease) in cash and cash equivalents for the current period		4,220,013	(31,106)
Cash and cash equivalents at beginning of period		1,504,926	1,536,032
Cash and cash equivalents at end of period		\$ 5,724,939	\$ 1,504,926

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
2020 and 2019

Unit: NT\$1,000
(Unless specified otherwise)

I. Company history

Kuo Yang Construction Co., Ltd. (hereinafter referred to as the "Company") was established in June 1972. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings. The Company has been listed on the Taiwan Stock Exchange since November 14, 1979.

II. Date and procedures of approval of the financial statements

The Consolidated Financial Report was released with the approval of the Board of Directors on March 22, 2021.

III. Application of new standards, amendments and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 and IAS 8, "Disclosure Initiative - definition of material"	January 1, 2020
Amendments to IFRS 3, "Definition of a business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IAS 7, "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"	June 1, 2020 (Note)

Note: The FSC approved advanced adoption starting from January 1, 2020.

2. The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

(II) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

1. New, revised, and amended standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16, "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

2. The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

(III) IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC

1. New, revised, and amended IFRSs and interpretations issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, "Conceptual Framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1, "Accounting Policy Disclosure"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16, "Property, Plant and Equipment — Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

2. The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

IV. Summary of significant accounting policies

The material accounting policies applied in the preparation of the Consolidated Financial Report are summarized as follows: Except as stated otherwise, such policies have been consistently applied to all the periods presented.

(I) Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs") endorsed by the FSC.

(II) Basis of preparation

1. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets minus present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The items involving a higher degree of judgment or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of financial statements
 - (1) All subsidiaries are included in the Group's consolidated financial statements. "Subsidiaries" are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (3) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this

results in the non-controlling interests having a deficit balance.

- (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.
- (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the affiliate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. The amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the Group directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Group loses control over this subsidiary, the profit and loss shall be transferred from equity and reclassified as profit or loss.

2. Subsidiaries included in the consolidated financial statements:

			<u>Ownership (%)</u>	<u>December</u>
<u>Name of investment company</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>December 31, 2020</u>	<u>31, 2019</u>
The Company	Shadwell Limited.	Investment in real estate property	100%	100%
The Company	Shang Yang International Asset Management Co., Ltd.	Residence and buildings lease construction and development	100%	100%
The Company	Shen Yang Construction Co., Ltd. (Shen Yang Construction)	Residence and buildings lease construction and development	100%	100%
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Horticulture services and afforestation	100%	100%
Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	Residence and buildings lease construction and development	80%	80%
Shang Yang International Asset Management Co., Ltd.	Century Rainbow Limited.	Professional investment	100%	100%
Century Rainbow Limited.	Celestial Talent Limited.	Professional investment	100%	100%
Century Rainbow Limited.	Charm Merit Limited.	Professional investment	100%	100%

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

4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Material limitation on the acquisition or use of assets and capacity for debt repayment: None.
6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e., the "functional currency"). The Consolidated Financial Report is presented in NTD which is the Company's functional currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses" based on the nature of the transactions.

2. Translation of foreign operations

- (1) The operating results and financial position of all the Group's entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average

exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

- (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(V) Classification of current and non-current items

The Group engages in commissioned construction of buildings or plants for sale and contracting for construction projects with business cycles which are generally more than 1 year. Assets and liabilities related to the construction business are classified as current or non-current based on the business cycle. The standards for the classification of current and non-current accounts are as follows:

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

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Assets that are expected to be realized within twelve months from the balance sheet date; or
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets not meeting the above criteria are classified by the Group as non-current assets.

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

- (1) Liabilities that are expected to be paid off within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Group as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using transaction date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. The Group recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

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

1. The Group may make irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive profit or loss are recognized and derecognized using transaction date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity instruments are recognized in other comprehensive income. The cumulative gain or loss previously recognized in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. The Group recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Group recognizes the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XII) Lease transaction as a lessor

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

(XIII) Inventories

1. Inventories include construction land, houses and land under construction, and houses and land to be sold which are initially recorded at cost. Construction profit and loss is recognized based on the completed-contract method. Construction land is listed as houses and land under construction when they are under active development. The related interest expenses are capitalized in the period from active development or commencement of construction till the completion of construction.
2. Inventories at the end of the period is measured based on the cost and net realizable value, whichever is lower. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable expenses.

(XIV) Investments/affiliates recognized under the equity method

1. Affiliates are all entities over which the Group has significant influence but not control. In general, it is presumed that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting rights of the investee. Investments in affiliates are accounted for through the equity method and are initially recognized at cost.
2. The Group's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
3. When changes in an affiliate's equity do not arise from profit or loss or other comprehensive income of the affiliate and such changes do not affect the Group's ownership percentage of the affiliate, the Group recognizes change in ownership interests in the affiliate in "capital surplus" in proportion to its ownership.

4. Unrealized gains on transactions between the Group and its affiliates are eliminated to the extent of the Group's interest in the affiliates. Unrealized losses are also eliminated unless evidence of an impairment of the asset transferred in the transaction is provided. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When the Group disposes its investment in an affiliate and loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the Group directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Group loses material influence over this affiliate, the profit and loss shall be transferred from equity and reclassified as profit or loss. If it retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XV) Joint operations

With regard to equity in joint operations, the Group recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Financial Report.

(XVI) Property, plant and equipment

1. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful life of real property is 50 years and the useful life of other assets is 3-5 years.

(XVII) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Group recognizes lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognized as expenses using the straight-line method during the lease term.
2. On the commencement date, the Group measures lease liabilities by the present value of

outstanding lease payments, using the Group's incremental borrowing rate. Lease payments include

- (1) Fixed payments less any lease incentives receivable; and
- (2) Variable lease payments determined by changes in an index or rate.

In subsequent periods, the Group measures lease liabilities at amortized cost using the effective interest method and recognizes interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Group will remeasure the lease liabilities. The remeasurement amount is then recognized as an adjustment to the right-of-use assets.

3. Lease liabilities are recognized at cost on the starting date of the lease. The cost includes:

- (1) the original measurement amount of the lease liabilities;
- (2) any lease payments made on or before the commencement date;
- (3) any original direct cost incurred; and
- (4) Estimated cost for the dismantling and removal of the asset and the restoration of its location, or the estimated cost for the restoration of conditions specified in the lease criteria and conditions.

The right-of-use assets are subsequently measured by adopting the cost model. The Group depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVIII) Investment properties

An investment property is measured initially at its cost and subsequently measured under the cost approach. The depreciation is recognized on a straight-line basis over a useful life of 20 to 60 years.

(XIX) Intangible assets

Intangible assets include computer software which is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(XX) Impairment of non-financial assets

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

(XXI) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXII) Accounts and notes payable

1. Accounts payable are the liabilities for purchases of raw materials, goods, or services, and

notes payable generated from operations and those not generated from operations.

2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, canceled, or expired.

(XXIV) Financial guarantee contracts

Financial guarantee contracts are contracts for which the Group must pay specific benefits to reimburse the holder of debt instruments for losses incurred when a specific debtor is unable to repay its debts upon maturity in accordance with the terms of the original or modified debt instrument. At initial recognition, the Group measures the financial guarantee contracts at fair value. The Group subsequently measures them based on the impairment provision for the expected credit losses and recognized cumulative earnings, whichever is higher.

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

2. Pension

(1) Defined contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is accrued from the present value of future benefits that employees have earned in return for their services in the current or prior periods. The Group recognized the present value of the defined benefit obligation deducting the fair value of plan assets at the balance sheet date. Net obligation of the defined benefit is calculated annually by independent actuaries using the projected unit credit method and is discounted by using the market yield on government bonds (at the balance sheet date) of the same currency in the same the period on the balance sheet date and calculations of defined benefit obligations.

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

C. Expenses associated with past service costs are recognized immediately in profit or loss.

3. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the Board of Directors' resolution.

(XXVI) Employee share-based payment

The date on which the Group notifies the employees of the shares retained for employee subscription in the cash capital increase, and the parties agree on the quantity and price of subscription shall be graded as the grant date.

(XXVII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted as of the balance sheet date in the countries where the Group operates and generates taxable income. The tax is levied on the unappropriated retained earnings and is recorded as income tax expense for the year after the shareholders' meeting passes the earnings distribution proposal in the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax is not accounted if it arises from initial recognition of an asset or liability in a transaction (excluding business mergers) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are

reassessed.

5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXIX) Revenue recognition

Land development and real property sales

1. The Group's main business activities are land development and real property sales. Revenue is recognized when the control of the real property is transferred to customers. For contracts for the sale of residential properties, the real property has no other use to the Group due to contract restrictions. However, the Group has an enforceable right to the contract payments only when the legal title or use of the real estate is transferred to the customer. Therefore, revenue is recognized when the legal title or use is transferred to the customer.
2. The Group has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. According to IFRS 15, if the Group determines that there are material financial compositions in the individual contracts for pre-sales houses, it is required to adjust the pledged consideration and recognize interest expenses. IFRS 15 also states that companies should consider the materiality of financial components only at the level of the contract and not at the level of the portfolio when determining whether a financial loan is material.

(XXX) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker, who is responsible for allocating resources to operating segments and evaluating their performance.

V. Significant accounting judgments, estimates and main uncertainty assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future

events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Refer to the explanation on significant accounting judgments, estimates, and uncertainty assumptions below. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

(I) Critical judgments in applying accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The management of the Group mainly uses past experience and estimates of future market sales value as the basis for estimation. Therefore, there may be significant changes.

The Group's inventory information as of December 31, 2020 is detailed in Note 6 (5).

VI. Details of significant accounts

(I) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and working capital	\$ 68,926	\$ 131,397
Demand deposits	5,655,119	1,372,506
Cheque deposits	79	165
Cash equivalents - time deposits	<u>815</u>	<u>858</u>
	<u>\$ 5,724,939</u>	<u>\$ 1,504,926</u>

1. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group's revenue from pre-sales placed in a trust account is limited in use and the limitations are recognized in "other financial assets - current". Please refer to Note 8.

(II) Current financial assets at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Mandatory measurement of financial assets at fair value through profit or loss		
Beneficiary certificates	\$ 32,000	\$ 37,000
Valuation adjustment	<u>275</u>	<u>(61)</u>
	<u>\$ 32,275</u>	<u>\$ 36,939</u>

1. The Group recognized net gain (loss) of \$694 and \$4,225 within financial assets at fair value through profit or loss for 2020 and 2019 based on the financial assets at fair value through profit or loss.
2. The Group has no financial assets at fair value through profit or loss pledged to others.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current items</u>		
Equity instruments		
Listed stocks	\$ 425,638	\$ 85,980
Valuation adjustment	(47,104)	5,434
	<u>\$ 378,534</u>	<u>\$ 91,414</u>
<u>Non-current items</u>		
Equity instruments		
Stocks no listed on the TWSE, TPEx, or emerging stocks	\$ 483,202	\$ 290,437
Valuation adjustment	541,014	68,893
	<u>\$ 1,024,216</u>	<u>\$ 359,330</u>

1. The Group opted to classify strategic investments and investments in equity instruments with stable dividend payments as financial assets at fair value through profit or loss. The fair value of such investments as of December 31, 2020 and 2019 were \$1,402,750 and \$450,744, respectively.
2. Based on the Group's financial plans, the Group sold shares of listed companies with a fair value of \$528,140 in 2020. The cumulative gains from disposal totaled \$16,161.
3. Amounts recognized in other comprehensive income in relation to the financial assets at fair value in income and other comprehensive income are listed below:

	<u>2020</u>	<u>2019</u>
<u>Equity instruments measured at fair value through</u>		
<u>other comprehensive income</u>		
Fair value (loss) gain recognized in other comprehensive income	<u>\$ 436,826</u>	<u>\$ 63,263</u>
Cumulative gains (losses) converted to retained earnings due to derecognition	<u>\$ 16,161</u>	<u>\$ -</u>

4. The Group has no financial assets at fair value through other comprehensive profit or loss pledged to others.

(IV) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 52,548	\$ 61,748
Accounts receivable	227,803	18,232
Accounts receivable due from related parties	21,711	19,568
Minus: Loss provisions	<u>-</u>	<u>-</u>
	<u>\$ 302,062</u>	<u>\$ 99,548</u>

1. The Group has no notes and accounts receivable pledged to others.
2. As of December 31, 2020, December 31, 2019 and January 1, 2019, the balance of the Group's accounts receivable (including notes receivable) were \$282,468, \$78,982, and \$237,813, respectively.
3. If the collaterals held or other credit enhancement tools are disregarded, the amount that best represents the Group's maximum exposure to credit risk for notes and accounts receivable as of December 31, 2020 and 2019, respectively, is the carrying amount of the notes and accounts receivable in each period.
4. Notes and accounts receivable are notes and accounts that are not past due or impaired.
5. Please refer to Note 12 (2) for relevant credit risk information.

(V) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Houses and land held for sale</u>		
Beautiful Tree Hall	\$ 910	\$ 910
Tien Chen	9,741	9,741
Kuo Yan Project	1,416,430	1,512,564
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	2,587,146	1,607,215
Zhongxiao Courtyard Project (Xizhi Jiancheng Section Project)	-	502,522
South Manor Project (Wenshan Gongxun Section Project)	156,625	-
Smile Era Project (Qianzhen District Shengxing Section Project)	953,492	1,212,936
	<u>5,124,344</u>	<u>4,845,888</u>
Minus: Allowance for valuation losses	(<u>730,727</u>)	(<u>-</u>)
	<u>4,393,617</u>	<u>4,845,888</u>
<u>Houses and land under construction</u>		
Grater Nangang Project	-	3,629,013
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	42,180	532,530
Good morning, Kuo Yang Project (Keelung Tiaohe Section Project)	1,601,961	1,200,505
South Manor Project (Wenshan Gongxun Section Project)	-	1,145,838
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	1,445,665	1,088,537
Neihu Jiuzong Project	1,074,684	-
	<u>4,164,490</u>	<u>7,596,423</u>
Minus: Allowance for valuation losses	(<u>1,267</u>)	(<u>1,267</u>)
	<u>4,163,223</u>	<u>7,595,156</u>
<u>Land for construction and others</u>		
Zhudong Project	251,872	251,872
Beitou Guangming Section	12,633	12,633
Minquan East Road Project	273,821	273,822
Jilin Urban Renewal Project	123,182	122,885
Jingmei Section	40,174	40,174
Ren'ai Urban Renewal Project	4,820	4,820
Guanghua Section	12,500	12,500
Kaohsiung Yunwen Section	108,170	108,170
Xindian Baoyuan Project	256,772	678
Other	84,424	198,237
	<u>1,168,368</u>	<u>1,025,791</u>
Minus: Allowance for valuation losses	(<u>161,203</u>)	(<u>169,241</u>)
	<u>1,007,165</u>	<u>856,550</u>
<u>Prepayments for houses and land and others</u>		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	354,076	720,228
South Manor Project (Wenshan Gongxun Section Project)	-	7,411
	<u>354,076</u>	<u>727,639</u>
	<u>\$ 9,918,081</u>	<u>\$ 14,025,233</u>

1. Grater Nangang Project

On April 9, 2020, the Group's Board of Directors passed a resolution to sell land on two sections on Yucheng Section, Nangang District, Taipei City with other landowners in a public auction. The bids in the auction were opened on May 7, 2020 and the winning bidder was Fubon Life Insurance Co., Ltd. The Group completed the transfer of ownership on June 4, 2020 and has collected all payments.

2. The Group recognized cost of inventories as expenses totaling \$8,752,481 and \$1,458,300 in 2020 and 2019, respectively. They included the cost of goods sold totaling \$722,689 and \$10,396 recognized after the cost was written down in the net realizable value.
3. In 2020 and 2019, the amount of inventory interest capitalization was \$86,664 and \$127,144, respectively. The interest capitalization rates ranged from 0.420% to 2.450% and 0.635% to 3.684%, respectively.
4. Please refer to Note 8 for detailed information on the Group's use of inventory as collateral.

(VI) Joint operations

1. The Group operates certain development projects through joint operations. With regard to equity in joint operations, the Group recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Consolidated Financial Report.
2. The information on the joint operations held by the Group is as follows:

<u>Project name</u>	<u>Percentage held</u>	<u>Landowner or joint builder</u>	<u>Description</u>
Grater Nangang Project	40%	Six companies including Ho Hsin Cheng Co., Ltd.	Nangang District, Taipei City
Kuo Yang The Green Place Project	65%	Five companies including Wei Li International Development Co., Ltd.	Annan District, Tainan City
Zhongxiao Courtyard Project	55%	Sin Wei Jie Construction Limited Liability Company, Han Lin Development Co., Ltd.	Xizhi District, New Taipei City
Good morning, Kuo Yang Project	55%	Chi Hsuan Development Co., Ltd., Tsang Shan Development Co., Ltd.	Zhongzheng District, Keelung City
South Manor Project	100%	Note	Wenshan District, Taipei City
Smile Era Project	70%	Southern Region Branch, National Property Administration, Ministry of Finance, Shen Yang Construction Co., Ltd., Han Lin Development Co., Ltd.	Qianzhen District, Kaohsiung City
Kuo Yang Silicon Valley Project	35%	Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., Heng Jui Development Co., Ltd.	Xizhi District, New Taipei City
Neihu Jiuzong Section Project	50%	Five companies including Wei Li International Development Co., Ltd.	Neihu District, Taipei City

Note: The Company and "Sin Wei Jie Construction" signed a joint investment and development agreement on December 13, 2013 for 59 plots of land including the short section numbered 210-2 located at the Gongxun Section of Wenshan District, Taipei City. The shares of

investment were 60% for the Company and 40% for "Sin Wei Jie Construction". The parties signed the "Joint Development Supplementary Agreement" on July 1, 2020 and Sin Wei Jie Construction withdrew from the project. The project returned the capital originally invested by Sin Wei Jie Construction. The Company's share of the investment was changed to 100%.

3. The information on the shares of joint operations held by the Group is compiled as follows:

	<u>December 31, 2020</u>			
<u>Balance Sheet</u>	<u>Grater Nangang Project</u>	<u>Smile Era Project</u>	<u>The Green Place Project</u>	<u>Other joint construction operations</u>
Current assets				
Inventories	\$ -	\$ 953,492	\$ 2,629,321	\$ 4,214,765
Other current assets	-	212,179	577,885	647,190
	-	1,165,671	3,207,206	4,861,955
Non-current assets	-	319,148	25,645	216,423
Total assets	<u>\$ -</u>	<u>\$ 1,484,819</u>	<u>\$ 3,232,851</u>	<u>\$ 5,078,378</u>
Current liabilities				
Short-term borrowings	\$ -	\$ 194,578	\$ 271,024	\$ 2,633,798
Short-term notes and bills payable	-	564,605	1,077,612	-
Contract liabilities	-	60,200	220,906	693,952
Other current liabilities	-	205,575	276,572	211,195
	-	1,024,958	1,846,114	3,538,945
Non-current liabilities	-	1,483	201	-
Total liabilities	<u>\$ -</u>	<u>\$ 1,026,441</u>	<u>\$ 1,846,315</u>	<u>\$ 3,538,945</u>
<u>Statement of Comprehensive Income</u>				
Revenue	<u>\$ 9,634,552</u>	<u>\$ 474,530</u>	<u>\$ 199,519</u>	<u>\$ 587,581</u>
Cost	<u>\$ 3,643,392</u>	<u>\$ 385,445</u>	<u>\$ 178,637</u>	<u>\$ 411,758</u>
Fees	<u>\$ 2,277</u>	<u>\$ 54,945</u>	<u>\$ 42,927</u>	<u>\$ 53,804</u>

	<u>December 31, 2019</u>			
<u>Balance Sheet</u>	<u>Grater Nangang Project</u>	<u>Smile Era Project</u>	<u>The Green Place Project</u>	<u>Other joint construction operations</u>
Current assets				
Inventories	\$ 3,352,284	\$ 1,212,936	\$ 2,139,740	\$ 3,967,272
Other current assets	39,915	248,498	828,516	974,294
	3,392,199	1,461,434	2,968,256	4,941,566
Non-current assets	-	400,351	-	262,311
Total assets	<u>\$ 3,392,199</u>	<u>\$ 1,861,785</u>	<u>\$ 2,968,256</u>	<u>\$ 5,203,877</u>
Current liabilities				
Short-term borrowings	\$ 2,007,305	\$ 246,762	\$ 340,938	\$ 2,055,811
Short-term notes and bills payable	-	769,511	1,028,782	242,639

Contract liabilities	-	48,913	87,384	901,931
Other current liabilities	686,425	304,192	1,207,296	(493,782)
	<u>2,693,730</u>	<u>1,369,378</u>	<u>2,664,400</u>	<u>2,706,599</u>
Non-current liabilities	-	1,383	390	1,457
Total liabilities	<u>\$ 2,693,730</u>	<u>\$ 1,370,761</u>	<u>\$ 2,664,790</u>	<u>\$ 2,708,056</u>
<u>Statement of Comprehensive Income</u>				
Revenue	\$ -	\$ 528,240	\$ 91,141	\$ 1,082,960
Cost	\$ -	\$ 436,633	\$ 78,221	\$ 704,776
Fees	\$ 5,250	\$ 58,489	\$ 25,671	\$ 55,684

(VII) Investments recognized under the equity method

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Shareholding ratio</u>
Hanshin Shopping Plaza Co., Ltd.	\$ 520,343	\$ -	20%
Sweet Me Hot Spring Resort Co., Ltd.	12,933	13,647	20%
Good Fame Limited	1,053	932	40%
Chi Yang Construction Co., Ltd.	31,283	31,349	45%
Li Yang Agricultural Technology Co., Ltd.	-	157,021	42.38% (Note)
	<u>\$ 565,612</u>	<u>\$ 202,949</u>	

Note: The Group sold all 42.38% of the shares in Li Yang Agricultural Technology Co., Ltd. it held to a related party on August 11, 2020. Please refer to the description in Note 7 (2) 8 for details.

1. Please refer to Note 13 (2) basic information on the Group's affiliates.
2. The carrying amounts of the Group's individual insignificant affiliates as of December 31, 2020 and 2019 are shown in the table above, and the results of operations are as follows:

	<u>2020</u>	<u>2019</u>
Net (loss) gain from continuing operations for the period	\$ 34,053	(\$ 9,477)
Other comprehensive income (net income after tax)	(14)	(29)
Total comprehensive income for the period	<u>\$ 34,039</u>	<u>(\$ 9,506)</u>

3. The Group's aforementioned investment targets have no public quotations on the market. The share of profit/loss on equity-accounted affiliated companies in 2020 and 2019 was evaluated and disclosed based on the audited financial statements of each investee company for the same periods.

(VIII) Property, plant and equipment

2020					
	<u>Land</u>	<u>Buildings and structures</u>	<u>Leasehold improvements</u>	<u>Other</u>	<u>Total</u>
January 1					
Cost	\$ 40,906	\$ 31,040	\$ 16,383	\$ 10,862	\$ 99,191
Accumulated depreciation and impairment	(4,699)	(12,088)	(1,064)	(9,162)	(27,013)
	<u>\$ 36,207</u>	<u>\$ 18,952</u>	<u>\$ 15,319</u>	<u>\$ 1,700</u>	<u>\$ 72,178</u>
January 1	\$ 36,207	\$ 18,952	\$ 15,319	\$ 1,700	\$ 72,178
Addition	-	-	19,949	323	20,272
Depreciation	-	(570)	(4,875)	(680)	(6,125)
December 31	<u>\$ 36,207</u>	<u>\$ 18,382</u>	<u>\$ 30,393</u>	<u>\$ 1,343</u>	<u>\$ 86,325</u>
December 31					
Cost	\$ 40,906	\$ 31,040	\$ 36,332	\$ 11,185	\$ 119,463
Accumulated depreciation and impairment	(4,699)	(12,658)	(5,939)	(9,842)	(33,138)
	<u>\$ 36,207</u>	<u>\$ 18,382</u>	<u>\$ 30,393</u>	<u>\$ 1,343</u>	<u>\$ 86,325</u>
2019					
	<u>Land</u>	<u>Buildings and structures</u>	<u>Leasehold improvements</u>	<u>Other</u>	<u>Total</u>
January 1					
Cost	\$ 40,906	\$ 31,040	\$ -	\$ 9,140	\$ 81,086
Accumulated depreciation and impairment	(4,699)	(11,518)	-	(8,683)	(24,900)
	<u>\$ 36,207</u>	<u>\$ 19,522</u>	<u>\$ -</u>	<u>\$ 457</u>	<u>\$ 56,186</u>
January 1	\$ 36,207	\$ 19,522	\$ -	\$ 457	\$ 56,186
Addition	-	-	16,383	1,722	18,105
Depreciation	-	(570)	(1,064)	(479)	(2,113)
December 31	<u>\$ 36,207</u>	<u>\$ 18,952</u>	<u>\$ 15,319</u>	<u>\$ 1,700</u>	<u>\$ 72,178</u>
December 31					
Cost	\$ 40,906	\$ 31,040	\$ 16,383	\$ 10,862	\$ 99,191
Accumulated depreciation and impairment	(4,699)	(12,088)	(1,064)	(9,162)	(27,013)
	<u>\$ 36,207</u>	<u>\$ 18,952</u>	<u>\$ 15,319</u>	<u>\$ 1,700</u>	<u>\$ 72,178</u>

Please refer to Note 8 for detailed information on the Group's use of property, plant and equipment as

collateral.

(IX) Lease transaction - lessee

1. The assets leased by the Group include land and buildings and the lease term is generally between 1 and 6 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
2. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>January 1, 2020</u>	<u>Addition</u>	<u>Depreciation</u>	<u>Disposal/outward transfer</u>	<u>December 31, 2020</u>
Real estate rental and leasing					
Cost	\$ 120,405	\$ 2,048	\$ -	\$ -	\$ 122,453
Accumulated depreciation	(21,272)	-	(21,213)	-	(42,485)
	<u>99,133</u>	<u>2,048</u>	<u>(21,213)</u>	<u>-</u>	<u>79,968</u>
Land use rights					
Cost	408,420	-	-	(83,460)	324,960
Amortization	(40,780)	-	(5,288)	-	(46,068)
	<u>367,640</u>	<u>-</u>	<u>(5,288)</u>	<u>(83,460)</u>	<u>278,892</u>
	<u>\$ 466,773</u>	<u>\$ 2,048</u>	<u>(\$ 26,501)</u>	<u>(\$ 83,460)</u>	<u>\$ 358,860</u>

	<u>January 1, 2019</u>	<u>Addition</u>	<u>Depreciation</u>	<u>Disposal/outward transfer</u>	<u>December 31, 2019</u>
Real estate rental and leasing					
Cost	\$ 121,089	\$ -	\$ -	(\$ 684)	\$ 120,405
Accumulated depreciation	-	-	(21,272)	-	(21,272)
	<u>121,089</u>	<u>-</u>	<u>(21,272)</u>	<u>(684)</u>	<u>99,133</u>
Land use rights					
Cost	504,549	-	-	(96,129)	408,420
Amortization	(34,240)	-	(6,540)	-	(40,780)
	<u>470,309</u>	<u>-</u>	<u>(6,540)</u>	<u>(96,129)</u>	<u>367,640</u>
	<u>\$ 591,398</u>	<u>\$ -</u>	<u>(\$ 27,812)</u>	<u>(\$ 96,813)</u>	<u>\$ 466,773</u>

3. Land use rights

- (1) The subsidiary "Shen Yang Construction Co., Ltd." signed the "Establishment of Superficies on National Non-public Use Land Contract" with the Southern Region Branch, National Property Administration, Ministry of Finance for the land with the plot numbers 1492 to 1496 on Shengxing Section, Qianzhen District, Kaohsiung City on April 28, 2014. The term of the superficies was set as 70 years (from April 28, 2014 to April 27, 2084) with a royalty for superficies totaling \$878,000. The Group commenced construction in 2015 (Smile Era Project)

and the project was completed in 2018. The Company has begun the transfer of ownership and usage rights and recognized the revenue for parts sold. The Company shall also recognize the aforementioned royalty as cost of sales based on the percentage of sales.

(2) Please refer to Note 8 for detailed information on the use of land use rights as collateral.

4. The information on the lease contract affecting profit or loss is as follows:

	=	<u>-2019</u>
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	\$ 1,959	\$ 1,763
Rent expense of short-term leases	9,796	10,788
Income from lease of right-of-use assets	1,126	1,276

5. The cash flows used in the lease payments of the Group in 2020 and 2019 amounted to \$32,756 and \$27,795, respectively.

(X) Investment properties

	<u>2020</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	(28,643)	(25,111)	(53,754)
	<u>\$ 226,988</u>	<u>\$ 29,813</u>	<u>\$ 256,801</u>
January 1	\$ 226,988	\$ 29,813	\$ 256,801
Depreciation	-	(1,387)	(1,387)
December 31	<u>\$ 226,988</u>	<u>\$ 28,426</u>	<u>\$ 255,414</u>
December 31			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	(28,643)	(26,498)	(55,141)
	<u>\$ 226,988</u>	<u>\$ 28,426</u>	<u>\$ 255,414</u>

2019

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	(28,643)	(23,724)	(52,367)
	<u>\$ 226,988</u>	<u>\$ 31,200</u>	<u>\$ 258,188</u>
January 1	\$ 226,988	\$ 31,200	\$ 258,188
Depreciation	-	(1,387)	(1,387)
December 31	<u>\$ 226,988</u>	<u>\$ 29,813</u>	<u>\$ 256,801</u>
December 31			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	(28,643)	(25,111)	(53,754)
	<u>\$ 226,988</u>	<u>\$ 29,813</u>	<u>\$ 256,801</u>

1. The Company's subsidiary Shang Yang International Asset Management Co., Ltd. purchased land and ancillary buildings on land with the plot number 3961 on Dongzhu Section, Fuli Township, Hualien County. The land is a site designated for forestry in a slopeland conservation area. The Company registered the aforementioned land and ancillary buildings under the name of Ms. Lin and signed a trust contract to ensure security.

2. Rent income and direct operating expenses from investment properties:

	<u>2020</u>	<u>2019</u>
Rent income from investment properties	<u>\$ 1,677</u>	<u>\$ 2,129</u>
Direct operating expenses incurred by investment properties that generate rent income in the current period	<u>(\$ 1,582)</u>	<u>(\$ 1,723)</u>
Direct operating expenses incurred by investment properties that did not generate rent income in the current period	<u>(\$ 245)</u>	<u>(\$ 245)</u>

3. The fair value of the investment properties held by the Group as of December 31, 2020 and 2019 was \$424,758 and \$392,627, respectively. They were determined based on the appraisal report prepared by external appraisal experts and comparisons with recent transaction prices of similar targets in the area of the investment properties. The fair value is determined based on property rights, regional factors, individual factors, current conditions of the real estate market, and the subject of the survey, and is evaluated based on the comparison approach and the income approach, which are level 3 fair values.

4. Please refer to Note 8 for detailed information on the Group's use of investment properties as collateral.

(XI) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	<u>\$ 3,518,839</u>	1.80%~2.45%	Please refer to Note 8

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	<u>\$ 5,576,476</u>	1.95%~2.881%	Please refer to Note 8

(XII) Short-term notes and bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial papers payable	<u>\$ 1,883,850</u>	<u>\$ 2,801,730</u>
Minus: Discounted short-term notes and bills payable	<u>(477)</u>	<u>(2,095)</u>
Net amount	<u>\$ 1,883,373</u>	<u>\$ 2,799,635</u>
Interest rate range (including service fees)	<u>0.2%~1.162%</u>	<u>0.49%~1.3%</u>

(XIII) Pension

1. The Company has a defined benefit pension plan in accordance with the "Labor Standards Act",

covering all regular employees' service years prior to the enforcement of the "Labor Pension Act" on July 1, 2005 and service years thereafter of employees who chose to continue the pension mechanism under the "Labor Standards Act" after the enforcement of the "Labor Pension Act". Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the "Fund"). Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Company is required to fund the deficit in one appropriation before the end of next March. The Company has settled accounts for the service years of employees under the old system, applied for the refund of the balance of the employee pension reserve fund, and closed the dedicated account on April 15, 2020.

(1) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 3,869)
Fair value of employee benefit plan assets	<u>10,145</u>
Net defined benefit assets	<u>\$ 6,276</u>

(2) Changes to net defined benefit assets are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of employee benefit plan assets</u>	<u>Net defined benefit assets</u>
2019			
Balance as at January 1	(\$ 11,578)	\$ 17,854	\$ 6,276
Service cost of the term	-	-	-
Interest fees (income)	(86)	137	51
Profit or loss from settlement	<u>9,170</u>	<u>(9,361)</u>	<u>(191)</u>
	<u>(2,494)</u>	<u>8,630</u>	<u>6,136</u>
Number of remeasurement:			
Return on plan assets (excluding amounts that are included in interest revenue or expenses)	-	643	643
Effect of mortality assumptions	(1)	-	(1)
Effect of financial assumptions	(71)	-	(71)
Adjustments based on history	<u>6</u>	<u>-</u>	<u>6</u>
	<u>(66)</u>	<u>643</u>	<u>577</u>
Contribution to retirement fund	-	872	872
Pension payment	-	-	-
Balance as at December 31	<u>(\$ 2,560)</u>	<u>\$ 10,145</u>	<u>\$ 7,585</u>

按一下或點選這裡以輸入文字。

(3) The assets of the Company's defined benefit pension plan are entrusted to the Bank of Taiwan in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) within the proportion and amount of the entrusted items set forth in the annual investment and utilization plan of the fund. The use of assets is supervised by the Labor Pension Fund Supervisory Committee. For the use of the fund, the minimum annual earnings to be distributed in the final accounts shall not be lower than the earnings calculated based on the interest rate of two-year time deposits in a local bank. Any shortfall shall be made up by the National Treasury with the approval of the competent authority. As the Company had no rights to participate in the operations and management of the Fund, the Company is unable to disclose the classification of the fair value of plan assets in accordance with Paragraph 142 of IAS 19. Please refer to the Labor Pension Fund Utilization Report published by the government for each year for the fair value of the total assets of the fund as of December 31, 2019.

(4) The actuarial assumptions related to pensions are summarized as follows:

	<u>2019</u>
Discount rate	<u>0.65%</u>
Future salary increase rate	<u>2.00%</u>

The assumptions for future mortality are based on statistics published by each country and past data.

The present value of defined benefit obligations affected by the adoption of key actuarial assumptions is analyzed as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2019				
Impact on the present value of defined benefit obligations	<u>(\$ 21)</u>	<u>\$ 21</u>	<u>\$ 21</u>	<u>(\$ 21)</u>

The aforementioned sensitivity analysis is an analysis of the effect of a change in a single assumption while other assumptions remain unchanged. In actual practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the methodology used for calculating the net pension liabilities on the balance sheet.

- Effective July 1, 2005, the Company and domestic subsidiaries have established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance for employees who opt for the pension system in the "Labor Pension Act". The contribution plan accrues dividends from an employee's individual account and is paid monthly or in lump sum upon retirement of an employee. The pension costs recognized by the Group in accordance with

the above pension plan were \$3,095 and \$3,111 in 2020 and 2019.

(XIV) Share capital

1. As at December 31, 2020 and 2019, the Company's authorized capital was \$7,000,000 and the paid-in capital was \$3,800,000 and \$6,965,825, respective. The par value per share was NT\$10. The payment for all issued shares of the Company has been collected. Reconciliation between the beginning and the ending of the Company's ordinary shares outstanding is as follows:

	<u>2020</u>	<u>2019</u>
January 1	696,582,479	696,582,479
Cash refunded in capital reduction	(316,582,479)	-
December 31	<u>380,000,000</u>	<u>696,582,479</u>

2. On August, 3, 2020, the Company's Board of Directors resolved to reduce capital and return cash of \$3,165,825 totaling 316,582 thousand shares. It was passed in the extraordinary shareholders meeting on September 18, 2020 and became effective after the approval of the Financial Supervisory Commission on October 27, 2020. The Company has completed the registration of changes. As of December 31, 2020, the capital reduction payments were listed under "other accounts payable".

(XV) Capital surplus

<u>Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Paid-in capital in excess of par value of common stock	\$ 596,116	\$ 596,116
Changes in subsidiary's equity	1,724	1,724
Gain on disposal of assets	3,323	3,323
Donations	17,652	17,652
Changes in net value of equity of affiliates and joint ventures recognized under the equity method	8,868	8,868
	<u>\$ 627,683</u>	<u>\$ 627,683</u>

According to the Company Act, capital surplus can only be used to offset losses. However, capital surplus arising from shares issued at premium (including the issuance of common shares at premium, capital stock premiums as a result of stock issuance due to a merger, and treasury stock transactions) and donations received may be used, in part or in whole, for the distribution of new shares or cash based on the shareholders' original shareholding ratio in accordance with a resolution of the shareholders' meeting when the Company does not have deficits. The Company may use capital surplus to offset losses only when the legal reserve cannot fully cover capital losses. The capital surplus recognized as long-term equity investments under the equity method cannot not be used for any purpose.

(XVI) Retained earnings

1. According to the earnings distribution policy in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the

Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.

2. The shareholders' meeting approved the amendment of the Articles of Incorporation in a resolution on June 10, 2020. According to the Company's earnings distribution policy in the Articles of Incorporation, the Company may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act. Before distributing earnings, the Company shall estimate and retain payable taxes, make up for losses, and allocate funds to legal reserve. However, the allocation of legal reserve does not apply when the Company's legal surplus reserve has reached its paid-in capital. Where the earnings are distributed in cash, they shall be processed in accordance with a resolution of the meeting of the Board of Directors and reported in the shareholders' meeting. Where the Company intends to distribute dividends by issuing new shares, it shall be processed in accordance with Article 240 of the Company Act based on a resolution of the shareholders' meeting.
3. The legal reserve may only be used for offsetting deficits and the distribution of new shares or cash based on the shareholders' original shareholding ratio. However, when new shares or cash dividends are distributed, the distribution shall be restricted to the legal reserve in excess of 25% of the paid-in capital.
4. When the Company distributes earnings, it shall first appropriate funds for the special reserve from the balance of other equities of borrowers as of the balance sheet date of the current year in accordance with laws and regulations. Once the balance of other equities of borrowers has been reversed, the reversed amount may be calculated as distributable earnings.
5. The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation and determined by the Company's financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.
6. The appropriations of 2019 and 2018 earnings were approved by the shareholders' meeting on June 10, 2020 and June 18, 2019, respectively. Details are summarized as follows:

	2019		2018	
	<u>Amount</u>	<u>Dividends per share (NT\$)</u>	<u>Amount</u>	<u>Dividends per share (NT\$)</u>
Legal reserve	\$ 5,689	\$ -	\$ -	\$ -
Cash dividends	104,487	0.15	348,291	0.50

7. The earnings distribution for the second quarter and third quarter of 2020 approved by the Board of Directors on August 3 and December 21, 2020 are summarized as follows:

	<u>2020 Q2</u>		<u>2020 Q3</u>	
	<u>Amount</u>	<u>Dividends per share (NT\$)</u>	<u>Amount</u>	<u>Dividends per share (NT\$)</u>
Legal reserve	\$ 454,824	\$ -	\$ 23,162	\$ -
Cash dividends	1,044,874	1.50	-	-

8. The 2020 earnings distribution proposal has not yet been approved by the Board of Directors as of March 22, 2021.

9. Please refer to Note 6 (22) for more information on employees' remuneration and Directors' remuneration.

(XVII) Other equity interests

	<u>2020</u>		<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>		<u>Total</u>
	<u>Exchange differences on translation of foreign financial statements</u>				
January 1	\$ 22,266		\$ 73,244	\$	95,510
Valuation adjustment	-		436,826		436,826
Valuation adjustment transferred to retained earnings	-	(	16,161)	(	16,161)
Currency translation differences	(150)		-	(	150)
December 31	<u>\$ 22,116</u>		<u>\$ 493,909</u>	<u>\$</u>	<u>516,025</u>

	<u>2019</u>		<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>		<u>Total</u>
	<u>Exchange differences on translation of foreign financial statements</u>				
January 1	\$ 22,271		\$ 9,981	\$	32,252
Valuation adjustment	-		63,263		63,263
Currency translation differences	(5)		-	(	5)
December 31	<u>\$ 22,266</u>		<u>\$ 73,244</u>	<u>\$</u>	<u>95,510</u>

(XVIII) Operating revenue

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	\$ 14,264,276	\$ 1,914,407
Other	<u>13,639</u>	<u>8,617</u>
	<u>\$ 14,277,915</u>	<u>\$ 1,923,024</u>

1. Detailed items of revenues from contracts with customers

The Group's revenue is derived from the transfer of product and services at certain points in time or gradual transfer as time progresses. Revenue by operation is further divided as follows:

<u>2020</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 14,223,860	\$ -	\$ 14,223,860
- Revenue transferred gradually as time progresses	<u>-</u>	<u>54,055</u>	<u>54,055</u>
	<u>\$ 14,223,860</u>	<u>\$ 54,055</u>	<u>\$ 14,277,915</u>

<u>2019</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 1,804,652	\$ -	\$ 1,804,652
- Revenue transferred gradually as time progresses	<u>-</u>	<u>118,372</u>	<u>118,372</u>
	<u>\$ 1,804,652</u>	<u>\$ 118,372</u>	<u>\$ 1,923,024</u>

2. The total amounts in the apportionment of the transactions and estimated year of revenue recognition for the Group's outstanding contract performance obligations for sales contracts signed as of December 31, 2020 are as follows:

<u>Estimated year of revenue recognition</u>	<u>Amount in signed contracts</u>
2021	<u>\$ 4,847,448</u>

3. Contract assets and contract liabilities

The Group recognizes the following contract liabilities from contract revenue from customers:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities - current:			
- Advance receipt of land payment	\$ 436,101	\$ 421,242	\$ 411,293
- Advance receipt of property payment	<u>575,943</u>	<u>614,772</u>	<u>451,722</u>
	<u>\$ 1,012,044</u>	<u>\$ 1,036,014</u>	<u>\$ 863,015</u>

(1) The Group has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. The Group recognizes contract liabilities related to the pre-sales house contracts in accordance with IFRS 15.

(2) Opening contract liabilities recognized as income in the current period

	<u>2020</u>	<u>2019</u>
Opening balance of contract liabilities recognized as income in the current period		
Construction project sales contract	<u>\$ 398,180</u>	<u>\$ 171,069</u>

(XIX) Interest income

	<u>2020</u>	<u>2019</u>
Interest from bank deposits	\$ 4,668	\$ 14,302
Other interest income	<u>50,925</u>	<u>-</u>
	<u>\$ 55,593</u>	<u>\$ 14,302</u>

(XX) Other income

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 46,352	\$ 10,539
Income from default penalty of buyers	-	14,805
Other	<u>45,375</u>	<u>3,182</u>
	<u>\$ 91,727</u>	<u>\$ 28,526</u>

(XXI) Other profits and losses

	<u>2020</u>	<u>2019</u>
Gains on disposal of investments	\$ 52,818	\$ 486
Net gains (losses) on financial assets at fair value through profit or loss	336	3,739
Other profits and losses	<u>(8,325)</u>	<u>(3,895)</u>
	<u>\$ 44,829</u>	<u>\$ 330</u>

(XXII) Finance costs

	<u>2020</u>	<u>2019</u>
Interest expenses:		
Bank borrowings	\$ 105,594	\$ 162,020
Interest on short-term notes and bills payable	46,727	58,887
Other	<u>4,784</u>	<u>2,941</u>
	157,105	223,848
Minus: Amount eligible for asset capitalization	(<u>86,664</u>)	(<u>127,144</u>)
Finance costs	<u>\$ 70,441</u>	<u>\$ 96,704</u>

(XXIII) Additional information on expenses

	<u>2020</u>	<u>2019</u>
Construction cost in this period	\$ 8,751,332	\$ 1,457,151
Employee benefit expenses	161,688	91,038
Depreciation	34,013	31,311
Amortization of intangible assets	178	67
Tax expenses	27,550	31,670
Professional service expenses	16,498	15,789
Advertising expenses	42,402	21,860
Commission expenses	109,886	66,966
Rent	10,371	11,207
Property management fees	23,972	10,374
Other expenses	<u>96,196</u>	<u>59,093</u>
Operating costs and expenses	<u>\$ 9,274,086</u>	<u>\$ 1,796,526</u>

(XXIV) Employee benefit expenses

	<u>2020</u>	<u>2019</u>
Salary expenses	\$ 129,747	\$ 75,439
Labor and health insurance fees	5,922	5,998
Pension expenses	5,895	3,891
Remuneration for Directors	4,607	3,580
Other personnel expenses	<u>15,517</u>	<u>2,130</u>
	<u>\$ 161,688</u>	<u>\$ 91,038</u>

1. According to the Articles of Incorporation in 2019, if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 2% to 5%

and under 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

2. The shareholders' meeting passed an amendment of the Articles of Incorporation in a resolution on June 10, 2020, which stated that if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 0.5% to 5% and under 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.
3. The Company's estimated amounts of employees' remuneration for 2020 and 2019 are \$26,059 and \$1,322, respectively. The estimated amounts of Directors' remuneration are \$26,059 and \$1,322, respectively. All amounts are recognized as salary expenses. The estimated amounts based on the profitability in 2020 are 0.5% and 0.5%, respectively. The estimated amounts and the method of distribution of employees' remuneration have not yet been approved by the Board of Directors.

Employees' remuneration and Directors' remuneration in the Board of Directors' resolution for 2019 were equal to the amount recognized in the financial statements for 2019. Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors is posted in the "Market Observation Post System".

(XXV) Income tax

1. Income tax expenses

	<u>2020</u>	<u>2019</u>
<u>Current income tax</u>		
Income tax arising in the current period	\$ 44,294	\$ 5,407
Land value increment tax included in current income tax	171,852	1,897
Adjustments in respect of prior years	(5,407)	-
Total current income tax	<u>210,739</u>	<u>7,304</u>
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	<u>5,784</u>	(717)
Income tax (benefits) expenses	<u>\$ 216,523</u>	<u>\$ 6,587</u>

2. Relationship between income tax expenses and accounting profits

	<u>2020</u>		<u>2019</u>	
Income tax from net profit before tax	\$	1,031,932	\$	12,696
calculated at the statutory tax rate				
Expenses to be excluded based on tax laws		-		808
Tax-exempt income based on tax laws	(	1,119,251)	(	2,724)
Temporary differences not recognized in deferred income tax assets		124,844	(	753)
Tax losses not recognized in deferred income tax assets		6,769		1,059
Tax losses in previous years not recognized in deferred income tax assets		5,784	(	5,679)
Origination and reversal of temporary differences	(	5,407)	(	717)
Land value increment tax included in income in the current period		171,852		1,897
Adjustments in respect of prior years		-		-
Income tax (benefits) expenses	\$	<u>216,523</u>	\$	<u>6,587</u>

3. The deferred income tax assets or liabilities from temporary differences are as follows:

<u>2020</u>		<u>Recognized in other comprehensive income</u>	
<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>income</u>	<u>December 31</u>
Unrealized expenses	\$ 5,784	(\$ 5,784)	\$ -
			\$ -
<u>2019</u>		<u>Recognized in other comprehensive income</u>	
<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>income</u>	<u>December 31</u>
Unrealized expenses	\$ 5,067	\$ 717	\$ -
			\$ 5,784

4. The effective periods of unused tax losses and related amounts of unrecognized deferred income tax assets are as follows:

December 31, 2019

<u>Year occurred</u>	<u>Reported amount/approved amount</u>	<u>Amount not yet deducted</u>	<u>Unrecognized deferred income tax assets</u>	<u>Final deductible year</u>
2017	\$ 17,334	\$ -	\$ -	-116

5. The Company's deductible temporary differences not recognized as deferred income tax assets as of December 31, 2020 and 2019 were both \$0.
6. The Company's profit-seeking enterprise income tax returns have been approved by the tax authorities up to 2018.

(XXVI) EPS

	<u>2020</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>EPS (NT\$)</u>
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	\$ 4,943,139	652,348	<u>\$ 7.58</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	1,054	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,943,139</u>	<u>653,402</u>	<u>\$ 7.57</u>
	<u>2019</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>EPS (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 56,890	696,582	<u>\$ 0.08</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	79	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 56,890</u>	<u>696,661</u>	<u>\$ 0.08</u>

(XXVII) Changes in liabilities from financing activities

2020

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Dividends payable	Total
January 1	\$ 5,576,476	\$ 2,799,635	\$ 104,091	\$ 4,643	\$ -	\$ 8,484,845
Changes in cash flows from financing activities	(2,057,637)	(916,262)	(21,001)	(1,647)	(1,149,361)	(4,145,908)
Other non-cash changes	-	-	2,048	-	1,149,361	1,151,409
December 31	<u>\$ 3,518,839</u>	<u>\$ 1,883,373</u>	<u>\$ 85,138</u>	<u>\$ 2,996</u>	<u>\$ -</u>	<u>\$ 5,490,346</u>

2019

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Dividends payable	Total
January 1	\$ 6,823,854	\$ 812,091	\$ 119,943	\$ 1,882	\$ -	\$ 7,757,770
Changes in cash flows from financing activities	(1,247,378)	1,987,544	(14,966)	2,761	(348,291)	379,670
Other non-cash changes	-	-	(886)	-	348,291	347,405
December 31	<u>\$ 5,576,476</u>	<u>\$ 2,799,635</u>	<u>\$ 104,091</u>	<u>\$ 4,643</u>	<u>\$ -</u>	<u>\$ 8,484,845</u>

VII. Related-party transactions

(I) Name and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Sweet Me Hot Spring Resort Co., Ltd. (Sweet Me)	Affiliate enterprise
Hanshin Asset Management Co., Ltd. (Hanshin Asset Management)	Other related party
Hanshin Department Store Co., Ltd. (Hanshin Department Store)	Other related party
Chi Hsuan Development Co., Ltd. (Chi Hsuan Development)	Other related party
Grand Hi-Lai Hotel Co., Ltd. (Grand Hi-Lai Hotel)	Other related party
Hi-Lai Foods Co., Ltd. (Hi-Lai Foods)	Other related party
Wei Li International Development Co., Ltd. (Wei Li)	Other related party
Han Lin Development Co., Ltd. (Han Lin Development)	Other related party
Hanshin Shopping Plaza Co., Ltd. (Hanshin Shopping Plaza)	Other related party
9 individuals including Shao-Ling Peng	Other related party

(II) Major transactions with related parties

1. Operating revenue

Sales

The Group's sales to related parties approved by the Board of Directors in resolutions in the first quarter of 2020 and the fourth quarter of 2019 amounted to \$10,140 and \$39,190, respectively. The Group completed the transfer of ownership on December 31, 2020 and recognized income from net sales totaling \$31,495.

Income from management services

	<u>2020</u>	<u>2019</u>
Other related party - Wei Li	<u>\$ 1,773</u>	<u>\$ 45,718</u>

Rental income

	<u>2020</u>	<u>2019</u>
Other related party	<u>\$ 2,933</u>	<u>\$ 2,574</u>

2. Promotion expenses

	<u>2020</u>	<u>2019</u>
Other related party	<u>\$ 1,239</u>	<u>\$ 1,370</u>

3. Administrative expenses

	<u>2020</u>	<u>2019</u>
Other related party - Hi-Lai Foods	\$ 5,439	\$ 5,850
Other related party - Hanshin Asset Management	6,846	5,135
Other related party - Hanshin Department Store	36	2,715
Other related party - Others	32	532
	<u>\$ 12,353</u>	<u>\$ 14,232</u>

4. Accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Wei Li	\$ 19,568	\$ 19,568
Other related party - Others	2,143	-
	<u>\$ 21,711</u>	<u>\$ 19,568</u>

5. Other receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Wei Li	<u>\$ 49,866</u>	<u>\$ 48,004</u>

The accounts receivable from related parties as of December 31, 2020 and 2019 consist mainly of the operating management income receivable recognized based on the letter of appointment for operating management signed by the Company for joint development and operation projects.

6. Other expenses payable

<u>December 31, 2020</u>	<u>December 31, 2019</u>
--------------------------	--------------------------

Other related party - Others	\$	319	\$	1,556
------------------------------	----	-----	----	-------

7. Acquisition of financial assets

The Group participated in the cash capital increase of related parties in 2020 and completed the registration of changes on July 15, 2020, August 19, 2020 and October 22, 2020, respectively. The information on the subscriptions of the Group is as follows:

<u>Account</u>	<u>Number of shares traded</u>	<u>Object of transaction</u>	<u>2020</u> <u>Acquisition price</u>
Non-current financial assets at fair value through other comprehensive income	6,851 thousand shares	Hanshin Department Store - stocks	\$ 102,765
	5,400 thousand shares	Grand Hi-Lai Hotel - stocks	81,000
			<u>\$ 183,765</u>
Investments recognized under the equity method	8,000 thousand shares	Hanshin Shopping Plaza - stocks	<u>\$ 480,000</u>

The Group has not acquired financial assets from related parties in 2019.

8. Disposal of financial assets

<u>Account</u>	<u>Trading Target</u>	<u>Number of shares traded</u>	<u>Object of transaction</u>	<u>2020</u> <u>Proceeds from disposal</u>	<u>Gain (loss) on disposal</u>
Investments recognized under the equity method	Wei Li	17,800 thousand shares	Li Yang Agricultural Technology - stocks	<u>\$ 204,086</u>	<u>\$ 52,460</u>

The Group has not disposed of financial assets to related parties in 2019.

9. Other credit and debt transactions

(1) Refundable deposits

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related party	<u>\$ 24,597</u>	<u>\$ 24,597</u>

(2) Deposits received

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related party	<u>\$ 450</u>	<u>\$ 450</u>

10. Endorsements and guarantees

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related party - Wei Li	\$ 5,048,675	\$ 4,133,535
- Chi Hsuan	558,000	558,000
- Hanshin Asset Management	<u>798,000</u>	<u>399,000</u>
	<u>\$ 6,404,675</u>	<u>\$ 5,090,535</u>

11. Other

- (1) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.
- (2) The Company signed a joint investment and development agreement with Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Heng Jui Development Co., Ltd. for 19 plots of land including plot 162 on Gongjian Section, Xizhi District, New Taipei City with a total area of 17,051 square meters on November 25, 2016. According to the agreement, the Company serves as the manager of the Project. The investment ratio is 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 15% for Li Yang Agricultural Technology Co., Ltd., and 15% for Heng Jui Development Co., Ltd. The parties later signed the "Joint Development Supplementary Agreement" on December 29, 2017 for changing the investment ratio and settlement distribution to 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 25% for Li Yang Agricultural Technology Co., Ltd., and 5% for Heng Jui Development Co., Ltd.
- (3) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".

(III) Key management compensation

The Group's remuneration for Directors and key management:

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	<u>\$ 14,267</u>	<u>\$ 14,845</u>

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends and submitted to the Board of Directors for resolution.

VIII. Pledged assets

The following assets of the Group have been provided as collateral for bank loans, performance bond, and warranty bond:

<u>Assets</u>	<u>Book value</u>		<u>Purpose of collateral</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Inventories	\$ 8,176,554	\$ 11,400,244	Short-term borrowings and commercial papers
Other financial assets - current (restricted deposits)	229,340	310,313	Trusts and reserve accounts
Property, plant and equipment	18,284	18,543	Commercial papers
Investment properties	42,750	43,318	Commercial papers
Other financial assets - non-current (time deposits)	59,435	59,431	Performance guarantee
Right-of-use assets	278,892	367,640	Short-term borrowings and commercial papers
	<u>\$ 8,805,255</u>	<u>\$ 12,199,489</u>	

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2020, the total construction contract price between the Group and non-related parties was \$5,603,515 and the amount that has yet not been included in the estimation was \$1,322,077.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

The Group plans to acquire 9 plots of land on Zhongyi Section, Tucheng District, New Taipei City based on a resolution of the Board of Directors on January 18, 2021. The project will be jointly developed with five companies with a total transaction amount of NT\$1.856 billion. The Company's investment ratio is 50%.

XII. Other

(I) Capital management

The Group implements capital management to ensure sustainable development of the companies of the Group maximize the benefit for its shareholders by optimizing debts and equity. The Group's capital structure consists of equity attributable to owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity interests). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts. The Group adjusts loan amounts based on the construction progress and the funding required for operations.

(II) Financial instruments

1. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Current financial assets at fair value through profit or loss	\$ 32,275	\$ 36,939
Current financial assets at fair value through other comprehensive income	378,534	91,414
Non-current financial assets at fair value through other comprehensive income	<u>1,024,216</u>	<u>359,330</u>
	<u>\$ 1,435,025</u>	<u>\$ 487,683</u>
Financial assets at amortized cost		
Cash and cash equivalents	5,724,939	1,504,926
Notes receivable, net	52,548	61,748
Accounts receivable, net	249,514	37,800
Other receivables	488,532	400,084
Other financial assets	229,340	310,313
Refundable deposits	104,287	122,867
Other financial assets - non-current	<u>59,435</u>	<u>59,431</u>
	<u>\$ 6,908,595</u>	<u>\$ 2,497,169</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 3,518,839	\$ 5,576,476
Short-term notes and bills payable	1,883,373	2,799,635
Notes payable	107,188	64,911
Accounts payable	829,033	653,554
Other payables - other	3,456,579	79,198
Deposits received	<u>2,996</u>	<u>4,643</u>
	<u>\$ 9,798,008</u>	<u>\$ 9,178,417</u>
Lease liabilities	<u>\$ 85,138</u>	<u>\$ 104,091</u>

2. Risk management policy

The objective of the Group's financial risk management is to manage the market risks, credit risks, and liquidity risks related to operating activities. The Group conducts the identification, valuation, and management of the aforementioned risks based on its policies and risk preferences.

The Group has set up appropriate policies, procedures, and internal control for the aforementioned financial risk management based on relevant standards. Significant financing activities must be reviewed by the Board of Directors in accordance with relevant standards and the internal control system. During implementations of financial management activities, the Group shall strictly abide by the regulations established for financial risk management.

3. Significant financial risks and degree of financial risks

(1) Market risks

Foreign exchange risks

The Group's main operating activities are in Taiwan and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

Price risks

- A. The Group's equity instruments exposed to price risks are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risks of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.
- B. The Group's main investments consist of equity instruments issued by domestic companies and open-ended funds. The prices of such equity instruments are affected by the uncertainty of the future value of underlying investments. If the price of such equity instruments rises or falls by 1% and all other factors remain constant, the net profit after tax as a result of the profit or loss in the equity tools measured at fair value in 2020 and 2019 will increase or decrease by \$323 and \$369, respectively. The gain or loss on equity investments classified as equity instruments in other comprehensive income measured at fair value through profit and loss will increase or decrease by \$3,785 and \$914, respectively.

Interest rate risk for cash flow and fair value

- A. The Group's interest rate risks mainly arise from short-term borrowings and short-term notes and bills payable. Borrowings at floating rates expose the Group to cash flow interest rate risks, which are partially offset by cash held at floating rates. Borrowings at fixed rates expose the Group to fair value interest rate risks. In 2020 and 2019, the Group's loans calculated based on floating interest rates were calculated in NTD.
- B. The Group simulates various plans and analyzes interest rate risks, including considering plans for refinancing or renewal of existing positions and other available financing plans to calculate the impact of specific changes interest rates on profit or loss.
- C. If all other factors remain constant, the maximum impact of a 1% change in interest rates on financial costs in 2020 and 2019 would result in an increase or decrease of \$54,022 and \$83,761, respectively.

(2) Credit risks

- A. The Group's credit risks refer to the risks of financial loss to the Group arising from default by the clients or counterparties of financial instruments. The risks are mainly derived from the counterparty's failure to settle the accounts receivable based on

payment collection terms.

- B. The Group establishes credit risk management from the perspective of the Group. The Group has set a minimum independent credit rating of "A" for banks and financial institutions before they can be accepted as transaction counterparties.
- C. The Group's main business activities are the lease and sales of residential buildings, industrial plants, and commercial buildings. Revenue from the sale of properties is recognized upon the full payment of the contract price, the completion of the transfer of ownership, and the actual delivery of the properties. Therefore, the amount of accounts receivable arising from the sale of properties is considered insignificant and the possibility of non-recovery is low. The Group manages receivables in special transactions on an individual basis and tracks such receivables on a regular basis. The amount of the Group's assessed credit impairment losses as of December 31, 2020 and 2019 was insignificant.
- D. As of December 31, 2020 and 2019, there were no debts with recourse that were written off.

(3) Liquidity risks

- A. Cash flow forecasting is performed by each Group entity and aggregated by the Group treasury. The Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
- B. The Group's non-derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are analyzed based on the fair value on the balance sheet date. The amount of undiscounted contract cash flows of notes payable and other payables is approximately equal to their carrying amounts and is due within one year. The amount of undiscounted contractual cash flows for other financial liabilities is described in the following table:

Non-derivative financial liabilities:

December 31, 2020	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings \$	2,654,893	\$ 28,260	\$ 797,659
Short-term notes and bills payable	1,833,850	-	-
Accounts payable	682,011	147,022	-
Lease liabilities	22,796	43,834	21,917

Non-derivative financial liabilities:

December 31, 2019	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings \$	3,992,749	\$ 1,727,286	\$ -
Short-term notes and bills payable	2,801,730	-	-
Accounts payable	372,218	281,336	-
Lease liabilities	22,520	43,195	43,834

C. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(III) Fair value information

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

Level 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date. An active market refers to a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on a continuous basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

2. Please refer to Note 6 (10) for information on the fair value of investment properties carried at cost.
3. The carrying amount of financial instruments not carried at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets - current, refundable deposits, long-term prepaid rent, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, and deposit received, are reasonable approximations of the fair value.
4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

- (1) The information on the Group's classification of assets by nature is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2020</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 32,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,275</u>
Current financial assets at fair value through other comprehensive income	<u>\$ 378,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,534</u>
Non-current financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,024,216</u>	<u>\$1,024,216</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2019</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 36,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,939</u>

Current financial assets at fair value through other comprehensive income	<u>\$ 91,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,414</u>
Non-current financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 359,330</u>	<u>\$ 359,330</u>

- (2) The methods and assumptions that the Group used to measure the fair value are as follows:
- A. The instruments for which the Group used market quoted prices as their fair values (i.e., Level 1) are divided by the characteristics of the instruments as follows:

	<u>Listed stocks</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net worth

- B. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

5. There was no transfer between Level 1 and Level 2 in the Group in 2020 and 2019.
6. The Level-3 movements for 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
January 1	\$ 359,330	\$ 311,317
Acquired in the current period	192,765	4,356
Valuation adjustment	<u>472,121</u>	<u>43,657</u>
December 31	<u>\$ 1,024,216</u>	<u>\$ 359,330</u>

7. An independent appraiser appointed by the Group is in charge of valuation procedures for fair value measurements being categorized within Level 3. The appraiser submits a valuation report for the Finance Department to perform the fair value verification of financial instruments to ensure that the source of data is independent, reliable, and represented as the exercisable price.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

December 31, 2020		<u>Valuation technique</u>	<u>Significant</u>	<u>Range</u>	<u>Relationship between</u>
<u>Fair value</u>	<u>unobservable input</u>		<u>(Weighted average)</u>	<u>inputs and fair value</u>	
Equity instruments:					
Non-listed stocks	\$ 983,188	Comparable public company analysis	Product of the number of shares multiplied by value	0.54~5.46	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	25.75%~30.00%	The higher the discount for lack of marketability, the lower the fair value
		Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	<u>41,028</u>				
	<u>\$ 1,024,216</u>				
December 31, 2019		<u>Valuation technique</u>	<u>Significant</u>	<u>Range</u>	<u>Relationship between</u>
<u>Fair value</u>	<u>unobservable input</u>		<u>(Weighted average)</u>	<u>inputs and fair value</u>	
Equity instruments:					
Non-listed stocks	\$ 326,079	Comparable public company analysis	Product of the number of shares multiplied by value	0.59~4.46	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	21.83%~23.80%	The higher the discount for lack of marketability, the lower the fair value
		Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	<u>33,251</u>				
	<u>\$ 359,330</u>				

XIII. Supplementary disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 3.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 4.
7. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 5.
9. Trading in derivatives: None.
10. The business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 6.

(II) Information on investees

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 7.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: Please refer to Table 8.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 8.

XIV. Segment information

(I) General information

The Group only engages in business operations in one industry and the Group uses the overall performance evaluation and resource distribution to provide chief operating decision-makers with information on resource distribution and department performance in the financial information of each individual company.

The Company: The Company's main businesses are the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings.

L1 companies: The main businesses are residential and buildings lease construction and development, public works construction and investment, and real estate rental and leasing.

L2 companies: The main businesses are residential and buildings lease construction and

development, public works construction and investment, and real estate rental and leasing.

Other companies: Summary of companies that have not reached the quantitative threshold.

(II) Segment information measurement

The Group's operation decision-makers use the net income after taxes to evaluate the performance of segments. It is also used as the basis for performance evaluation.

(III) Segment information

Reportable segment information provided to the chief operating decision maker is as follows:

<u>2020</u>						
	<u>The Company</u>	<u>L1 companies</u>	<u>L2 companies</u>	<u>Other companies</u>	<u>Reconciliation and offset</u>	<u>Total</u>
Revenue from external customers	\$ 13,789,342	\$ 13,973	\$ 475,176	\$ -	(\$ 576)	\$ 14,277,915
Revenue from inter-segment sales	-	-	-	-	-	-
Total revenue	<u>\$ 13,789,342</u>	<u>\$ 13,973</u>	<u>\$ 475,176</u>	<u>\$ -</u>	<u>(\$ 576)</u>	<u>\$ 14,277,915</u>
Segment income before tax	<u>\$ 5,159,661</u>	<u>(\$ 54,936)</u>	<u>(\$ 104,470)</u>	<u>(\$ 56)</u>	<u>\$ 159,391</u>	<u>\$ 5,159,590</u>
Depreciation and amortization	<u>(\$ 24,320)</u>	<u>(\$ 1,826)</u>	<u>(\$ 8,045)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 34,191)</u>
Income tax expenses	<u>(\$ 216,523)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 216,523)</u>
Income (losses) from equity investments under the equity method	<u>(\$ 107,719)</u>	<u>\$ 32</u>	<u>(\$ 5,394)</u>	<u>\$ -</u>	<u>\$ 147,134</u>	<u>\$ 34,053</u>
Segment assets	<u>\$ 19,224,864</u>	<u>\$ 665,904</u>	<u>\$ 2,613,600</u>	<u>\$ 2,289</u>	<u>(\$ 2,197,571)</u>	<u>\$ 20,309,086</u>
Segment liabilities	<u>\$ 9,968,197</u>	<u>\$ 1,638</u>	<u>\$ 1,153,595</u>	<u>\$ 28</u>	<u>(\$ 104,966)</u>	<u>\$ 11,018,492</u>
 <u>2019</u>						
	<u>The Company</u>	<u>L1 companies</u>	<u>L2 companies</u>	<u>Other companies</u>	<u>Reconciliation and offset</u>	<u>Total</u>
Revenue from external customers	\$ 1,393,666	\$ -	\$ 529,811	\$ -	(\$ 453)	\$ 1,923,024
Revenue from inter-segment sales	-	-	-	-	-	-
Total revenue	<u>\$ 1,393,666</u>	<u>\$ -</u>	<u>\$ 529,811</u>	<u>\$ -</u>	<u>(\$ 453)</u>	<u>\$ 1,923,024</u>
Segment income before tax	<u>\$ 63,478</u>	<u>\$ 1,732</u>	<u>(\$ 11,854)</u>	<u>(\$ 53)</u>	<u>\$ 10,172</u>	<u>\$ 63,475</u>
Depreciation and amortization	<u>(\$ 22,442)</u>	<u>(\$ 702)</u>	<u>(\$ 8,167)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 31,311)</u>
Income tax expenses	<u>(\$ 6,587)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 6,587)</u>
Income (losses) from equity investments under the equity method	<u>\$ 3,275</u>	<u>(\$ 161)</u>	<u>(\$ 8,724)</u>	<u>\$ -</u>	<u>(\$ 3,867)</u>	<u>(\$ 9,477)</u>
Segment assets	<u>\$ 17,274,726</u>	<u>\$ 734,090</u>	<u>\$ 2,237,934</u>	<u>\$ 2,466</u>	<u>(\$ 1,677,424)</u>	<u>\$ 18,571,792</u>
Segment liabilities	<u>\$ 9,083,265</u>	<u>\$ 7,432</u>	<u>\$ 1,379,172</u>	<u>\$ 30</u>	<u>(\$ 115,566)</u>	<u>\$ 10,354,333</u>

(IV) Reconciliation of segment income

The revenue from external parties, segment profit or loss, and total assets provided to the chief operating decision-maker are measured in a manner consistent with the revenue, net income after tax, and total assets in the financial statements. Therefore, no reconciliation is required.

(V) Information by region

The Group's information by region in 2020 and 2019 is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	<u>\$ 14,277,915</u>	<u>\$ 2,006,237</u>	<u>\$ 1,923,024</u>	<u>\$ 1,457,624</u>

Kuo Yang Construction Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
January 1 to December 31, 2020

Table 1

Unit: NT\$1,000
(Unless specified otherwise)

No. (Note 1)	Name of company providing endorsement or guarantee	Company name	Entity for which the endorsement/guarantee is made		Limit on endorsements/guarantees to a single enterprise		Maximum outstanding balance of endorsements/guarantees during the current period		Ending balance of endorsements/guarantees		Actual amount drawn down	Endorsed/Guarante ed amount with property as collateral	Cumulative endorsed/guarante ed amount as a percentage of the net value in the most recent financial statements		Maximum endorsed/guarante ed amount (Note 3)	Parent company to subsidiar y (Note 7)	Subsidiary to parent company (Note 7)	Endorsemen ts and guarantees for entities in Mainland China (Note 7)	Remarks
			Relationship (Note 2)		(Note 3)		(Note 4)		(Note 5)	(Note 6)									
0	Kuo Yang Wei Li Construction Co., Ltd.	Wei Li International Development Co., Ltd.	5	\$ 18,513,336	\$ 8,357,265		\$ 5,048,675		\$ 4,618,235	\$ -		54.54%	\$ 37,026,672		N	N	N		
0	"	Ho Hsin Cheng Co., Ltd.	5	18,513,336	625,928		-		-	-		0.00%	37,026,672		N	N	N		
0	"	Yu Sheng Development Co., Ltd.	5	18,513,336	459,867		-		-	-		0.00%	37,026,672		N	N	N		
0	"	Hong Hui Development Co., Ltd.	5	18,513,336	447,090		-		-	-		0.00%	37,026,672		N	N	N		
0	"	Chan Pang Construction Co., Ltd.	5	18,513,336	638,700		-		-	-		0.00%	37,026,672		N	N	N		
0	"	Ding Li Development Co., Ltd.	5	18,513,336	383,220		-		-	-		0.00%	37,026,672		N	N	N		
0	"	Sin Wei Jie Construction Limited Liability Company	5	18,513,336	698,400		-		-	-		0.00%	37,026,672		N	N	N		
0	"	Tsang Shan Development Co., Ltd.	5	18,513,336	511,500	279,000		236,250		-		3.01%	37,026,672		N	N	N		
0	"	Chi Hsuan Development Co., Ltd.	5	18,513,336	1,023,000	558,000		472,500		-		6.03%	37,026,672		N	N	N		
0	"	Shen Yang Construction Co., Ltd.	2	18,513,336	881,400	533,000		233,000		-		5.76%	37,026,672	Y	N	N			
0	"	Hanshin Asset Management Co., Ltd.	5	18,513,336	798,000	798,000		399,000		-		8.62%	37,026,672		N	N	N		
0	"	Li Yang	5	18,513,336	665,000	665,000		332,500		-		7.18%	37,026,672		N	N	N		

		Agricultural Technology Co., Ltd.												
0	"	Heng Jui Development Co., Ltd.	5	18,513,336	266,000	266,000	133,000	-	2.87%	37,026,672	N	N	N	
0	"	Ta Yuan Construction Co., Ltd.	5	18,513,336	320,000	320,000	203,940	-	3.46%	37,026,672	N	N	N	
0	"	Tsu Yan International Development Co., Ltd.	5	18,513,336	112,500	-	-	-	0.00%	37,026,672	N	N	N	
1	Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	2	2,852,158	2,415,000	2,415,000	130,300	-	169.35%	5,704,316	N	N	N	

Note 1: The explanation for filling out numbers is as follows: 1. The issuer shall fill out numbers of 02. Investees are numbered in order starting from "1".

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

1. Companies in a business relationship with the Company.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
3. Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
4. Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
5. Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The procedures in which the Company provides endorsements/guarantees for others, the maximum endorsements/guarantees for each entity, and the total limit of endorsements/guarantees shall be filled in. The individual entity receiving endorsements/guarantees and the calculation method for the total limit amount shall be specified in the "Remarks" column.

1. The total endorsements and guarantees provided by the Company shall not exceed the net value of the Company's most recent financial statements; the endorsements and guarantees provided for an individual enterprise may not exceed 20% of the net value of the Company's most recent financial statements.
2. Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, the restrictions in the preceding paragraph shall not apply and the endorsements and guarantees can still be provided. However, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.
3. Where Shen Yang Construction fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: Enter the actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 7: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with "Y".

Kuo Yang Construction Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)
December 31, 2020

Table 2

Unit: NT\$1,000
(Unless specified otherwise)

<u>Securities held by</u>	<u>Type and name of marketable securities</u>	<u>Relationship with securities</u>		<u>Number of shares</u>	<u>End of period</u>		<u>Fair value</u>	<u>Remarks</u>
		<u>issuer</u>	<u>General ledger account</u>		<u>Carrying amount</u>	<u>Shareholding ratio</u>		
Kuo Yang Construction Co., Ltd.	Franklin Templeton SinoAm Multi-Asset Income Balanced Fund	None	Current financial assets at fair value through profit or loss	1,000,000	\$ 10,130	-	\$ 10,130	
"	First Bank Fidelity Funds - Asian High Yield Fund	None	"	1,000,000	10,478	-	10,478	
Shang Yang International Asset Management Co., Ltd.	O-Bank No. 1 Real Estate Investment Trust	None	"	1,000,000	9,700	-	9,700	
"	Asus 3-Year Maturity Emerging Market Bond Fund	None	"	200,000	<u>1,967</u>	-	<u>1,967</u>	
					<u>\$ 32,275</u>		<u>\$ 32,275</u>	
Kuo Yang Construction Co., Ltd.	Unlisted stocks - Tai Ho Construction Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,400,000	\$ -	17.14%	\$ -	
Celestial Talent Limited	Cultivate Wealth Limited	None	"	20.1	-	0.11%	-	
					<u>\$ -</u>		<u>\$ -</u>	
Kuo Yang Construction Co., Ltd.	Listed stocks - Fu I Industrial Co., Ltd.	None	Current financial assets at fair value through other comprehensive income	1,755,429	\$ 66,970	1.84%	\$ 66,970	
"	Asia Cement Corporation	None	"	1,760,000	76,032	0.05%	76,032	
"	Taiwan Cement Corporation	None	"	2,900,048	125,282	0.05%	125,282	
"	Chuwa Wool Industry Co., (Taiwan) Ltd.	Note 4	"	2,500,000	71,250	2.72%	71,250	
"	Hi-Lai Foods Co., Ltd.	"	"	300,000	<u>39,000</u>	0.80%	<u>39,000</u>	
					<u>\$ 378,534</u>		<u>\$ 378,534</u>	
Kuo Yang Construction Co., Ltd.	Unlisted stocks - United Real Estate Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,494,794	\$ 19,851	4.43%	\$ 19,851	
"	Hanshin Department Store Co., Ltd.	Note 4	"	7,218,000	438,854	18.00%	438,854	
"	Hanshin Asset Management Co., Ltd.	"	"	4,946,472	132,368	2.29%	132,368	
"	Grand Hi-Lai Hotel Co., Ltd.	"	"	5,401,471	209,091	18.00%	209,091	
Shen Yang Construction Co., Ltd.	Unlisted stocks - Han Chi Technology Co., Ltd.	None	"	450,000	6,714	9.00%	6,714	
Shang Yang International Asset Management Co., Ltd.	Unlisted stocks - Kaohsiung Arena Development Corporation	Note 4	"	12,500,000	202,875	5.00%	202,875	
"	SE Security Corp.	None	"	900,000	<u>14,463</u>	15.96%	<u>14,463</u>	
					<u>\$1,024,216</u>		<u>\$1,024,216</u>	

Note 1: Leave the column blank if the issuer of marketable securities is non-related party.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 4: The securities issuer is an affiliate of the Group.

Kuo Yang Construction Co., Ltd. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
January 1 to December 31, 2020

Table 3

Unit: NT\$1,000
(Unless specified otherwise)

<u>Company that acquired real property</u>	<u>Name of property</u>	<u>Transaction date</u>	<u>Transaction amount</u>	<u>Payment status</u>	<u>Transaction counterparty</u>	<u>Relationship</u>	<u>Prior transaction of related counterparty</u>			<u>Reference for price determination</u>			<u>Purpose of acquisition and status of usage</u>	<u>Miscellaneous</u>
							<u>Owner</u>	<u>Relationship with issuer</u>	<u>Transfer date</u>	<u>Amount</u>	<u>Basis</u>	<u>Amount</u>		
Kuo Yang Construction Co., Ltd.	Inventories - Land under construction (land in Neihu Jiuzong Section)	2020/11/09 2020/12/30	\$1,520,458	\$ 1,050,595	10 individuals including A and Po Kai Development Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Zhe Yu Real Estate Appraisers Firm, appraisal report from Hung Pang Real Estate Appraisers Firm, and Chih Wei Real Estate Appraisers Firm		Land for construction	Not applicable
Shen Yang Construction Co., Ltd.	Inventories - Land awaiting construction (land in Fengshan District, Kaohsiung)	2020/12/16	566,190	\$ -	Land Administration Bureau, Kaohsiung City Government	None	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		Land for construction	Not applicable

Note 1: Where an appraisal is required for an acquired asset, specify the appraisal results in the "reference for price determination".

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 3: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd. and Subsidiaries
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

January 1 to December 31, 2020

Table 4

Unit: NT\$1,000

(Unless specified otherwise)

<u>Company that disposed of real property</u>	<u>Name of property</u>	<u>Transaction date</u>	<u>Acquisition date</u>	<u>Carrying amount</u>	<u>Transaction amount</u>	<u>Payment collection status</u>	<u>Gain (loss) on disposal</u>	<u>Transaction counterparty</u>	<u>Relationship</u>	<u>Purpose of disposal</u>	<u>Basis of reference for price determination</u>	<u>Miscellaneous</u>
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2020/6/24	Not applicable for pre-sale properties	Not applicable	\$ 325,529	\$55,340 already collected in accordance with contracts	Not applicable	A	None	Gains	\$321,939 in appraisal report from Hung Pang Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2020/5/7	1999/6/25	\$3,926,710	\$9,634,552	\$9,634,552 already collected in accordance with contracts	Gains on disposal \$5,557,850	Fubon Life Insurance Co., Ltd.	None	Gains	Appraisal report from Zhan-Mao Real Estate Appraisers Firm and Hung Pang Real Estate Appraisers Firm	Not applicable

Note 1: Where an appraisal is required for a disposed asset, specify the appraisal results in the "reference for price determination".

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 3: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

January 1 to December 31, 2020

Table 5

Unit: NT\$1,000

<u>Creditor</u>	<u>Transaction counterparty</u>	<u>Relationship</u>	<u>Balance of receivables from related parties</u>	<u>Turnover rate</u>	<u>Overdue receivables from related parties</u>		<u>Amount collected subsequent to the</u>		<u>Allowance for doubtful accounts</u>
					<u>Amount</u>	<u>Action taken</u>	<u>balance sheet date</u>		
Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	Parent company and subsidiary	\$ 104,529	-	\$ -	-	\$ -		\$ -

Kuo Yang Construction Co., Ltd. and Subsidiaries

The business relationship and significant transactions between the parent company and its subsidiaries

January 1 to December 31, 2020

Table 6

Unit: NT\$1,000

					<u>Transaction status</u>		Percentage of consolidated total operating revenues or total assets
No.				<u>Relationship</u>			
<u>(Note 1)</u>	<u>Company name</u>	<u>Counterparty</u>	<u>(Note 2)</u>	<u>General ledger account</u>	<u>Amount</u>	<u>Transaction terms</u>	
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Other receivables - related parties	\$ 104,529	Note 4	0.51%
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Rental/leasing revenue	203	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Shang Yang International Asset Management Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
1	Shang Yang International Asset Management Co., Ltd.	Shadwell Limited.	3	Interest payable	437	Note 4	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no major difference in transaction conditions between sales between parent company and subsidiaries and regular sales, other transaction conditions for other trades have no relevant examples to follow and the transaction conditions are determined in accordance with mutual agreements.

Kuo Yang Construction Co., Ltd. and Subsidiaries											
Names, locations and other information of investee companies (excluding the investees in Mainland China)											
January 1 to December 31, 2020											

Table 7

Unit: NT\$1,000

(Unless specified otherwise)											
Name of investment company	Investee	Location	Main business activities	Initial investment amount		Holding ratio at the end of			Investment income		Remarks
				End of the period	End of last year	Number of shares	the period	Carrying amount	Net profit (loss) of investee for the current period	(loss) recognized by the Company for the current period	
Kuo Yang Construction Co., Ltd.	Sweet Me Hot Spring Resort Co., Ltd.	Taiwan	General hotel industry and restaurant management	\$ 22,000	\$ 22,000	2,200,000	20%	\$ 12,933	(\$ 8,671)	(\$ 714)	Affiliate enterprise
"	Hanshin Shopping Plaza Co., Ltd.	Taiwan	Department store	\$ 480,000	\$ -	8,000,000	20%	\$ 520,343	\$ 854,905	\$ 40,343	Affiliate enterprise
"	Shadwell Limited	British Virgin Islands	Investment in real estate property	4,742	4,742	200,000	100%	2,309	(56)	(56)	Subsidiary (Note 4)
"	Shen Yang Construction Co., Ltd.	Taiwan	Real estate investment, development, and rental and leasing	1,600,000	900,000	160,000,000	100%	1,384,417	(104,399)	(92,130)	Subsidiary (Note 4)
"	Shang Yang International Asset Management Co., Ltd.	Taiwan	Residence and buildings lease construction and development	631,098	631,098	61,800,000	100%	664,003	(54,936)	(55,161)	Subsidiary (Note 4.6)
Shen Yang Construction Co., Ltd.	Li Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	-	177,954	-	-	-	(12,730)	(5,395)	(Note 5)
"	Che Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	2,500	2,500	250,000	100%	1,688	(216)	(216)	Sub-subsidiary (Note 4)
"	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	136,000	104,000	13,600,000	80%	135,704	(357)	(286)	Sub-subsidiary (Note 3.4)
Shang Yang International Asset Management Co., Ltd.	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	31,500	31,500	3,150,000	45%	31,283	(147)	(66)	Affiliate enterprise
"	Century Rainbow Limited	Seychelles	Investment company	106,145 (USD 3,727 thousand)	106,145 (USD 3,727 thousand)	2,718,138	100%	695	98	98	Sub-subsidiary (Note 1.4)
Century Rainbow Limited	Celestial Talent Limited	Seychelles	Investment company	77,665 (USD 2,727 thousand)	77,665 (USD 2,727 thousand)	1,988,828	100%	(94)	-	-	Sub-subsidiary (Note 1.4)
Century Rainbow Limited	Charm Merit Limited	Hong Kong	Investment company	28,480 (USD 1,000 thousand)	28,480 (USD 1,000 thousand)	1,000,000	100%	983	98	98	Sub-subsidiary (Note 1.4)
Charm Merit Limited	Good Fame Limited	Samoa	Investment company	28,480 (USD 1,000 thousand)	28,480 (USD 1,000 thousand)	1,000,000	40%	1,053	245	(115)	Affiliate enterprise (Note 1)

Note 1: Calculated based on the exchange rate of the foreign currency on December 31, 2020.

Note 2: The subsidiary Shen Yang organized a cash capital increase of \$700,000 in August 2020. The Group has subscribed to shares in accordance with the shareholding ratio and completed all subscription payments.

Note 3: A sub-subsidiary established by the Group in September 2019. The company organized a cash capital increase of \$40,000 in the first half of 2020. The Group has subscribed to shares in accordance with the shareholding ratio and completed all subscription payments.

Note 4: All the transactions were consolidated and written off in the preparation of the consolidated financial statements.

Note 5: The Group sold all its shares in the company in the third quarter of 2020. Please refer to the description in Note 7 (2) 8 for details.

Note 6: The Board of Directors of subsidiary Shang Yang passed the capital reduction of \$82,000 to make up for losses on November 9, 2020, and the Group has reduced its shares based on the capital reduction ratio.

Kuo Yang Construction Co., Ltd. and Subsidiaries

Information on investments in Mainland China - basic information

January 1 to December 31, 2020

Table 8

Unit: NT\$1,000

(Unless specified otherwise)												
<u>Investees in Mainland</u>	<u>Main business</u>	<u>Paid-in capital</u>	<u>Investment method</u>	<u>Opening balance of accumulated fund</u>	<u>Amount remitted from Taiwan to Mainland</u>		<u>Ending balance of accumulated fund</u>	<u>Net profit (loss) of investee for the current period</u>	<u>Ownership held directly or indirectly by the Company</u>	<u>Investment income (loss) recognized by the Company in the current period</u>	<u>Ending investment book value</u>	<u>Investment revenue transferred back to Taiwan as of the end of the period</u>
					<u>China/Amount remitted back to Taiwan for the current period</u>	<u>China/Amount remitted back to Taiwan for the current period</u>						
<u>China</u>	<u>activities</u>		<u>(Note 1)</u>	<u>transfer from Taiwan</u>	<u>China</u>	<u>Taiwan</u>	<u>transfer from Taiwan</u>			<u>(Note 2 (2). B)</u>		
Guopan Investment Consultancy Co., Ltd.	Business investment consulting and enterprise management consulting	\$ 85,440 (USD 3,000 thousand)	(2)	\$ 28,480 (USD 1,000 thousand)	\$ -	\$ -	\$ 28,480 (USD 1,000 thousand)	\$ 245	40%	\$ 98	\$ 1,126	\$ -

<u>Company name</u>	<u>Accumulated investment remitted from Taiwan to Mainland China at the end of the period</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>		<u>Upper limit on investment authorized by MOEAIC</u>	
		<u>Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>MOEAIC</u>		
The Company	\$ 105,604 (USD 3,708 thousand)	\$ 105,604	\$ 5,574,356		

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:

- (1) The Group remits its own funds directly to the investee companies located in Mainland China.
- (2) The Group invests in Mainland China through a company in a third region. The Group invests in Good Fame Limited which invests in Guopan Investment Consultancy Co., Ltd.
- (3) Other methods.

Note 2: Investment income (loss) recognized by the Company in the current period:

- (1) If the company is in preparation status and no investment loss and profit has occurred, it shall be noted.
- (2) The three types of recognition of income on investment are as follows shall be noted.
 - A. Certified financial report audited by CPA firms in the Republic of China which have partnership with international CPA firms.
 - B. Financial report audited by CPA firm of Taiwan's parent company.
 - C. Others - Evaluations and disclosures of financial reports not yet audited by the CPA.

Note 3: Related numbers in this table shall be expressed in NTD.

Note 4: The Company has applied for the cancellation of unimplemented investments totaling USD 2,292 thousand in its investee company in Mainland China, Xi'an Hanshin Department Store Co., Ltd., in which it directly holds 12.89% of shares (non-material influence) in this period and the application was approved. The investment amount approved by the Investment Commission of the Ministry of Economic Affairs as of the end of the period included the Company's investee company in Mainland China, Xi'an Hanshin Department Store Co., Ltd., in which it invested NT\$77,124 thousand (USD 2,708 thousand) and directly holds 12.89% of shares (non-material influence). The amount remitted at the end of the period was the same.

Kuo Yang Construction Co., Ltd. and Subsidiaries

Information on major shareholders

December 31, 2020

Table 9

	<u>Shareholder's name</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Shareholding ratio</u>
	Han Shen Investment Co., Ltd.	65,964,933		9.46%
	Chung Shen Development Co., Ltd.	50,793,780		7.29%
	Morta Enterprise Co., Ltd.	45,453,444		6.52%
	Cheng Chi Co., Ltd.	42,389,920		6.08%

V. Individual financial statements of the most recent year

Independent Auditor's Report

(2021) Cai-Shen-Bao-Zi No. 20004774

To Kuo Yang Construction Co., Ltd.:

Audit Opinions

The Individual Balance Sheet of Kuo Yang Construction Co., Ltd. as of December 31, 2020 and 2019 and the Individual Statement of Comprehensive Income, Individual Statement of Changes in Equity, Individual Cash Flow Statement, and Notes to the Individual Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2020 and 2019 have been audited by the CPA.

In our opinion, based on the results of the CPA's audit and the audit reports of other CPAs (refer to Other Supplementary Matters), the aforementioned Individual Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material respects and are therefore sufficient in presenting the individual financial conditions of Kuo Yang Construction Co., Ltd. as of December 31, 2020 and 2019, and the individual financial performance and individual cash flow from January 1 to December 31, 2020 and 2019.

Basis of Audit Opinions

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 responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Individual Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Construction when fulfilling other obligations set forth in the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Kuo Yang Construction's 2020 Individual Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Individual 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 of the Individual Financial Statements of Kuo Yang Construction for 2020 are as follows:

Appropriateness of the period in which income from the sales of houses and land is recognized

Description

Refer to Note 4 (26) in the Individual Financial Statements for accounting policies on operating revenue from construction, and refer to Note 6 (17) for the explanation of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property inspection certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

Inventories valuation - land for construction

Description

Refer to Note 4 (12) of the Individual Financial Statements for accounting policies on construction land valuation. Refer to Note 5 of the Individual Financial Report for accounting estimates and uncertainties of assumptions for inventory valuation. Refer to Note 6 (5) of the Individual Financial Report for description of accounting items.

The inventory valuation of Kuo Yang Construction is measured based on the cost and net realizable value (NRV), whichever is lower. The houses and land held for sale and houses and land under construction are compared with the most recent transaction prices in the vicinity of the sites or the Company's recent sales contracts. As it is difficult to obtain comparable sales prices for construction land, the valuation of the net realizable value of construction land requires the judgment or estimate of the management. Therefore, we consider the valuation of the net realizable value of a construction site as one of the most important items in the audit.

Corresponding auditing procedures

- Understand and assess the internal operating procedures and accounting procedures for the valuation of land for construction by the Company's management.
- Obtain data for the assessment of the net realizable value, confirm the reasonableness of the data sources, assumptions, or methods employed, and test the content of the data to confirm the reasonableness of the construction land valuation.

Other matters - Reference to audits of other CPAs

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Construction for 2020 and 2019. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Individual Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT\$564,559 thousand and NT\$202,017 thousand as of December 31, 2020 and 2019 accounted for 2.94% and 1.17% of the total assets, respectively. The comprehensive income recognized for 2020 and 2019 was NT\$34,168 thousand and NT\$(9,354) thousand, which accounted for 0.64% and (7.79%) of the total comprehensive income for the period, respectively.

Responsibilities of the management and the governing bodies for the Individual Financial Statements

The responsibility of the management was to prepare the individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of individual financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Individual Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Construction to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Construction if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Construction are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Generally Accepted Auditing Standards of the ROC cannot guarantee detection of significant misrepresentations in the Individual Financial Statements. 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 financial statements.

When conducting the auditing work according to the Generally Accepted Auditing Standards of the ROC, we exercised our professional judgment and remained professionally skeptical. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Individual Financial Statements. Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Construction.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the 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 Kuo Yang Construction's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Individual Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Construction to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Individual Financial Statements (including related notes) and if these statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Construction to state our opinion on the Individual Financial Statements. We are responsible for the direction, supervision and performance of the individual audit. We remain solely responsible for the audit opinions of the Individual Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

From the matters communicated with those charged with governance, the CPA determines matters that were of most significance in the audit of the 2020 Individual Financial Statements of Kuo Yang Construction for the current period 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.

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial
Supervisory Commission approval document number:
Jin-Guan-Zheng-6 No. 0960042326
Financial Supervisory Commission Approval Document
No.: Jin-Guan-Zheng-Shen No. 1030027246

March 22, 2021

Kuo Yang Construction Co., Ltd.
Individual Balance Sheet
December 31, 2020 and 2019

Unit: NT\$1,000

Assets		Notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 4,611,385	24	\$ 1,154,077	7
1110	Current financial assets at fair value through profit or loss	6 (2)	20,608	-	25,053	-
1120	Current financial assets at fair value through other comprehensive income	6 (3)	378,534	2	91,414	1
1150	Notes receivable, net	6 (4)	41,072	-	61,748	-
1170	Accounts receivable, net	6 (4)	224,982	1	15,808	-
1200	Other receivables		424,171	2	351,806	2
1210	Other receivables - related parties	7	154,395	1	164,192	1
1220	Current income tax assets	6 (23)	332	-	161	-
130X	Inventories	6 (5) (6) and 8	8,807,578	46	12,640,041	73
1410	Prepayments		516,132	3	274,837	2
1476	Other financial assets - current	8	187,750	1	301,343	2
1479	Other current assets - other		67,428	-	67,107	-
11XX	Total current assets		<u>15,434,367</u>	<u>80</u>	<u>15,147,587</u>	<u>88</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6 (3)	800,164	4	134,499	1
1550	Investments recognized under the equity method	6 (7)	2,584,005	14	1,520,571	9
1600	Property, plant and equipment	8	34,250	-	34,808	-
1755	Right-of-use assets	6 (8)	78,330	-	97,912	-
1760	Investment properties, net	6 (9) and 8	62,821	-	63,970	-
1840	Deferred income tax assets	6 (24)	-	-	5,784	-
1920	Refundable deposits		79,938	1	108,518	1
1975	Net defined benefit assets - non-current	6 (12)	-	-	6,276	-
1980	Other financial assets - non-current	8	48,334	-	48,334	-
1990	Other non-current assets - other		102,655	1	106,467	1
15XX	Total non-current assets		<u>3,790,497</u>	<u>20</u>	<u>2,127,139</u>	<u>12</u>
1XXX	Total assets		<u>\$ 19,224,864</u>	<u>100</u>	<u>\$ 17,274,726</u>	<u>100</u>
Liabilities and Equity						
Current liabilities						
2100	Short-term borrowings	6 (10)	\$ 3,193,962	17	\$ 5,329,714	31
2110	Short-term notes and bills payable	6 (11)	1,318,768	7	2,030,124	12
2130	Contract liabilities - current	6 (17)	952,160	5	987,302	6
2150	Notes payable		58,281	-	58,851	-
2170	Accounts payable		808,296	4	466,152	3
2219	Other payables - other	6 (13)	3,434,106	18	74,918	-
2230	Current income tax liabilities	6 (23)	33,004	-	5,076	-
2280	Lease liabilities - current		20,348	-	20,781	-
2399	Other current liabilities - other		83,316	1	23,841	-
21XX	Total current liabilities		<u>9,902,241</u>	<u>52</u>	<u>8,996,759</u>	<u>52</u>
Non-current liabilities						
2580	Lease liabilities - non-current		63,147	-	82,076	1
2645	Deposits received		1,613	-	3,260	-
2670	Other non-current liabilities - other		1,195	-	1,170	-
25XX	Total non-current liabilities		<u>65,955</u>	<u>-</u>	<u>86,506</u>	<u>1</u>
2XXX	Total liabilities		<u>9,968,196</u>	<u>52</u>	<u>9,083,265</u>	<u>53</u>
Equity						
3110	Share capital	6 (13)				
	Capital stock - common		3,800,000	20	6,965,825	40

(Continued)

Kuo Yang Construction Co., Ltd.
Individual Balance Sheet
December 31, 2020 and 2019

Unit: NT\$1,000

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
	Capital surplus	6 (14)				
3200	Capital surplus		\$ 627,683	3	\$ 627,683	4
	Retained earnings	6 (15)				
3310	Legal reserve		856,070	4	372,395	2
3350	Undistributed earnings		3,456,890	18	130,048	1
	Other equity	6 (16)				
3400	Other equity		516,025	3	95,510	-
3XXX	Total equity		<u>9,256,668</u>	<u>48</u>	<u>8,191,461</u>	<u>47</u>
	Commitment and contingencies	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 19,224,864</u>	<u>100</u>	<u>\$ 17,274,726</u>	<u>100</u>

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Individual Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000
(except earnings per share which is expressed in NT\$)

Item	Notes	2020		2019	
		Amount	%	Amount	%
4000 Operating revenue	6 (17)	\$ 13,789,342	100	\$ 1,393,666	100
5000 Operating costs	6 (22)				
	(23)	(8,155,708)	(59)	(1,035,706)	(74)
5900 Operating profit		5,633,634	41	357,960	26
Operating expenses	6 (22)				
	(23)				
6100 Promotion expenses		(149,249)	(1)	(74,348)	(6)
6200 Administrative expenses		(289,919)	(3)	(184,523)	(13)
6000 Total operating expenses		(439,168)	(4)	(258,871)	(19)
6900 Operating profit		5,194,466	37	99,089	7
Non-operating income and expenses					
7100 Interest income	6 (18)	54,577	-	15,460	1
7010 Other income	6 (19)	59,362	1	7,586	1
7020 Other profits and losses	6 (20)	743	-	741	-
7050 Finance costs	6 (21)	(41,767)	-	(62,674)	(4)
7070 Share of profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method	6 (7)				
		(107,719)	(1)	3,275	-
7000 Total non-operating income and expenses		(34,804)	-	(35,612)	(2)
7900 Pre-tax profit		5,159,662	37	63,477	5
7950 Income tax expenses	6 (24)	(216,523)	(1)	(6,587)	(1)
8200 Net profit of the term		<u>\$ 4,943,139</u>	<u>36</u>	<u>\$ 56,890</u>	<u>4</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plan	6 (12)	\$ 578	-	\$ -	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		445,523	3	17,810	2
8330 Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that will not be reclassified to profit or loss		(8,697)	-	45,453	3
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		437,404	3	63,263	5
Components that may be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements		(156)	-	24	-
8380 Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that may be reclassified to profit or loss		6	-	(29)	-
8360 Total components that may be reclassified to profit or loss		(150)	-	(5)	-
8500 Total comprehensive income		<u>\$ 5,380,393</u>	<u>39</u>	<u>\$ 120,148</u>	<u>9</u>
Basic earnings per share	6 (25)				
9750 Basic earnings per share		\$ 7.58		\$ 0.08	
Diluted earnings per share	6 (25)				
9850 Diluted earnings per share		\$ 7.57		\$ 0.08	

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Individual Statements of Changes in Equity
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

	Notes	Capital stock - common	Capital surplus	Retained earnings		Other equity		Total equity
				Legal reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2019</u>								
Balance as at January 1, 2019		\$ 6,965,825	\$ 627,683	\$ 372,395	\$ 421,449	\$ 22,271	\$ 9,981	\$ 8,419,604
Net profit of the term		-	-	-	56,890	-	-	56,890
Other comprehensive income for the period	6 (16)	-	-	-	-	(5)	63,263	63,258
Total comprehensive income		-	-	-	56,890	(5)	63,263	120,148
Earnings appropriation and distribution:	6 (15)							
Cash dividends		-	-	-	(348,291)	-	-	(348,291)
Balance at December 31, 2019		\$ 6,965,825	\$ 627,683	\$ 372,395	\$ 130,048	\$ 22,266	\$ 73,244	\$ 8,191,461
<u>2020</u>								
Balance as at January 1, 2020		\$ 6,965,825	\$ 627,683	\$ 372,395	\$ 130,048	\$ 22,266	\$ 73,244	\$ 8,191,461
Net profit of the term		-	-	-	4,943,139	-	-	4,943,139
Other comprehensive income for the period	6 (16)	-	-	-	578	(150)	436,826	437,254
Total comprehensive income		-	-	-	4,943,717	(150)	436,826	5,380,393
Earnings appropriation and distribution:	6 (15)							
Allocation to legal reserve		-	-	483,675	(483,675)	-	-	-
Cash dividends		-	-	-	(1,149,361)	-	-	(1,149,361)
Cash refunded in capital reduction	6 (13)	(3,165,825)	-	-	-	-	-	(3,165,825)
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (3)	-	-	-	16,161	-	(16,161)	-
Balance at December 31, 2020		\$ 3,800,000	\$ 627,683	\$ 856,070	\$ 3,456,890	\$ 22,116	\$ 493,909	\$ 9,256,668

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Individual Cash Flow Statement
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash Flows from Operating Activities			
Net profit before tax of the current period		\$ 5,159,662	\$ 63,477
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6 (22)	24,142	22,442
Amortization cost	6 (22)	178	67
Interest expenses	6 (21)	41,767	62,674
Interest income	6 (19)	(54,577)	(15,460)
Dividend income	6 (19)	(40,055)	(4,713)
Share of profit (loss) of affiliates and joint ventures recognized under the equity method	6 (7)	107,719	(3,275)
Net (gains) losses on financial assets at fair value through profit or loss	6 (20)	(555)	(2,288)
Gains on disposal of investments	6 (20)	(358)	(465)
Lease amendment benefits		-	(202)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		20,676	25,544
Accounts receivable, net	(	209,174)	115,376
Other receivables	(	72,205)	(57,507)
Other receivables - related parties		9,798	(8,729)
Inventories		3,917,914	(685,189)
Prepayments	(	241,295)	(280,425)
Other current assets		113,272	(78,157)
Intangible assets	(	177)	(402)
Net defined benefit assets		6,854	-
Other non-current assets		3,810	8,228
Changes in operating liabilities			
Contract liabilities	(	35,142)	178,786
Notes payable	(	570)	(28,149)
Other payables		195,787	6,426
Accounts payable		342,144	241,535
Other current liabilities		59,475	(9,604)
Cash inflow (outflow) generated from operations		9,349,090	(450,010)
Interest received		54,577	15,460
Interest paid	(	129,617)	(188,410)
Income tax collected		-	6,801
Dividends received		40,055	4,713
Income tax paid	(	183,141)	(2,229)
Net cash inflow (outflow) from operating activities		9,130,964	(613,675)
Cash Flows from Investing Activities			
Acquisition of current financial assets at fair value through profit or loss	(	10,000)	-
Disposal of current financial assets at fair value through profit or loss		15,358	5,465
Acquisition of current financial assets at fair value through other comprehensive income	(	851,638)	-
Disposal of current financial assets at fair value through other comprehensive income		528,140	-
Acquisition of non-current financial assets at fair value through other comprehensive income	7		
Acquisition of payments for investments recognized under the equity method - subsidiaries	7	(183,765)	(4,355)
Acquisition of payments for investments recognized under the equity method - affiliates	7	(700,000)	-
Acquisition of property, plant and equipment		(480,000)	-
Refundable deposits		(2,853)	(17,554)
		28,580	(36,062)
Net cash used in investing activities		(1,656,178)	(52,506)
Cash Flows from Financing Activities			
Short-term borrowings	6 (26)	(2,135,752)	(562,096)
Short-term notes and bills payable	6 (26)	(711,356)	1,218,033
Repayments of lease liabilities	6 (26)	(19,362)	(13,352)
Deposits received	6 (26)	(1,647)	1,378
Cash dividends paid	6 (15) (26)	(1,149,361)	(348,291)
Net cash inflow (outflow) from financing activities		(4,017,478)	295,672
Increase (decrease) in cash and cash equivalents for the current period		3,457,308	(370,509)
Cash and cash equivalents at beginning of period		1,154,077	1,524,586
Cash and cash equivalents at end of period		\$ 4,611,385	\$ 1,154,077

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Notes to Individual Financial Statements
2020 and 2019

Unit: NT\$1,000
(Unless specified otherwise)

I. Company history

Kuo Yang Construction Co., Ltd. (hereinafter referred to as the "Company") was established in June 1972. The Company is engaged in the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings. The Company has been listed on the Taiwan Stock Exchange since November 14, 1979.

II. Date and procedures of approval of the financial statements

The Individual Financial Report was released with the approval of the Board of Directors on March 22, 2021.

III. Application of new standards, amendments and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 and IAS 8, "Disclosure Initiative - definition of material"	January 1, 2020
Amendments to IFRS 3, "Definition of a business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IAS 7, "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"	June 1, 2020 (Note)

Note: The FSC approved advanced adoption starting from January 1, 2020.

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

(II) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

1. New, revised, and amended standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16, "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

(III) IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC

1. New, revised, and amended IFRSs and interpretations issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, "Conceptual Framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1, "Accounting Policy Disclosure"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16, "Property, Plant and Equipment — Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

IV. Summary of significant accounting policies

The material accounting policies applied in the preparation of the Individual Financial Report are summarized as follows: Except as stated otherwise, such policies have been consistently applied to all the periods presented.

(I) Statement of compliance

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

(II) Basis of preparation

1. Except for the following items, these individual financial statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets minus present value of defined benefit obligation.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the individual financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e., the "functional currency"). The Individual Financial Report is presented in NTD which is the Company's functional currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.

- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses" based on the nature of the transactions.

2. Translation of foreign operations

- (1) The operating results and financial position of the Company, subsidiaries, and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(IV) Classification of current and non-current items

The Company engages in commissioned construction of buildings or plants for sale with business cycles which are generally more than 1 year. Assets and liabilities related to the construction business are classified as current or non-current based on the business cycle. The standards for the classification of current and non-current accounts are as follows:

- 1. Assets that meet one of the following criteria are classified as current assets:
 - (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (2) Liabilities arising mainly from trading activities;
 - (3) Assets that are expected to be realized within twelve months from the balance sheet date; or

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

Assets not meeting the above criteria are classified by the Company as non-current assets.

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

- (1) Liabilities that are expected to be paid off within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Company as non-current assets.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using transaction date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. The Company recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

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

1. The Company may make irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive profit or loss are recognized and derecognized using transaction date

accounting.

3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value: The changes in fair value of equity instruments are recognized in other comprehensive income. The cumulative gain or loss previously recognized in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. The Company recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Company recognizes the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(X) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XI) Lease transaction as a lessor - rent receivable/operating leases

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

(XII) Inventories

1. Inventories include construction land, houses and land under construction, and houses and land to be sold which are initially recorded at cost. Construction profit and loss is recognized based on the completed-contract method. Construction land is listed as houses and land under construction when they are under active development. The related interest expenses are capitalized in the period from active development or

commencement of construction till the completion of construction.

2. Inventories at the end of the period is measured based on the cost and net realizable value, whichever is lower. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable expenses.

(XIII) Investments/subsidiaries and affiliates recognized under the equity method

1. "Subsidiaries" are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary, the Company shall continue to recognize losses based on the shareholding percentage.
4. Affiliates are all entities over which the Company has significant influence but not control. In general, it is presumed that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting rights of the investee. Investments in affiliates are accounted for through the equity method and are initially recognized at cost.
5. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
6. When changes in an affiliate's equity do not arise from profit or loss or other comprehensive income of the affiliate and such changes do not affect the Company's ownership percentage of the affiliate, the Company recognizes change in ownership interests in the affiliate in "capital surplus" in proportion to its ownership.
7. Unrealized gains on transactions between the Company and its affiliates are eliminated to the extent of the Company's interest in the affiliates. Unrealized losses are also

eliminated unless evidence of an impairment of the asset transferred in the transaction is provided. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

8. When the Company disposes its investment in an affiliate and loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the Company directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Company loses material influence over this affiliate, the profit and loss shall be transferred from equity and reclassified as profit or loss. If it retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
9. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current-period profit and loss and other consolidated profit or loss in the individual financial statements shall be the same as the current profit or loss in the individual financial statements and the amortized amount in the other consolidated profit or loss attributable to owners of parent company. The equity attributable to owners of the Company in the individual financial statements shall be equal to the equity attributable to owners of the parent company in the consolidated financial statements.

(XIV) Joint operations

With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Financial Report.

(XV) Property, plant and equipment

1. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated

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

4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting policies, changes in accounting estimates and errors", from the date of the change. The estimated useful life of real property is 50 years and the useful life of other assets is 3-5 years.

(XVI) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Company recognizes lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognized as expenses using the straight-line method during the lease term.
2. On the commencement date, the Company measures lease liabilities by the present value of outstanding lease payments, using the Company's incremental borrowing rate. Lease payments include
 - (1) Fixed payments less any lease incentives receivable; and
 - (2) Variable lease payments determined by changes in an index or rate.

In subsequent periods, the Company measures lease liabilities at amortized cost using the effective interest method and recognizes interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Company will remeasure the lease liabilities. The remeasurement amount is then recognized as an adjustment to the right-of-use assets.

Lease liabilities are recognized at cost on the starting date of the lease. The cost includes:

- (1) the original measurement amount of the lease liabilities;
- (2) any lease payments made on or before the commencement date;
- (3) any original direct cost incurred; and
- (4) Estimated cost for the dismantling and removal of the asset and the restoration of its location, or the estimated cost for the restoration of conditions specified in the lease criteria and conditions.

The right-of-use assets are subsequently measured by adopting the cost model. The Company depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVII) Investment properties

An investment property is measured initially at its cost and subsequently measured under

the cost approach. Except for land, the depreciation is recognized on a straight-line basis over a useful life of 30 to 60 years.

(XVIII) Intangible assets

Intangible assets include computer software which is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(XIX) Impairment of non-financial assets

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

(XX) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXI) Accounts and notes payable

1. Accounts payable are the liabilities for purchases of raw materials, goods, or services, and notes payable generated from operations and those not generated from operations.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) Financial guarantee contracts

Financial guarantee contracts are contracts for which the Company must pay specific benefits to reimburse the holder of debt instruments for losses incurred when a specific debtor is unable to repay its debts upon maturity in accordance with the terms of the original or modified debt instrument. At initial recognition, the Company measures the financial guarantee contracts at fair value. The Company subsequently measures them based on the impairment provision for the expected credit losses and recognized cumulative earnings, whichever is higher.

(XXIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

2. Pension

(1) Defined contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is accrued from the present value of future benefits that employees have earned in return for their services in the current or prior periods. The Company recognized the present value of the defined benefit obligation deducting the fair value of plan assets at the balance sheet date. Net obligation of the defined benefit is calculated annually by independent actuaries using the projected unit credit method and is discounted by using the market yield on government bonds (at the balance sheet date) of the same currency in the same the period on the balance sheet date and calculations of defined benefit obligations.

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

C. Expenses associated with past service costs are recognized immediately in profit or loss.

3. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the Board of Directors' resolution.

(XXIV) Income tax

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

2. The current income tax expense is calculated on the basis of the tax laws enacted as of the balance sheet date in the countries where the Company operates and generates taxable income. The income tax is levied on the unappropriated retained earnings and is recorded as income tax expense for the year after the shareholders' meeting passes the earnings distribution proposal in the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the individual balance sheet. The deferred income tax is not accounted if it arises from initial recognition of an asset or liability in a transaction (excluding business mergers) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXV) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXVI) Revenue recognition

Land development and real property sales

1. The Company operates land development and real property sales. Revenue is recognized when the control of the real property is transferred to customers. For contracts for the sale of residential properties, the real property has no other use to the Company due to contract restrictions. However, the Company has an enforceable right to the contract payments only when the legal title or use of the real estate is transferred to the customer. Therefore, revenue is recognized when the legal title or use is transferred to the customer.
2. The Company has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. According to IFRS 15, if the Company determines that there are material financial compositions in the individual contracts for pre-sales houses, it is required to adjust the pledged consideration and recognize interest expenses. IFRS 15 also states that companies should consider the materiality of financial components only at the level of the contract and not at the level of the portfolio when determining whether a financial loan is material.

V. Significant accounting judgments, estimates and main uncertainty assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Refer to the explanation on significant accounting judgments, estimates, and uncertainty assumptions below. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

(I) Critical judgments in applying accounting policies

None

(II) Critical accounting estimates and assumptions

. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The management of the Company mainly uses past experience and estimates of future market sales value as the basis for estimation. Therefore, there may be significant changes.

The Company's inventory information as of December 31, 2020 is detailed in Note 6 (5)

.

VI. Details of significant accounts

(I) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and working capital	\$ 66,581	\$ 5,038
Demand deposits	4,544,725	1,148,874
Cheque deposits	79	165
	<u>\$ 4,611,385</u>	<u>\$ 1,154,077</u>

1. The Company transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company's revenue from pre-sales placed in a trust account is limited in use and the limitations are recognized in "other financial assets". Please refer to Note 8.

(II) Current financial assets at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Mandatory measurement of financial assets at fair value through profit or loss		
Beneficiary certificates	\$ 20,000	\$ 25,000
Valuation adjustment	608	53
	<u>\$ 20,608</u>	<u>\$ 25,053</u>

1. The Company recognized net gain (loss) of \$913 and \$2,753 within financial assets at fair value through profit or loss for 2020 and 2019 based on the financial assets at fair value through profit or loss.
2. The Company has no financial assets at fair value through profit or loss pledged to others.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current items</u>		
Listed stocks	\$ 425,638	\$ 85,980
Valuation adjustment	(47,104)	5,434
	<u>\$ 378,534</u>	<u>\$ 91,414</u>
<u>Non-current items</u>		
Stocks no listed on the TWSE, TPEX, or emerging stocks	\$ 334,622	\$ 150,857
Valuation adjustment	465,542	(16,358)

\$	800,164	\$	134,499
----	---------	----	---------

1. The Company opted to classify strategic investments and investments in equity instruments with stable dividend payments as financial assets at fair value through profit or loss. The fair value of such investments as of December 31, 2020 and 2019 were \$1,178,698 and \$225,913, respectively.
2. Based on the Company's financial plans, the Company sold shares of listed companies with a fair value of \$528,140 in 2020. The cumulative gains from disposal totaled \$16,161.
3. Amounts recognized in other comprehensive income in relation to the financial assets at fair value in income and other comprehensive income are listed below:

	<u>2020</u>	<u>2019</u>
<u>Disposal of equity instruments in other</u>		
<u>comprehensive income measured at fair value</u>		
<u>through profit and loss</u>		
Changes in fair value recognized in other		
comprehensive income	<u>\$ 445,523</u>	<u>\$ 17,810</u>
Cumulative gains (losses) converted to		
retained earnings due to derecognition	<u>\$ 16,161</u>	<u>\$ -</u>

- The Company has no financial assets at fair value through other comprehensive profit or loss pledged to others.

(IV) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 41,072	\$ 61,748
Accounts receivable	224,982	15,808
Minus: Allowance for doubtful accounts	-	-
	<u>\$ 266,054</u>	<u>\$ 77,556</u>

- The Company has no notes and accounts receivable pledged to others.
- As of December 31, 2020, December 31, 2019 and January 1, 2019, the balance of the Company's accounts receivable (including notes receivable) were \$266,027, \$76,558, and \$217,394, respectively.
- If the collaterals held or other credit enhancement tools are disregarded, the amount that best represents the Company's maximum exposure to credit risk for notes and accounts receivable as of December 31, 2020 and 2019 is the carrying amount of the notes and accounts receivable in each period.
- The aforementioned notes and accounts receivable are notes and accounts that are not past due or impaired.
- Please refer to Note 12 (2) for relevant credit risk information.

(V) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Houses and land held for sale</u>		
Beautiful Tree Hall	\$ 910	\$ 910
Tien Chen	9,741	9,741
Kuo Yan Project	1,416,430	1,512,564
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	2,587,146	1,607,215
Zhongxiao Courtyard Project (Xizhi Jiancheng Section Project)	-	502,522
South Manor Project (Wenshan Gongxun Section Project)	156,625	-
	<u>4,170,852</u>	<u>3,632,952</u>
Minus: Allowance for valuation losses	<u>(573,205)</u>	<u>-</u>
	<u>3,597,647</u>	<u>3,632,952</u>
<u>Houses and land under construction</u>		
Grater Nangang Project	\$ -	\$ 3,629,013
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	42,180	532,530
Good morning, Kuo Yang Project (Keelung Tiaohe Section Project)	1,601,961	1,200,505

South Manor Project (Wenshan Gongxun Section Project)	-	1,145,838
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	1,445,665	1,088,537
Neihu Jiuzong Section	<u>1,074,684</u>	<u>-</u>
	4,164,490	7,596,423
Minus: Allowance for valuation losses	<u>(1,267)</u>	<u>(1,267)</u>
	<u>4,163,223</u>	<u>7,595,156</u>
<u>Land for construction and others</u>		
Zhudong Project	251,872	251,872
Beitou Guangming Section	12,633	12,633
Minquan East Road Project	273,821	273,822
Jilin Urban Renewal Project	123,182	122,885
Jingmei Section	40,174	40,174
Ren'ai Urban Renewal Project	4,820	4,820
Guanghua Section	12,500	12,500
Kaohsiung Yunwen Section	108,170	108,170
Other	<u>26,663</u>	<u>26,659</u>
	853,835	853,535
Minus: Allowance for valuation losses	<u>(161,203)</u>	<u>(169,241)</u>
	<u>692,632</u>	<u>684,294</u>
<u>Prepayments for houses and land and others</u>		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	354,076	720,228
South Manor Project (Wenshan Gongxun Section Project)	<u>-</u>	<u>7,411</u>
	<u>354,076</u>	<u>727,639</u>
	<u>\$ 8,807,578</u>	<u>\$ 12,640,041</u>

1. Grater Nangang Project

On April 9, 2020, the Company's Board of Directors passed a resolution to sell land on two sections on Yucheng Section, Nangang District, Taipei City with other landowners in a public auction. The bids in the auction were opened on May 7, 2020 and the winning bidder was Fubon Life Insurance Co., Ltd. The Company completed the transfer of ownership on June 4, 2020 and has collected all payments.

- The Company recognized cost of inventories as expenses totaling \$8,155,708 and \$1,035,706 in 2020 and 2019, respectively. They included the cost of goods sold totaling \$565,167 and \$10,396 recognized after the cost was written down in the net realizable value.
- In 2020 and 2019, the amount of inventory interest capitalization was \$85,451 and \$127,144, respectively. The interest capitalization rates ranged from 0.420% to 2.450% and 0.635% to 3.684%, respectively.
- Please refer to Note 8 for detailed information on the Company's use of inventory as collateral.

(VI) Joint operations

1. The Company operates certain development projects through joint operations. With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Individual Financial Report.
2. The information on the joint operations held by the Company is as follows:

<u>Project name</u>	<u>Percentage held</u>	<u>Landowner or joint builder</u>	<u>Description</u>
Grater Nangang Project	40%	Six companies including Ho Hsin Cheng Co., Ltd.	Nangang District, Taipei City
Kuo Yang The Green Place Project	65%	Five companies including Wei Li International Development Co., Ltd.	Annan District, Tainan City
Zhongxiao Courtyard Project	55%	Sin Wei Jie Construction Limited Liability Company, Han Lin Development Co., Ltd.	Xizhi District, New Taipei City
Good morning, Kuo Yang Project	55%	Chi Hsuan Construction Co., Ltd., Tsang Shan Development Co., Ltd.	Zhongzheng District, Keelung City
South Manor Project	100%	Note	Wenshan District, Taipei City
Kuo Yang Silicon Valley Project	35%	Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., Heng Jui Development Co., Ltd.	Xizhi District, New Taipei City
Neihu Jiuzong Section Project	50%	Five companies including Wei Li International Development Co., Ltd.	Neihu District, Taipei City

Note: The Company and "Sin Wei Jie Construction" signed a joint investment and development agreement on December 13, 2013 for 59 plots of land including the short section numbered 210-2 located at the Gongxun Section of Wenshan District, Taipei City. The shares of investment were 60% for the Company and 40% for "Sin Wei Jie Construction". The parties signed the "Joint Development Supplementary Agreement" on July 1, 2020 and Sin Wei Jie Construction withdrew from the project. The project returned the capital originally invested by Sin Wei Jie Construction. The Company's share of the investment was changed to 100%.

3. The information on the shares of joint operations held by the Company is compiled as follows:

	<u>December 31, 2020</u>		
<u>Balance Sheet</u>	<u>Grater Nangang Project</u>	<u>The Green Place Project</u>	<u>Other joint construction operations</u>
Current assets			
Inventories	\$ -	\$ 2,629,321	\$ 4,214,765
Other current assets	-	577,885	647,190
	-	3,207,206	4,861,955
Non-current assets	-	25,645	216,423
Total assets	<u>\$ -</u>	<u>\$ 3,232,851</u>	<u>\$ 5,078,378</u>
Current liabilities			
Short-term borrowings	\$ -	\$ 1,348,636	\$ 2,633,798
Contract liabilities	-	220,906	693,952
Other current liabilities	-	276,572	211,195
	-	1,846,114	3,538,945
Non-current liabilities	-	201	-
Total liabilities	<u>\$ -</u>	<u>\$ 1,846,315</u>	<u>\$ 3,538,945</u>
<u>Statement of Comprehensive Income</u>			
Revenue	<u>\$ 9,634,552</u>	<u>\$ 199,519</u>	<u>\$ 587,581</u>
Cost	<u>\$ 3,643,392</u>	<u>\$ 178,637</u>	<u>\$ 411,758</u>
Fees	<u>\$ 2,277</u>	<u>\$ 42,927</u>	<u>\$ 53,804</u>

	<u>December 31, 2019</u>		
<u>Balance Sheet</u>	<u>Grater Nangang Project</u>	<u>The Green Place Project</u>	<u>Other joint construction operations</u>
Current assets			
Inventories	\$ 3,352,284	\$ 2,139,740	\$ 3,967,272
Other current assets	39,915	828,516	974,294
	3,392,199	2,968,256	4,941,566
Non-current assets	-	-	262,311
Total assets	<u>\$ 3,392,199</u>	<u>\$ 2,968,256</u>	<u>\$ 5,203,877</u>
Current liabilities			
Short-term borrowings	\$ 2,007,305	\$ 340,938	\$ 2,055,811
Contract liabilities	-	87,384	901,931
Other current liabilities	686,425	1,207,296	777,639
	2,693,730	1,635,618	3,735,381
Non-current liabilities	-	390	1,457

Total liabilities	<u>\$ 2,693,730</u>	<u>\$ 1,636,008</u>	<u>\$ 3,736,838</u>
<u>Statement of Comprehensive Income</u>			
Revenue	<u>\$ -</u>	<u>\$ 91,141</u>	<u>\$ 1,082,960</u>
Cost	<u>\$ -</u>	<u>\$ 78,221</u>	<u>\$ 704,776</u>
Fees	<u>\$ 5,250</u>	<u>\$ 25,671</u>	<u>\$ 55,684</u>

(VII) Investments recognized under the equity method

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Shareholding ratio</u>
Subsidiaries:			
Shen Yang Construction Co., Ltd.	\$ 1,384,417	\$ 778,833	100%
Shang Yang International Asset Management Co., Ltd.	664,003	725,569	100%
SHADWELL LIMITED	2,309	2,522	100%
Affiliate enterprises:			
Hanshin Shopping Plaza Co., Ltd.	520,343	-	20%
Sweet Me Hot Spring Resort Co., Ltd.	12,933	13,647	20%
	<u>\$ 2,584,005</u>	<u>\$ 1,520,571</u>	

1. Refer to Note 4 (3) of the Consolidated Financial Statements for information on the Company's subsidiaries.
2. The carrying amounts of the Company's individual insignificant affiliates as of December 31, 2020 and 2019 are shown in the table above, and the results of operations are as follows:

	<u>2020</u>	<u>2019</u>
Net loss from continuing operations for the period	\$ 39,629	(\$ 716)
Other comprehensive income (net income after tax)	-	-
Total comprehensive income	<u>\$ 39,629</u>	<u>(\$ 716)</u>

3. The Company's aforementioned investment targets have no public quotations on the market. The share of profit/loss on equity-accounted investee companies in 2020 and 2019 was (\$107,719) and \$3,275, respectively. They were evaluated and disclosed based on the audited financial statements of each investee company for the same periods.

(VIII) Lease transaction - lessee

1. The assets leased by the Company include buildings and office equipment and the lease term is generally between 1 and 6 years. The lease contracts are negotiated individually and

contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.

2. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>January 1, 2020</u>	<u>Depreciation</u>	<u>Disposal/outward transfer</u>	<u>December 31, 2020</u>
Real estate rental and leasing				
Cost	\$ 117,557	\$ -	\$ -	\$ 117,557
Accumulated depreciation	(19,645)	(19,582)	-	(39,227)
	<u>\$ 97,912</u>	<u>(\$ 19,582)</u>	<u>\$ -</u>	<u>\$ 78,330</u>
	<u>January 1, 2019</u>	<u>Depreciation</u>	<u>Disposal/outward transfer</u>	<u>December 31, 2019</u>
Real estate rental and leasing				
Cost	\$ 118,241	\$ -	(\$ 684)	\$ 117,557
Accumulated depreciation	-	(19,645)	-	(19,645)
	<u>\$ 118,241</u>	<u>(\$ 19,645)</u>	<u>(\$ 684)</u>	<u>\$ 97,912</u>

3. The information on the lease contract affecting profit or loss is as follows:

	<u>2020</u>	<u>2019</u>
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	\$ 1,942	\$ 1,721
Rent expense of short-term leases	2,950	5,599
Income from lease of right-of-use assets	1,701	1,276

4. The cash flows used in the lease payments of the Company in 2020 and 2019 amounted to \$24,254 and \$20,874, respectively.

(IX) Investment properties

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1, 2020			
Cost	\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment	(28,643)	(22,968)	(51,611)
	<u>\$ 37,014</u>	<u>\$ 26,956</u>	<u>\$ 63,970</u>

2020

January 1	\$	37,014	\$	26,956	\$	63,970
Depreciation		<u>-</u>	(	<u>1,149</u>)	(	<u>1,149</u>)
December 31	\$	<u>37,014</u>	\$	<u>25,807</u>	\$	<u>62,821</u>

December 31, 2020

Cost	\$	65,657	\$	49,924	\$	115,581
Accumulated depreciation and impairment	(	<u>28,643</u>)	(	<u>24,117</u>)	(	<u>52,760</u>)
	\$	<u>37,014</u>	\$	<u>25,807</u>	\$	<u>62,821</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1, 2019			
Cost	\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment	(28,643)	(21,819)	(50,462)
	<u>\$ 37,014</u>	<u>\$ 28,105</u>	<u>\$ 65,119</u>

2019

January 1	\$	37,014	\$	28,105	\$	65,119
Depreciation		<u>-</u>	(	<u>1,149</u>)	(	<u>1,149</u>)
December 31	\$	<u>37,014</u>	\$	<u>26,956</u>	\$	<u>63,970</u>

December 31, 2019

Cost	\$	65,657	\$	49,924	\$	115,581
Accumulated depreciation and impairment	(	<u>28,643</u>)	(	<u>22,968</u>)	(	<u>51,611</u>)
	\$	<u>37,014</u>	\$	<u>26,956</u>	\$	<u>63,970</u>

2. Rent income and direct operating expenses from investment properties:

	<u>2020</u>	<u>2019</u>
Rent income from investment properties	\$ <u>1,677</u>	\$ <u>2,129</u>
Direct operating expenses incurred by investment properties that generate rent income in the current period	(\$ <u>1,582</u>)	(\$ <u>1,723</u>)

3. The fair value of the investment properties held by the Company as of December 31, 2020 and 2019 was \$116,918 and \$116,845, respectively. They were determined based on comparisons with recent transaction prices of similar targets in the area of the investment properties. The fair value is determined based on property rights, regional factors, individual factors, and current conditions of the real estate market.

4. Please refer to Note 8 for detailed information on the Company's use of investment properties as collateral.

(X) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	<u>\$ 3,193,962</u>	1.80%~2.25%	Please refer to Note 8

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	<u>\$ 5,329,714</u>	1.950%~2.881%	Please refer to Note 8

(XI) Short-term notes and bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial papers payable	\$ 1,319,160	\$ 2,032,010
Minus: Discounted short-term notes and bills payable	(392)	(1,886)
Net amount	<u>\$ 1,318,768</u>	<u>\$ 2,030,124</u>
Interest rate range	<u>0.23%~1.162%</u>	<u>0.5%~1.3%</u>

(XII) Pension

- The Company has a defined benefit pension plan in accordance with the "Labor Standards Act", covering all regular employees' service years prior to the enforcement of the "Labor Pension Act" on July 1, 2005 and service years thereafter of employees who chose to continue the pension mechanism under the "Labor Standards Act" after the enforcement of the "Labor Pension Act". Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the "Fund"). Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Company is required to fund the deficit in one appropriation before the end of next March. The Company has settled accounts for the service years of employees under the old system, applied for the refund of the balance of the employee pension reserve fund, and closed the dedicated account on April 15, 2020.

- (1) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 3,869)
Fair value of employee benefit plan assets	<u>10,145</u>
Net defined benefit assets	<u>\$ 6,276</u>

(2) Changes to net defined benefit assets are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of employee benefit plan assets</u>	<u>Net defined benefit assets</u>
2019			
Balance as at January 1	(\$ 11,578)	\$ 17,854	\$ 6,276
Interest fees (income)	(86)	137	51
Service cost of the previous term	<u>9,170</u>	<u>(9,361)</u>	<u>(191)</u>
	<u>(2,494)</u>	<u>8,630</u>	<u>6,136</u>
Number of remeasurement:			
Return on plan assets (excluding amounts that are included in interest revenue or expenses)	-	643	643
Effect of mortality assumptions	(1)	-	(1)
Effect of financial assumptions	(71)	-	(71)
Adjustments based on history	<u>6</u>	<u>-</u>	<u>6</u>
	<u>(66)</u>	<u>643</u>	<u>577</u>
Contribution to retirement fund	-	872	872
Pension payment	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at December 31	<u>(\$ 2,560)</u>	<u>\$ 10,145</u>	<u>\$ 7,585</u>

(3) The assets of the Company's defined benefit pension plan are entrusted to the Bank of Taiwan in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) within the proportion

and amount of the entrusted items set forth in the annual investment and utilization plan of the fund. The use of assets is supervised by the Labor Pension Fund Supervisory Committee. For the use of the fund, the minimum annual earnings to be distributed in the final accounts shall not be lower than the earnings calculated based on the interest rate of two-year time deposits in a local bank. Any shortfall shall be made up by the National Treasury with the approval of the competent authority. As the Company had no rights to participate in the operations and management of the Fund, the Company is unable to disclose the classification of the fair value of plan assets in accordance with Paragraph 142 of IAS 19. Please refer to the Labor Pension Fund Utilization Report published by the government for each year for the fair value of the total assets of the fund as of December 31, 2019.

(4) The actuarial assumptions related to pensions are summarized as follows:

	<u>2019</u>
Discount rate	<u>0.65%</u>
Future salary increase rate	<u>2.00%</u>

The assumptions for future mortality are based on statistics published by each country and past data.

The present value of defined benefit obligations affected by the adoption of key actuarial assumptions is analyzed as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>	<u>Increase by 0.25%</u> <u>Decrease by 0.25%</u>
December 31, 2019			
Impact on the present value of defined benefit obligations	(\$ 21)	\$ 21	\$ 21 (\$ 21)

The aforementioned sensitivity analysis is an analysis of the effect of a change in a single assumption while other assumptions remain unchanged. In actual practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the methodology used for calculating the net pension liabilities on the balance sheet.

- (5) The Company's expected contribution to the pension plan in 2021 is \$0.
2. Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on

6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance for employees who opt for the pension system in the "Labor Pension Act". The contribution plan accrues dividends from an employee's individual account and is paid monthly or in lump sum upon retirement of an employee. The pension costs recognized by the Company in accordance with the above pension plan were \$3,069 and \$3,032 in 2020 and 2019.

(XIII) Share capital

1. As at December 31, 2020 and 2019, the Company's authorized capital was \$7,000,000 and the paid-in capital was \$3,800,000 and \$6,965,825, respective. The par value per share is \$10. The payment for all issued shares of the Company has been collected. Reconciliation between the beginning and the ending of the Company's ordinary shares outstanding is as follows:

	<u>2020</u>	<u>2019</u>
January 1	696,582,479	696,582,479
Cash refunded in capital reduction	(<u>316,582,479</u>)	<u>-</u>
December 31	<u>380,000,000</u>	<u>696,582,479</u>

2. On August, 3, 2020, the Company's Board of Directors resolved to reduce capital and return cash of \$3,165,825 totaling 316,582 thousand shares. It was passed in the extraordinary shareholders meeting on September 18, 2020 and became effective after the approval of the Financial Supervisory Commission on October 27, 2020. The Company has completed the registration of changes. As of December 31, 2020, the capital reduction payments were listed under "other accounts payable".

(XIV) Capital surplus

<u>Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Paid-in capital in excess of par value of common stock	\$ 596,116	\$ 596,116
Changes in subsidiary's equity	1,724	1,724
Gain on disposal of assets	3,323	3,323
Donations	17,652	17,652
Changes in net value of equity of affiliates and joint ventures recognized under the equity method	<u>8,868</u>	<u>8,868</u>
	<u>\$ 627,683</u>	<u>\$ 627,683</u>

According to the Company Act, capital surplus can only be used to offset losses. However, capital surplus arising from shares issued at premium (including the issuance of common shares at premium, capital stock premiums as a result of stock issuance due to a merger, and treasury stock transactions) and donations received may be used, in part or in whole, for the distribution of new shares or cash based on the shareholders' original shareholding ratio in accordance with a resolution of the shareholders' meeting when the Company does not have deficits. The Company may use capital surplus to offset losses only when the legal reserve cannot fully cover capital losses. The capital surplus recognized as long-term equity

investments under the equity method cannot not be used for any purpose.

(XV) Retained earnings

1. According to the earnings distribution policy in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.
2. The shareholders' meeting approved the amendment of the Articles of Incorporation in a resolution on June 10, 2020. According to the Company's earnings distribution policy in the Articles of Incorporation, the Company may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act. Before distributing earnings, the Company shall estimate and retain payable taxes, make up for losses, and allocate funds to legal reserve. However, the allocation of legal reserve does not apply when the Company's legal surplus reserve has reached its paid-in capital. Where the earnings are distributed in cash, they shall be processed in accordance with a resolution of the meeting of the Board of Directors and reported in the shareholders' meeting. Where the Company intends to distribute dividends by issuing new shares, it shall be processed in accordance with Article 240 of the Company Act based on a resolution of the shareholders' meeting.
3. The legal reserve may only be used for offsetting deficits and the distribution of new shares or cash based on the shareholders' original shareholding ratio. However, when new shares or cash dividends are distributed, the distribution shall be restricted to the legal reserve in excess of 25% of the paid-in capital.
4. When the Company distributes earnings, it shall first appropriate funds for the special reserve from the balance of other equities of borrowers as of the balance sheet date of the current year in accordance with laws and regulations. Once the balance of other equities of borrowers has been reversed, the reversed amount may be calculated as distributable earnings.
5. The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation and determined by the Company's financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.
6. The appropriations of 2019 and 2018 earnings were approved by the shareholders' meeting on June 10, 2020 and June 18, 2019, respectively. Details are summarized as follows:

	<u>2019</u>	<u>Dividends per share</u>	<u>2018</u>	<u>Dividends per</u>
	<u>Amount</u>	<u>(NT\$)</u>	<u>Amount</u>	<u>share (NT\$)</u>
Legal reserve	\$ 5,689	\$ -	\$ -	\$ -
Cash dividends	104,487	0.15	348,291	0.50

7. The earnings distribution for the second quarter and third quarter of 2020 approved by the Board of Directors on August 3 and December 21, 2020 are summarized as follows:

	<u>2020 Q2</u>	<u>Dividends per share</u>	<u>2020 Q3</u>	<u>Dividends per</u>
	<u>Amount</u>	<u>(NT\$)</u>	<u>Amount</u>	<u>share (NT\$)</u>
Legal reserve	\$ 454,824	\$ -	\$ 23,162	\$ -
Cash dividends	1,044,874	1.50	-	-

8. The 2020 earnings distribution proposal has not yet been approved by the Board of Directors as of March 22, 2021.

9. Please refer to Note 6 (22) for more information on employees' remuneration and Directors' remuneration.

(XVI) Other equity interests

	<u>2020</u>	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	\$ 22,266	\$ 73,244	\$ 95,510
Valuation adjustment - the Company	-	445,523	445,523
Valuation adjustment - subsidiaries	-	(8,697)	(8,697)
Valuation adjustment transferred to retained earnings	-	(16,161)	-
Currency translation differences	(15)	-	(15)
December 31	<u>\$ 22,116</u>	<u>\$ 493,909</u>	<u>\$ 516,025</u>

	<u>2019</u>		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		Total
January 1	\$	22,271	\$	9,981	\$ 32,252
Valuation adjustment - the Company		-		17,810	17,810
Valuation adjustment - subsidiaries		-		45,453	45,453
Valuation adjustment transferred to retained earnings		-	-		-
Currency translation differences	(	5)	-		(5
December 31	\$	22,266	\$	73,244	\$ 95,510

(XVII) Operating revenue

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	\$ 13,781,317	\$ 1,385,908
Other	8,025	7,758
	<u>\$ 13,789,342</u>	<u>\$ 1,393,666</u>

1. Detailed items of revenues from contracts with customers

The Company's revenue is derived from the transfer of product and services at certain points in time or gradual transfer as time progresses. Revenue by operation is further divided as follows:

<u>2020</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 13,741,545	\$ -	\$ 13,741,545
- Revenue transferred gradually as time progresses	-	47,797	47,797
	<u>\$ 13,741,545</u>	<u>\$ 47,797</u>	<u>\$ 13,789,342</u>

<u>2019</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 1,277,723	\$ -	\$ 1,277,723
- Revenue transferred gradually as time progresses	-	115,943	115,943
	<u>\$ 1,277,723</u>	<u>\$ 115,943</u>	<u>\$ 1,393,666</u>

2. The total amounts in the apportionment of the transactions and estimated year of revenue recognition for the Company's outstanding contract performance obligations for sales contracts signed as of December 31, 2020 are as follows:

<u>Estimated year of revenue recognition</u>	<u>Amount in signed contracts</u>
2021	<u>\$ 4,618,716</u>

3. Contract assets and contract liabilities

The Company recognizes the following contract liabilities from contract revenue from customers:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities - current:			
Contract liabilities - advance receipt of land payment	\$ 436,101	\$ 421,242	\$ 411,293
Contract liabilities - advance receipt of property payment	<u>516,059</u>	<u>566,060</u>	<u>397,223</u>
	<u>\$ 952,160</u>	<u>\$ 987,302</u>	<u>\$ 808,516</u>

- (1) The Company has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. The Company recognizes contract liabilities related to the pre-sales house contracts in accordance with IFRS 15.
- (2) Opening contract liabilities recognized as income in the current period

	<u>2020</u>	<u>2019</u>
Opening balance of contract liabilities recognized as income in the current period		
Construction project sales contract	\$ 352,793	\$ 138,832

(XVIII) Interest income

	<u>2020</u>	<u>2019</u>
Interest from bank deposits	\$ 3,954	\$ 3,464
Other interest income	50,623	11,996
	<u>\$ 54,577</u>	<u>\$ 15,460</u>

(XIX) Other income

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 40,055	\$ 4,713
Other	19,307	2,873
	<u>\$ 59,362</u>	<u>\$ 7,586</u>

(XX) Other profits and losses

	<u>2020</u>	<u>2019</u>
Gains on disposal of investments	\$ 358	\$ 465
Net gains (losses) on financial assets at fair value through profit or loss	555	2,288
Other	(170)	(2,012)
	<u>\$ 743</u>	<u>\$ 741</u>

(XXI) Finance costs

	<u>2020</u>	<u>2019</u>
Interest expenses:		

Bank borrowings	\$	96,616	\$	150,155
Interest on short-term notes and bills payable		25,834		36,985
Other		<u>4,768</u>		<u>2,678</u>
		127,218		189,818
Minus: Amount eligible for asset capitalization	(	<u>85,451</u>)	(	<u>127,144</u>)
Finance costs	\$	<u>41,767</u>	\$	<u>62,674</u>

(XXII) Additional information on expenses

	<u>2020</u>	<u>2019</u>
Construction cost in this period	\$ 8,154,559	\$ 1,034,557
Employee benefit expenses	160,187	87,650
Depreciation	24,142	22,442
Amortization of intangible assets	178	67
Tax expenses	18,716	20,878
Professional service expenses	12,530	12,326
Advertising expenses	41,802	20,321
Commission expenditures	87,124	38,718
Rent	2,950	5,599
Management fees	2,866	10,391
Other expenses	<u>89,822</u>	<u>41,628</u>
Operating costs and expenses	<u>\$ 8,594,876</u>	<u>\$ 1,294,577</u>

(XXIII) Employee benefit expenses

	<u>2020</u>	<u>2019</u>
Salary expenses	\$ 129,225	\$ 73,357
Labor and health insurance fees	5,692	5,560
Pension expenses	5,869	3,812
Remuneration for Directors	3,927	2,800
Other benefit expenses	<u>15,474</u>	<u>2,121</u>
	<u>\$ 160,187</u>	<u>\$ 87,650</u>

1. According to the Articles of Incorporation in 2019, if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 2% to 5% and under 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

2. The shareholders' meeting passed an amendment of the Articles of Incorporation in a resolution on June 10, 2020, which stated that if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 0.5% to 5% and under 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

3. The Company's estimated amounts of employees' remuneration in 2020 and 2019 amounted to \$26,059 and \$1,322, respectively. The estimated amounts of Directors' remuneration are \$26,059 and \$1,322, respectively. All amounts are recognized as salary expenses.

The estimated amounts based on the profitability in 2020 are 0.5% and 0.5%, respectively. The estimated amounts and the method of distribution of employees' remuneration have not yet been approved by the Board of Directors.

Employees' remuneration and Directors' remuneration in the Board of Directors' resolution for 2019 were equal to the amount recognized in the financial statements for 2019.

Information on employees' remuneration and directors' remuneration of the Company for 2019 as resolved by the Board of Directors is posted in the "Market Observation Post System".

(XXIV) Income tax

1. Income tax expenses

(1) Components of income tax expenses:

	<u>2020</u>	<u>2019</u>
<u>Current income tax</u>		
Income tax arising in the current period	\$ 44,294	\$ 5,407
Land value increment tax included in current income tax	171,852	1,897
Adjustments in respect of prior years	(5,407)	-
Total current income tax	<u>210,739</u>	<u>7,304</u>
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	<u>5,784</u>	(<u>717</u>)
Income tax (benefits) expenses	<u>\$ 216,523</u>	<u>\$ 6,587</u>

(2) The Company's income tax directly in other comprehensive income was \$0 in both 2020 and 2019.

2. Relationship between income tax expenses and accounting profits:

	<u>2020</u>		<u>2019</u>
Income tax from net profit before tax calculated at the statutory tax rate	\$ 1,031,932		\$ 12,696
Expenses to be excluded based on tax laws	-		-
Tax-exempt income based on tax laws	(1,112,818)		(1,320)
Temporary differences not recognized in deferred income tax assets	125,450		(2,502)
Tax losses in previous years not recognized in deferred income tax assets	-		(3,467)
Origination and reversal of temporary differences	5,784		(717)
Adjustments in respect of prior years	(5,407)		-
Land value increment tax included in current income tax, etc.	<u>171,582</u>		<u>1,897</u>
Income tax (expenses) profit	<u>\$ 216,523</u>		<u>\$ 6,587</u>

3. The deferred income tax assets or liabilities from temporary differences are as follows:

	<u>2020</u>	<u>Recogniz ed in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
<u>Deferred income tax assets</u>				
	<u>\$</u>			
Unrealized expenses	<u>5,784</u>	(\$ 5,784)	\$ -	\$ -

	<u>2019</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
<u>Deferred income tax assets</u>				
	<u>\$</u>			
Unrealized expenses	<u>5,067</u>	\$ 717	\$ -	\$ 5,784

4. The effective periods of unused tax losses and related amounts of unrecognized deferred income tax assets are as follows:

		<u>December 31, 2019</u>	
<u>Year occurred</u>	<u>Reported amount/approved amount</u>	<u>Amount not yet deducted</u>	<u>Unrecognized deferred income tax assets</u>
2017	<u>\$ 17,334</u>	<u>\$ -</u>	<u>\$ -</u>

5. The Company's deductible temporary differences not recognized as deferred income tax assets as of December 31, 2020 and 2019 were both \$0.
6. The Company's profit-seeking enterprise income tax returns have been approved by the tax authorities up to 2018.

(XXV) EPS

		<u>2020</u>	
		<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>EPS (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,943,139	652,348	<u>\$ 7.58</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	<u>-</u>	<u>1,054</u>	
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,943,139</u>	<u>653,402</u>	<u>\$ 7.57</u>

	2019		
		<u>Weighted average</u>	<u>EPS</u>
		<u>number of ordinary</u>	
	<u>Amount</u>	<u>shares outstanding</u>	
	<u>after tax</u>	<u>(shares in thousands)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 56,890	696,582	<u>\$ 0.08</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	79	
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 56,890</u>	<u>696,661</u>	<u>\$ 0.08</u>

(XXVI) Changes in liabilities from financing activities

	<u>Short-term</u>	<u>Short-term</u>		<u>Deposits</u>	<u>Dividends</u>	
	<u>borrowings</u>	<u>notes and bills</u>	<u>Lease liabilities</u>	<u>received</u>	<u>payable</u>	<u>Total</u>
January 1, 2020	\$ 5,329,714	\$ 2,030,124	\$ 102,857	\$ 3,260	\$ -	\$ 7,465,955
Changes in cash flows from financing activities	(2,135,752)	(711,356)	(19,362)	(1,647)	(1,149,361)	(4,017,478)
Other non-cash changes	-	-	-	-	1,149,361	1,149,361
December 31, 2020	<u>\$ 3,193,962</u>	<u>\$ 1,318,768</u>	<u>\$ 83,495</u>	<u>\$ 1,613</u>	<u>\$ -</u>	<u>\$ 4,597,838</u>

	<u>Short-term</u>	<u>Short-term</u>		<u>Deposits</u>	<u>Dividends</u>	
	<u>borrowings</u>	<u>notes and bills</u>	<u>Lease liabilities</u>	<u>received</u>	<u>payable</u>	<u>Total</u>
January 1, 2019	\$ 5,891,810	812,091	\$ 117,095	\$ 1,882	\$ -	\$ 6,822,878
Changes in cash flows from financing activities	(562,096)	1,218,033	(15,073)	1,378	348,291	990,533
Other non-cash changes	-	-	835	-	(348,291)	(347,456)
December 31, 2019	<u>\$ 5,329,714</u>	<u>\$ 2,030,124</u>	<u>\$ 102,857</u>	<u>\$ 3,260</u>	<u>\$ -</u>	<u>\$ 7,465,955</u>

VII. Related-party transactions

(IV) Name and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Shen Yang Construction Co., Ltd. (Shen Yang)	Subsidiary
Shang Yang International Asset Management Co., Ltd. (Shang Yang)	Subsidiary
Che Yang Agricultural Technology Co., Ltd. (Che Yang)	Sub-subsidiary
Chi Yang Construction Co., Ltd. (Chi Yang)	Sub-subsidiary
Sweet Me Hot Spring Resort Co., Ltd. (Sweet Me)	The Company's affiliate enterprises:
Hanshin Asset Management Co., Ltd. (Hanshin Asset Management)	Other related party
Hanshin Department Store Co., Ltd. (Hanshin Department Store)	Other related party
Chi Hsuan Development Co., Ltd. (Chi Hsuan Development)	Other related party
Grand Hi-Lai Hotel Co., Ltd. (Grand Hi-Lai Hotel)	Other related party
Hi-Lai Foods Co., Ltd. (Hi-Lai Foods)	Other related party
Wei Li International Development Co., Ltd. (Wei Li)	Other related party
Hanshin Shopping Plaza Co., Ltd. (Hanshin Shopping Plaza)	Other related party
3 individuals including Shao-Hui Peng	Other related party

(XXVII) Major transactions with related parties

1. Operating revenue - income from management services

	<u>2020</u>	<u>2019</u>
Other related party - Wei Li	\$ 1,773	\$ 45,718

2. Operating revenue - rental income

	<u>2020</u>	<u>2019</u>
Subsidiary	\$ 389	\$ 314
Sub-subsidiary	186	140
Other related party	2,933	2,574
	<u>\$ 3,508</u>	<u>\$ 3,028</u>

3. Promotion expenses

	<u>2020</u>	<u>2019</u>
Other related party	\$ <u>1,207</u>	\$ <u>1,380</u>

4. Administrative expenses

	<u>2020</u>	<u>2019</u>
Other related party - Hi-Lai Foods	\$ 5,390	\$ 3,942
Other related party - Others	<u>68</u>	<u>1,872</u>
	\$ <u>5,458</u>	\$ <u>5,814</u>

5. Interest income

	<u>2020</u>	<u>2019</u>
Subsidiary - Shen Yang	\$ -	\$ <u>1,547</u>

6. Other receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary - Shen Yang	\$ 104,529	\$ 110,359
Subsidiary - Shang Yang	-	5,830
Other related party - Wei Li	<u>49,866</u>	<u>48,003</u>
	\$ <u>154,395</u>	\$ <u>164,192</u>

The aforementioned accounts receivable from related parties consist mainly of the operating management income receivable recognized based on the letter of appointment for operating management signed by the Company for joint development and operation projects.

7. Other expenses payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related party	\$ <u>319</u>	\$ <u>556</u>

8. Other credit and debt transactions

(1) Refundable deposits

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related party	<u>\$ 24,597</u>	<u>\$ 24,597</u>

(2) Deposits received

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related party	<u>\$ 450</u>	<u>\$ 450</u>

9. Acquisition of financial assets

The Company participated in the cash capital increase of related parties in 2020 and the information on the subscriptions of the Company is as follows:

<u>Account</u>	<u>Number of shares traded</u>	<u>Object of transaction</u>	<u>2020</u> <u>Acquisition price</u>
Non-current financial assets at fair value through other comprehensive income	6,851 thousand shares	Hanshin Department Store - stocks	\$ 102,765
	5,400 thousand shares	Grand Hi-Lai Hotel - stocks	<u>81,000</u>
			<u>\$ 183,765</u>
Investments recognized under the equity method - subsidiaries	70,000 thousand shares	Shen Yang - stocks	<u>\$ 700,000</u>
- affiliate enterprise	8,000 thousand shares	Hanshin Shopping Plaza - stocks	<u>\$ 480,000</u>

The Company has not acquired financial assets from related parties in 2019.

10. Endorsements and guarantees

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary - Shen Yang	\$ 533,000	\$ 668,400
Other related party - Wei Li	5,048,675	4,133,535
- Chi Hsuan	558,000	558,000
- Hanshin Asset Management	<u>798,000</u>	<u>399,000</u>
	<u>\$ 6,937,675</u>	<u>\$ 5,758,935</u>

11. Other

- (1) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.
- (2) The Company signed a joint investment and development agreement with Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Heng Jui Development Co., Ltd. for 19 plots of land including plot 162 on Gongjian Section, Xizhi District, New Taipei City with a total area of 17,051 square meters on November 25, 2016. According to the agreement, the Company serves as the manager of the Project. The investment ratio is 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 15% for Li Yang Agricultural Technology Co., Ltd., and 15% for Heng Jui Development Co., Ltd. The parties later signed the "Joint Development Supplementary Agreement" on December 29, 2017 for changing the investment ratio and settlement distribution to 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 25% for Li Yang Agricultural Technology Co., Ltd., and 5% for Heng Jui Development Co., Ltd.
- (3) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement

distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".

(XXVIII) Key management compensation

The Company's remuneration for Directors and key management:

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ <u>13,587</u>	\$ <u>12,095</u>

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends and submitted to the Board of Directors for resolution.

VIII. Pledged assets

The following assets of the Company have been provided as collateral for bank loans, performance bond, and warranty bond:

<u>Assets</u>	<u>Book value</u>	<u>Book value</u>	<u>Purpose of collateral</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Inventories	\$ 7,181,399	\$ 10,133,241	Short-term borrowings and commercial papers
Other financial assets - current (restricted deposits)	187,750	301,343	Trusts and reserve accounts
Property, plant and equipment	18,285	18,543	Commercial papers
Investment properties	42,750	43,318	Commercial papers
Other financial assets - non-current (time deposits)	48,334	48,334	Performance guarantee
	<u>\$ 7,478,518</u>	<u>\$ 10,544,779</u>	

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2020, the total construction contract price between the Company and non-related parties was \$5,603,515 and the amount that has yet not been included in the estimation was \$1,322,077.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

The Company plans to acquire 9 plots of land on Zhongyi Section, Tucheng District, New Taipei City based on a resolution of the Board of Directors on January 18, 2021. The project will be jointly developed with five companies with a total transaction amount of NT\$1.856 billion. The Company's investment ratio is 50%.

XII. Other

(I) Capital management

The Company implements capital management to ensure sustainable development of the Company maximize the benefit for its shareholders by optimizing debts and equity. The Company's capital structure consists of equity attributable to owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity interests). In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts. The Company adjusts loan amounts based on the construction progress and the funding required for operations.

(II) Financial instruments

1. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Current financial assets at fair value through profit or loss	\$ 20,608	\$ 25,053
Current financial assets at fair value through other comprehensive income	378,534	91,414
Non-current financial assets at fair value through other comprehensive income	800,164	134,499
	<u>\$ 1,199,306</u>	<u>\$ 250,966</u>
Financial assets at amortized cost		
Cash and cash equivalents	4,611,385	1,154,077
Notes receivable, net	41,072	61,748
Accounts receivable, net	224,982	15,808
Other receivables	424,171	351,806
Other financial assets - current	187,750	301,343
Other financial assets - non-current	48,334	48,334
	<u>\$ 5,537,694</u>	<u>\$ 1,933,116</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 3,193,962	\$ 5,329,714
Short-term notes and bills payable	1,318,768	2,030,124
Notes payable	58,281	58,851
Accounts payable	808,296	466,152
Other payables - other	3,434,106	74,918
	<u>\$ 8,813,413</u>	<u>\$ 7,959,759</u>
Lease liabilities	<u>\$ 83,495</u>	<u>\$ 102,857</u>

2. Risk management policy

The objective of the Company's financial risk management is to manage the market risks, credit risks, and liquidity risks related to operating activities. The Company conducts the identification, valuation, and management of the aforementioned risks based on its policies and risk preferences.

The Company has set up appropriate policies, procedures, and internal control for the aforementioned financial risk management based on relevant standards. Significant financing activities must be reviewed by the Board of Directors in accordance with relevant standards and the internal control system. During implementations of financial management activities, the Company shall strictly abide by the regulations established for financial risk management.

3. Significant financial risks and degree of financial risks

(1) Market risks

Foreign exchange risks

The Company's main operating activities are in Taiwan and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

Price risks

- A. The Company's equity instruments exposed to price risks are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risks of investments in equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.
- B. The Company's main investments consist of equity instruments issued by domestic companies and open-ended funds. The prices of such equity instruments are affected by the uncertainty of the future value of underlying investments. If the price of such equity instruments rises or falls by 1% and all other factors remain constant, the net profit after tax as a result of the profit or loss in the equity tools measured at fair value in 2020 and 2019 will increase or decrease by \$206 and \$251, respectively. The gain or loss on equity investments classified as equity instruments in other comprehensive income measured at fair value through profit and loss will increase or decrease by \$3,785 and \$914, respectively.

Interest rate risk for cash flow and fair value

- A. The Company's interest rate risks mainly arise from short-term borrowings and short-term notes and bills payable. Borrowings at floating rates expose the Company to cash flow interest rate risks, which are partially offset by cash held at floating rates. Borrowings at fixed rates expose the Company to fair value interest rate risks. In 2020 and 2019, the Company's loans calculated based on floating interest rates were calculated in NTD.
- B. The Company simulates various plans and analyzes interest rate risks, including considering plans for refinancing or renewal of existing positions and other available financing plans to calculate the impact of specific changes interest rates on profit or loss.
- C. If all other factors remain constant, the maximum impact of a 1% change in interest rates on financial costs in 2020 and 2019 would result in an increase or decrease of \$45,127 and \$73,598, respectively.

(2) Credit risks

- A. The Company's credit risks refer to the risks of financial loss to the Company arising from default by the clients or counterparties of financial instruments. The risks are mainly derived from the counterparty's failure to settle the accounts receivable based on payment collection terms.
- B. The Company establishes credit risk management from the perspective of the Company. The Company has set a minimum independent credit rating of "A" for banks and financial institutions before they can be accepted as transaction counterparties.
- C. The Company's main business activities are the lease and sales of residential buildings, industrial plants, and commercial buildings. Revenue from the sale of

properties is recognized upon the full payment of the contract price, the completion of the transfer of ownership, and the actual delivery of the properties. Therefore, the amount of accounts receivable arising from the sale of properties is considered insignificant and the possibility of non-recovery is low. The Company manages receivables in special transactions on an individual basis and tracks such receivables on a regular basis. The amount of the Company's assessed credit impairment losses as of December 31, 2020 and 2019 was insignificant.

D. As of December 31, 2020 and 2019, there were no debts with recourse that were written off.

(3) Liquidity risks

A. Cash flow forecasting is performed by each Company department and aggregated by the Company treasury. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

B. The Company's non-derivative financial liabilities are grouped in the table below based on the maturity date and analyzed based on the remaining period at the balance sheet date to the contractual maturity date. The amount of undiscounted contract cash flows of notes payable and other payables is approximately equal to their carrying amounts and is due within one year. The amount of undiscounted contractual cash flows for other financial liabilities is described in the following table:

Non-derivative
financial liabilities:

December 31, 2020	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings	\$ 2,459,936	\$ 28,260	\$ 797,659
Short-term notes and bills payable	1,319,160	-	-
Accounts payable	661,276	147,020	-
Lease liabilities	21,278	43,834	21,917

Non-derivative
financial liabilities:

December 31, 2019	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings	\$ 3,745,458	\$ 1,727,286	\$ -
Short-term notes and bills payable	2,032,010	-	-
Accounts payable	184,816	281,336	-
Lease liabilities	21,278	43,195	43,814

(III) Fair value information

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

Level 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date. An active market refers to a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on a continuous basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

2. Please refer to Note 6 (9) for information on the fair value of investment properties carried at cost.
3. The carrying amount of financial instruments not carried at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets - current, refundable deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, and deposit received, are reasonable approximations of the fair value.
4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

- (1) The information on the Company's classification of assets by nature is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2020</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 20,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,608</u>
Current financial assets at fair value through other comprehensive income	<u>\$ 378,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,534</u>
Non-current financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800,164</u>	<u>\$ 800,164</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2019</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 25,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,053</u>

Current financial assets at fair value through other comprehensive income

\$	91,414	\$	-	\$	-	\$	91,414
----	--------	----	---	----	---	----	--------

Non-current financial assets at fair value through other comprehensive income

\$	-	\$	-	\$	134,499	\$	134,499
----	---	----	---	----	---------	----	---------

(2) The methods and assumptions that the Company used to measure the fair value are as follows:

A. The instruments for which the Company used market quoted prices as their fair values (i.e., Level 1) are divided by the characteristics of the instruments as follows:

	<u>Listed stocks</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net worth

B. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

5. There was no transfer between Level 1 and Level 2 in the Company in 2020 and 2019.

6. The Level-3 movements for 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
January 1	\$ 134,499	\$ 133,023
Acquired in the current period	183,765	4,355
Disposed in the current period	-	-
Valuation adjustment	<u>481,900</u>	<u>(2,879)</u>
December 31	<u>\$ 800,164</u>	<u>\$ 134,499</u>

7. An independent appraiser appointed by the Company is in charge of valuation procedures for fair value measurements being categorized within Level 3. The appraiser submits a valuation report for the Finance Department to perform the fair value verification of financial instruments to ensure that the source of data is independent, reliable, and represented as the exercisable price.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2020	<u>Valuation</u>	<u>Significant</u>	<u>Range</u>	<u>Relationship</u>
	<u>Fair value</u>	<u>technique</u>	<u>unobservable</u>	<u>(Weighted</u>	<u>between inputs and</u>
			<u>input</u>	<u>average)</u>	<u>fair value</u>
Equity instruments:					

Non-listed stocks	\$ 780,313	Comparable public company analysis	Product of the number of shares multiplied by value	0.54~5.46	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value
	\$ 19,851	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
December 31, 2019					
	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (Weighted average)</u>	<u>Relationship between inputs and fair value</u>
Equity instruments:					
	\$ 115,204	Comparable public company analysis	Product of the number of shares multiplied by value	0.59~4.46	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	21.83% ~22.55%	The higher the discount for lack of marketability, the lower the fair value
	\$ 19,295	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

XIII. Supplementary disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 3.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 4.
7. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 5.
9. Trading in derivatives: None.
10. The business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 6.

(II) Information on investees

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 7.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: Please refer to Table 8.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 9.

XIV. Segment information

Not applicable.

Kuo Yang Construction Co., Ltd.
Statement of Inventories
December 31, 2020

Unit: NT\$1,000

<u>Item</u>	<u>Amount</u>		<u>Remarks</u>
	<u>Cost</u>	<u>Market price (Note)</u>	
Houses and land held for sale	\$ 4,170,852	\$ 4,546,016	
Minus: Allowance for price decline	(573,205)		
	<u>\$ 3,597,647</u>		
Houses and land under construction			
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	42,180	42,180	
Good morning, Kuo Yang Project (Keelung Tiaohe Section Project)	1,601,961	1,601,961	
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	1,445,665	1,444,398	
Neihu Jiuzong Section	<u>1,074,684</u>	<u>1,074,684</u>	
	4,164,490	<u>4,163,223</u>	
Minus: Allowance for price decline	(1,267)		
	<u>4,163,223</u>		
Land for construction			
Zhudong Section	251,872	136,217	
Beitou Guangming Section	12,633	-	
Minquan East Road Project	273,821	246,820	
Jilin Urban Renewal Project	123,182	123,182	
Jingmei Section	40,174	34,260	
Ren'ai Urban Renewal Project	4,820	4,820	
Guanghua Section	12,500	12,500	
Kaohsiung Yunwen Section	108,170	108,170	
Other	<u>26,663</u>	<u>26,663</u>	
	853,835	<u>692,632</u>	
Minus: Allowance for price decline	(161,203)		
	<u>692,632</u>		
Prepayments for houses and land and others			
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	<u>354,076</u>	<u>354,076</u>	
Total	<u>\$ 8,807,578</u>	<u>\$ 9,755,947</u>	

Note: Due to the nature of the construction industry, the market value of land under construction and land awaiting construction specified as the cost or net realizable value, whichever is lower.

Kuo Yang Construction Co., Ltd.
Statement of Changes in Houses and Land under Construction
From January 1, 2020 to December 31, 2020

Unit: NT\$1,000

<u>Project name</u>	<u>Opening balance</u>	<u>Increase in current period</u>		<u>Transfer in current period</u>		<u>Ending balance</u>	<u>Remarks</u>	
		<u>Investment cost</u>	<u>Capitalized interest</u>	<u>Inward transfer from land awaiting construction</u>	<u>Sold in this period</u>			<u>Outward transfer after construction completion</u>
Grater Nangang Project	\$ 3,629,013	\$ 268,094	\$ 29,603	\$ -	(\$ 3,926,710)	-	\$ -	None
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	532,530	301,171	1,943	-	-	(793,464)	42,180	Loan collateral already provided
Good morning, Kuo Yang Project (Keelung Tiaohe Section Project)	1,200,505	384,909	16,547	-	-	-	1,601,961	"
South Manor Project (Wenshan Gongxun Section Project)	1,145,838	1,956,289	20,643	-	-	(3,122,770)	-	None
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	1,088,537	340,692	16,436	-	-	-	1,445,665	Loan collateral already provided
Neihu Jiuzong Section	-	1,074,405	279	-	-	-	1,074,684	"
	<u>\$ 7,596,423</u>	<u>\$ 4,325,560</u>	<u>\$ 85,451</u>	<u>\$ -</u>	<u>(\$ 3,926,710)</u>	<u>(\$ 3,916,234)</u>	<u>\$ 4,164,490</u>	

Kuo Yang Construction Co., Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
From January 1, 2020 to December 31, 2020

Unit: NT\$1,000

Name	Opening balance		Increase in current period		Decrease in current period		Other adjustments (Note)	Ending balance			Net equity		Provision of collateral or pledges	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Number of shares	Shareholding ratio	Amount	Unit price (NTD)	Total price		
Shen Yang Construction Co., Ltd.	90,000,000	\$ 778,833	70,000,000	\$ 700,000	-	(\$ 92,130)	(\$ 2,286)	160,000,000	100%	\$1,384,417	\$ 8.91	\$1,426,079	None	
Shang Yang International Asset Management Co., Ltd.	70,000,000	725,569	-	-	(8,200,000)	(55,162)	(6,404)	61,800,000	100%	664,003	10.75	664,266	None	
Shadwell Limited	200,000	2,522	-	-	-	(56)	(157)	200,000	100%	2,309	11.30	2,260	None	
Hanshin Shopping Plaza Co., Ltd.	-	-	8,000,000	520,343	-	-	-	8,000,000	20%	520,343	34.86	278,909	None	
Sweet Me Hot Spring Resort Co., Ltd.	2,200,000	13,647	-	-	-	(714)	-	2,200,000	20%	12,933	5.88	12,933	None	
		<u>\$ 1,520,571</u>		<u>\$ 1,220,343</u>		<u>(\$ 148,062)</u>	<u>(\$ 8,847)</u>			<u>\$2,584,005</u>				

Note: Other adjustments represent translation differences in the financial statements of foreign operations and valuation adjustments on financial assets at fair value through other comprehensive income.

Kuo Yang Construction Co., Ltd.
Statement of Short-term Notes and Bills Payable
December 31, 2020

Unit: NT\$1,000

		<u>Amount</u>					
<u>Item</u>	<u>Financial institution</u>	<u>Contract period</u>	<u>Coupon rate</u>	<u>Issuance amount</u>	<u>Discounted unamortized short-term notes and bills payable</u>	<u>Book value</u>	<u>Collateral</u>
Commercial papers payable	Mega Bills	2020/11/11~202	1.262%~1.	\$		\$	Houses and land
	Finance	1/02/03	300%	37,050	(\$ 39)	37,011	held for sale
	China Bills	2020/11/13~202	0.23%~0.2				
	Finance	1/01/21	8%	638,010	(52)	637,958	"
	International Bills	2020/12/22~202					
	Finance	1/02/25	0.700%	119,600	(128)	119,472	"
	International Bills	2020/12/30~202					
	Finance	1/01/29	0.420%	474,500	(158)	474,342	Unsecured
							Property, plant and equipment, investment property, and land for construction
	International Bills	2020/12/25~202					
	Finance	1/1/15	0.700%	<u>50,000</u>	(<u>15</u>)	<u>49,985</u>	
				<u>\$</u>		<u>\$</u>	
				<u>1,319,160</u>	(\$ <u>392</u>)	<u>1,318,768</u>	

Kuo Yang Construction Co., Ltd.
Statement of Operating Revenue
From January 1, 2020 to December 31, 2020

Unit: NT\$1,000

Item	Summary	Amount
Revenue from sale of properties		
Revenue from land		\$ 12,119,896
Revenue from houses		1,665,126
Other		39,772
Sales discount		(43,477)
		13,781,317
Rental income		8,025
		<u>\$ 13,789,342</u>

Kuo Yang Construction Co., Ltd.
Statement of Operating Cost
From January 1, 2020 to December 31, 2020

Unit: NT\$1,000

<u>Item</u>	<u>Amount</u>	
	<u>Subtotal</u>	<u>Total</u>
Opening inventory		
Houses and land held for sale	\$ 3,632,952	
Houses and land under construction	7,595,156	
Land for construction	684,294	
Prepayments for land and others	<u>727,639</u>	\$ 12,640,041
Plus: Purchases in this period		3,531,677
Expenses for investments in construction in the current period		684,782
Interest capitalization		85,451
Cost of leases		1,149
Operation and management service fees		6,126
Other		14,060
Minus: Closing inventory		
Houses and land held for sale	(3,597,647)	
Houses and land under construction	(4,163,223)	
Land for construction	(692,632)	
Prepayments for houses and land and others	<u>(354,076)</u>	<u>(8,807,578)</u>
Construction cost		<u>\$ 8,155,708</u>

Kuo Yang Construction Co., Ltd.
Statement of Operating Expenses
From January 1, 2020 to December 31, 2020

Unit: NT\$1,000

Item	Amount	Remarks
Promotion expenses		
Transferred deferred promotion expenses recognized based on full completion	\$ 87,124	
Advertising expenses	28,952	
Sales expenses	12,589	
Other expenses	20,584	
	149,249	
Administrative expenses		
Salary expenses	131,349	
Tax	17,925	
Rent expenditures	1,755	
Insurance premiums	5,692	
Professional service expenses	11,957	
Other expenses	121,241	
	289,919	
Total	<u>\$ 439,168</u>	

Kuo Yang Construction Co., Ltd.

Summary Table of Employee Benefit, Depreciation, Depletion and Amortization Expenses for the Current Year

From January 1, 2020 to December 31, 2020

Unit: NT\$1,000

	<u>2020</u>			<u>2019</u>		
	<u>Classified as operating costs</u>	<u>Classified as operating expenses</u>	<u>Total</u>	<u>Classified as operating costs</u>	<u>Classified as operating expenses</u>	<u>Total</u>
Employee benefit expenses						
Salary expenses	\$ -	\$ 129,225	\$ 129,225	\$ -	\$ 73,357	\$ 73,357
Labor and health insurance fees	-	5,692	5,692	-	5,560	5,560
Pension expenses	-	5,869	5,869	-	3,812	3,812
Remuneration for Directors	-	3,927	3,927	-	2,800	2,800
Other employee benefit expenses	-	15,474	15,474	-	2,121	2,121
	<u>\$ -</u>	<u>\$ 160,187</u>	<u>\$ 160,187</u>	<u>\$ -</u>	<u>\$ 87,650</u>	<u>\$ 87,650</u>
Depreciation	<u>\$ -</u>	<u>\$ 24,142</u>	<u>\$ 24,142</u>	<u>\$ -</u>	<u>\$ 22,442</u>	<u>\$ 22,442</u>
Deduction expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization cost	<u>\$ -</u>	<u>\$ 178</u>	<u>\$ 178</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 67</u>

- As of December 31, 2020 and 2019, the Company's average number of employees were 70 and 70, respectively. There were 8 and 8 Directors who do not serve concurrently as employees.
- The Company discloses the following information in accordance with the table above:
 - The average employee benefit expenses in 2020 and 2019 amounted to \$2,520 and \$1,369, respectively.
 - The average employee salary expenses in 2020 and 2019 amounted to \$2,084 and \$1,183, respectively.
 - The adjustment of the average employee salary expenses in 2020 was 76.162%.
- The Company's salary policy is as follows:
 - Remuneration for Directors: The Board of Directors is authorized to determine the remuneration paid to Directors based on their participation in the Company's operations, the value of their contributions, and prevailing rates in the industry.
 - Manager: The Company pays reasonable compensation to the manager based on his/her rank, position, experience, local living standard, consumer price index, contribution to the Company, and team leadership skills.
 - Employees: The remuneration for employees includes fixed salaries and bonuses. The fixed salary is paid each month and bonuses include the year-end bonuses, employees' remuneration, and bonuses for Dragon Boat Festival and Mid-Autumn Festival.
 - Fixed salary: The fixed salary is based on the individual's key core competencies and professional skills, and is paid based on the rank, position, and experience specified in the "Rank and Salary Range Table".
 - Year-end bonus: The year-end bonus is based on the Company's business operations and performance in the current year and is calculated on an annual basis.
 - Employees' remuneration: In the event of profit in the year, the Company shall appropriate 0.5% to 5% of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses. The remuneration for employees is determined by the Board of Directors which shall resolve to distribute the remuneration in stocks or cash.
- The Company has established an Audit Committee and therefore does not pay remuneration to supervisors.

Kuo Yang Construction Co., Ltd.
Provision of endorsements and guarantees to others
January 1 to December 31, 2020

Unit: NT\$1,000
(Unless specified otherwise)

Table 1

No. (Note 1)	Name of company providing endorsement or guarantee	Entity for which the endorsement/guarantee is made Company name	Relationship (Note 2)	Maximum outstanding			Actual amount drawn down (Note 6)	Endorsed/Guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Parent company to subsidiary (Note 7)	Subsidiary to parent company (Note 7)	Endorsements and guarantees for entities in Mainland China (Note 7)	Remarks
				Limit on endorsements/guarantees to a single enterprise (Note 3)	balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)								
0	Kuo Yang Construction Co., Ltd.	Wei Li International Development Co., Ltd.	5	\$ 18,513,336	\$ 8,357,265	\$ 5,048,675	\$4,618,235	\$ -	54.54%	\$ 37,026,672	N	N	N	
0	"	Ho Hsin Cheng Co., Ltd.	5	18,513,336	625,928	-	-	-	0.00%	37,026,672	N	N	N	
0	"	Yu Sheng Development Co., Ltd.	5	18,513,336	459,867	-	-	-	0.00%	37,026,672	N	N	N	
0	"	Hong Hui Development Co., Ltd.	5	18,513,336	447,090	-	-	-	0.00%	37,026,672	N	N	N	
0	"	Chan Pang Construction Co., Ltd.	5	18,513,336	638,700	-	-	-	0.00%	37,026,672	N	N	N	
0	"	Ding Li Development Co., Ltd.	5	18,513,336	383,220	-	-	-	0.00%	37,026,672	N	N	N	
0	"	Sin Wei Jie Construction Limited Liability Company	5	18,513,336	698,400	-	-	-	0.00%	37,026,672	N	N	N	
0	"	Tsang Shan Development Co., Ltd.	5	18,513,336	511,500	279,000	236,250	-	3.01%	37,026,672	N	N	N	
0	"	Chi Hsuan Development Co., Ltd.	5	18,513,336	1,023,000	558,000	472,500	-	6.03%	37,026,672	N	N	N	
0	"	Shen Yang Construction Co., Ltd.	2	18,513,336	881,400	533,000	233,000	-	5.76%	37,026,672	Y	N	N	
0	"	Hanshin Asset Management Co., Ltd.	5	18,513,336	798,000	798,000	399,000	-	8.62%	37,026,672	N	N	N	
0	"	Li Yang Agricultural Technology Co., Ltd.	5	18,513,336	665,000	665,000	332,500	-	7.18%	37,026,672	N	N	N	
0	"	Heng Jui Development Co., Ltd.	5	18,513,336	266,000	266,000	133,000	-	2.87%	37,026,672	N	N	N	
0	"	Ta Yuan Construction Co., Ltd.	5	18,513,336	320,000	320,000	203,940	-	3.46%	37,026,672	N	N	N	
0	"	Tsu Yan International Development Co., Ltd.	5	18,513,336	112,500	-	-	-	0.00%	37,026,672	N	N	N	

1	Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	2	2,852,158	2,415,000	2,415,000	130,300	-	169.35%	5,704,316	N	N	N
---	----------------------------------	---------------------------------	---	-----------	-----------	-----------	---------	---	---------	-----------	---	---	---

Note 1: The explanation for filling out numbers is as follows: 1. The issuer shall fill out numbers of 02. Investees are numbered in order starting from "1".

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

1. Companies in a business relationship with the Company.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
3. Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
4. Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
5. Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The procedures in which the Company provides endorsements/guarantees for others, the maximum endorsements/guarantees for each entity, and the total limit of endorsements/guarantees shall be filled in. The individual entity receiving endorsements/guarantees and the calculation method for the total limit amount shall be specified in the "Remarks" column.

1. The total endorsements and guarantees provided by the Company shall not exceed the net value of the Company's most recent financial statements; the endorsements and guarantees provided for an individual enterprise may not exceed 20% of the net value of the Company's most recent financial statements.
2. Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, the restrictions in the preceding paragraph shall not apply and the endorsements and guarantees can still be provided. However, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.
3. Where Shen Yang Construction fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: Enter the actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 7: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with "Y".

Kuo Yang Construction Co., Ltd.
Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)
December 31, 2020

Table 2

Unit: NT\$1,000
(Unless specified otherwise)

Securities held by	Type and name of marketable securities	Relationship with securities issuer	General ledger account	Number of shares	End of period		Fair value	Remarks
					Carrying amount	Shareholding ratio		
Kuo Yang Construction Co., Ltd.	Franklin Templeton SinoAm Multi-Asset Income Balanced Fund	None	Current financial assets at fair value through profit or loss	1,000,000	\$ 10,130	-	\$ 10,130	
"	First Bank Fidelity Funds - Asian High Yield Fund	None	"	1,000,000	10,478	-	10,478	
Shang Yang International Asset Management Co., Ltd.	O-Bank No. 1 Real Estate Investment Trust	None	"	1,000,000	9,700	-	9,700	
"	Asus 3-Year Maturity Emerging Market Bond Fund	None	"	200,000	1,967	-	1,967	
					<u>\$ 32,275</u>		<u>\$ 32,275</u>	
Kuo Yang Construction Co., Ltd.	Unlisted stocks - Tai Ho Construction Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,400,000	\$ -	17.14%	\$ -	
Celestial Talent Limited	Cultivate Wealth Limited	None	"	20.1	-	0.11%	-	
					<u>\$ -</u>		<u>\$ -</u>	
Kuo Yang Construction Co., Ltd.	Listed stocks - Fu I Industrial Co., Ltd.	None	Current financial assets at fair value through other comprehensive income	1,755,429	\$ 66,970	1.84%	\$ 66,970	
"	Asia Cement Corporation	None	"	1,760,000	76,032	0.05%	76,032	
"	Taiwan Cement Corporation	None	"	2,900,048	125,282	0.05%	125,282	
"	Chuwa Wool Industry Co., (Taiwan) Ltd.	Note 4	"	2,500,000	71,250	2.72%	71,250	
"	Hi-Lai Foods Co., Ltd.	"	"	300,000	39,000	0.80%	39,000	
					<u>\$ 378,534</u>		<u>\$ 378,534</u>	
Kuo Yang Construction Co., Ltd.	Unlisted stocks - United Real Estate Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,494,794	\$ 19,851	4.43%	\$ 19,851	
"	Hanshin Department Store Co., Ltd.	Note 4	"	7,218,000	438,854	18.00%	438,854	
"	Hanshin Asset Management Co., Ltd.	"	"	4,946,472	132,368	2.29%	132,368	
"	Grand Hi-Lai Hotel Co., Ltd.	"	"	5,401,471	209,091	18.00%	209,091	
Shen Yang Construction Co., Ltd.	Unlisted stocks - Han Chi Technology Co., Ltd.	None	"	450,000	6,714	9.00%	6,714	
Shang Yang International Asset Management Co., Ltd.	Unlisted stocks - Kaohsiung Arena Development Corporation	Note 4	"	12,500,000	202,875	5.00%	202,875	
"	SE Security Corp.	None	"	900,000	14,463	15.96%	14,463	
					<u>\$1,024,216</u>		<u>\$1,024,216</u>	

Note 1: Leave the column blank if the issuer of marketable securities is non-related party.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 4: The securities issuer is an affiliate of the Group.

Kuo Yang Construction Co., Ltd.

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

January 1 to December 31, 2020

Table 3

Unit: NT\$1,000

(Unless specified otherwise)

<u>Prior transaction of related counterparty</u>														
<u>Company that acquired real property</u>	<u>Name of property</u>	<u>Transaction date</u>	<u>Transaction amount</u>	<u>Payment status</u>	<u>Transaction counterparty</u>	<u>Relationship</u>	<u>Owner</u>	<u>Relationship with issuer</u>	<u>Transfer date</u>	<u>Amount</u>	<u>Basis of reference for price determination</u>	<u>Purpose of acquisition and status of usage</u>	<u>Miscellaneous</u>	
Kuo Yang Construction Co., Ltd.	Inventories - Land under construction (land in Neihu Jiuzong Section)	2020/11/09 2020/12/30	\$1,520,458	\$1,050,595	10 individuals including A and Po Kai Development Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Zhe Yu Real Estate Appraisers Firm, appraisal report from Hung Pang Real Estate Appraisers Firm, and Chih Wei Real Estate Appraisers Firm	Land for construction	Not applicable	
Shen Yang Construction Co., Ltd.	Inventories - Land awaiting construction (land in Fengshan District, Kaohsiung)	2020/12/16	566,190	\$ -	Land Administration Bureau, Kaohsiung City Government	None	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Land for construction	Not applicable	

Note 1: Where an appraisal is required for an acquired asset, specify the appraisal results in the "reference for price determination".

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 3: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd.

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

January 1 to December 31, 2020

Table 4

Unit: NT\$1,000

(Unless specified otherwise)

<u>Company that disposed of real property</u>	<u>Name of property</u>	<u>Transaction date</u>	<u>Acquisition date</u>	<u>Carrying amount</u>	<u>Transaction amount</u>	<u>Payment collection status</u>	<u>Gain (loss) on disposal</u>	<u>Transaction counterparty</u>	<u>Relationship</u>	<u>Purpose of disposal</u>	<u>Basis of reference for price determination</u>	<u>Miscellaneous</u>
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2020/6/24	Not applicable for pre-sale properties	Not applicable	\$ 325,529	\$55,340 already collected in accordance with contracts	Not applicable	A	None	Gains	\$321,939 in appraisal report from Hung Pang Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2020/5/7	2009/6/25	\$3,926,710	\$9,634,552	\$9,634,552 already collected in accordance with contracts	Gains on disposal \$5,557,850	Fubon Life Insurance Co., Ltd.	None	Gains	Appraisal report from Zhan-Mao Real Estate Appraisers Firm and Hung Pang Real Estate Appraisers Firm	Not applicable

Note 1: Where an appraisal is required for a disposed asset, specify the appraisal results in the "reference for price determination".

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 3: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

January 1 to December 31, 2020

Table 5

Unit: NT\$1,000

<u>Creditor</u>	<u>Transaction counterpart</u>	<u>Relationship</u>		<u>Balance of receivables from related parties</u>	<u>Turnover rate</u>	<u>Overdue receivables from related parties</u>		<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for doubtful accounts</u>
						<u>Amount</u>	<u>Action taken</u>		
Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	Parent company and subsidiary	\$	104,529	-	\$ -		- \$ -	\$ -

Kuo Yang Construction Co., Ltd.

The business relationship and significant transactions between the parent company and its subsidiaries

January 1 to December 31, 2020

Table 6

Unit: NT\$1,000

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account		Transaction status		Percentage of consolidated total operating revenues or total assets (Note 3)
						Amount	Transaction terms	
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Other receivables - related parties	\$	104,529	Note 4	0.51%
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Rental/leasing revenue		203	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Shang Yang International Asset Management Co., Ltd.	1	Rental/leasing revenue		186	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	1	Rental/leasing revenue		186	Note 4	0.00%
1	Shang Yang International Asset Management Co., Ltd.	Shadwell Limited.	3	Interest payable		437	Note 4	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no major difference in transaction conditions between sales between parent company and subsidiaries and regular sales, other transaction conditions for other trades have no relevant examples to follow and the transaction conditions are determined in accordance with mutual agreements.

Kuo Yang Construction Co., Ltd.

Names, locations and other information of investee companies (excluding the investees in Mainland China)

January 1 to December 31, 2020

Table 7

Unit: NT\$1,000

(Unless specified otherwise)

Name of investment company	Investee	Location	Main business activities	Initial investment amount		Holdings at the end of period			Net profit (loss) of investee for the current period	Investment income (loss) recognized by the Company for the current period	Remarks
				End of the period	End of last year	Number of shares	Percentage	Carrying amount			
Kuo Yang Construction Co., Ltd.	Sweet Me Hot Spring Resort Co., Ltd.	Taiwan	General hotel industry and restaurant management	\$ 22,000	\$ 22,000	2,200,000	20%	\$ 12,933	(\$ 8,671)	(\$ 714)	Affiliate enterprise
"	Hanshin Shopping Plaza Co., Ltd.	Taiwan	Department store	\$ 480,000	\$ -	8,000,000	20%	\$ 520,343	\$ 854,905	\$ 40,343	Affiliate enterprise
"	Shadwell Limited	British Virgin Islands	Investment in real estate property	4,742	4,742	200,000	100%	2,309	(56)	(56)	Subsidiary (Note 4)
"	Shen Yang Construction Co., Ltd.	Taiwan	Real estate investment, development, and rental and leasing	1,600,000	900,000	160,000,000	100%	1,384,417	(104,399)	(92,130)	Subsidiary (Note 4)
"	Shang Yang International Asset Management Co., Ltd.	Taiwan	Residence and buildings lease construction and development	631,098	631,098	61,800,000	100%	664,003	(54,936)	(55,161)	Subsidiary (Note 4 and 6)
Shen Yang Construction Co., Ltd.	Li Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	-	177,954	-	-	-	(12,730)	(5,395)	(Note 5)
"	Che Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	2,500	2,500	250,000	100%	1,688	(216)	(216)	Sub-subsidiary (Note 4)
"	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	136,000	104,000	13,600,000	80%	135,704	(357)	(286)	Sub-subsidiary (Note 3.4)
Shang Yang International Asset Management Co., Ltd.	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	31,500	31,500	3,150,000	45%	31,283	(147)	(66)	Affiliate enterprise
"	Century Rainbow Limited	Seychelles	Investment company	106,145 (USD 3,727 thousand)	106,145 (USD 3,727 thousand)	2,718,138	100%	695	98	98	Sub-subsidiary (Note 1 and 4)
Century Rainbow Limited	Celestial Talent Limited	Seychelles	Investment company	77,665 (USD 2,727 thousand)	77,665 (USD 2,727 thousand)	1,988,828	100%	(94)	-	-	-Sub-subsidiary (Note 1 and 4)
Century Rainbow Limited	Charm Merit Limited	Hong Kong	Investment company	28,480 (USD 1,000 thousand)	28,480 (USD 1,000 thousand)	1,000,000	100%	983	98	98	Sub-subsidiary (Note 1 and 4)

Charm Merit Limited	Good Fame Limited	Samoa	Investment company	28,480	28,480	1,000,000	40%	1,053	245	(	115)	Affiliate enterprise (Note 1)
				(USD 1,000 thousand)	(USD 1,000 thousand)							

Note 1: Calculated based on the exchange rate of the foreign currency on December 31, 2020.

Note 2: The subsidiary Shen Yang organized a cash capital increase of \$700,000 in August 2020. The Group has subscribed to shares in accordance with the shareholding ratio and completed all subscription payments.

Note 3: A sub-subsidiary established by the Group in September 2019. The company organized a cash capital increase of \$40,000 in the first half of 2020. The Group has subscribed to shares in accordance with the shareholding ratio and completed all subscription payments.

Note 4: All the transactions were consolidated and written off in the preparation of the consolidated financial statements.

Note 5: The Group sold all its shares in the company in the third quarter of 2020. Please refer to the description in Note 7 (2) 8 in the 2020 Consolidated Financial Report for details.

Note 6: The Board of Directors of subsidiary Shang Yang passed the capital reduction of \$82,000 to make up for losses on November 9, 2020, and the Group has reduced its shares based on the capital reduction ratio.

Kuo Yang Construction Co., Ltd.

Information on investments in Mainland China - basic information

January 1 to December 31, 2020

Table 8

Unit: NT\$1,000

(Unless specified otherwise)

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Opening balance of accumulated fund transfer from Taiwan	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Ending balance of accumulated fund transfer from Taiwan	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) Company in the current period (Note 2 (2). B)	Ending investment book value	Investment revenue transferred back to Taiwan as of the end of the period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
Guopan Investment Consultancy Co., Ltd.	Business investment consulting and enterprise management consulting	\$ 85,440 (USD 3,000 thousand)	(2)	\$ 28,480 (USD 1,000 thousand)	\$ -	\$ -	\$ 28,480 (USD 1,000 thousand)	\$ 245	40%	\$ 98	\$ 1,126	\$ -	

Company name	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
The Company	\$ 105,604 (USD 3,708 thousand)	\$ 105,604	\$ 5,574,356

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:

- (1) The Company remits its own funds directly to the investee companies located in Mainland China.
- (2) The Company invests in Mainland China through a company in a third region. The Company invests in Good Fame Limited which invests in Guopan Investment Consultancy Co., Ltd.
- (3) Other methods.

Note 2: Investment income (loss) recognized by the Company in the current period:

- (1) If the company is in preparation status and no investment loss and profit has occurred, it shall be noted.
- (2) The three types of recognition of income on investment are as follows shall be noted.
 - A. Certified financial report audited by CPA firms in the Republic of China which have partnership with international CPA firms.
 - B. Financial report audited by CPA firm of Taiwan's parent company.
 - C. Others - Evaluations and disclosures of financial reports not yet audited by the CPA.

Note 3: Related numbers in this table shall be expressed in NTD.

Note 4: The Company has applied for the cancellation of unimplemented investments totaling USD 2,292 thousand in its investee company in Mainland China, Xi'an Hanshin Department Store Co., Ltd., in which it directly holds 12.89% of shares (non-material influence) in this period and the application was approved.

The investment amount approved by the Investment Commission of the Ministry of Economic Affairs as of the end of the period included the Company's investee company in Mainland China, Xi'an Hanshin Department Store Co., Ltd., in which it invested NT\$77,124 thousand (USD 2,708 thousand) and directly holds 12.89% of shares (non-material influence). The amount remitted at the end of the period was the same.

Kuo Yang Construction Co., Ltd. and Subsidiaries

Information on major shareholders

December 31, 2020

Table 9

	<u>Shareholder's name</u>	<u>Number of shares held</u>	<u>Shares</u> <u>Shareholding ratio</u>
Han Shen Investment Co., Ltd.		65,964,933	9.46%
Chung Shen Development Co., Ltd.		50,793,780	7.29%
Morta Enterprise Co., Ltd.		45,453,444	6.52%
Cheng Chi Co., Ltd.		42,389,920	6.08%

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates during the last fiscal year up to the publication date of the Annual Report: None

Chapter 7 Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial Conditions:

Unit: NT\$1,000

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	17,737,237	16,905,435	831,802	4.92%
Non-current financial assets at fair value through other comprehensive income	1,024,216	359,330	664,886	185.03%
Investments recognized under the equity method	565,612	202,949	362,663	178.70%
Property, plant and equipment	86,325	72,178	14,147	19.60%
Right-of-use assets	358,860	466,773	(107,913)	(23.12%)
Other assets	536,836	565,127	(28,291)	(5.01%)
Total assets	20,309,086	18,571,792	1,737,294	9.35%
Current liabilities	10,951,154	10,266,443	684,711	6.67%
Non-current liabilities	67,338	87,890	(20,552)	(23.38%)
Total liabilities	11,018,492	10,354,333	664,159	6.41%
Equity attributable to owners of parent company	9,256,668	8,191,461	1,065,207	13.00%
Share capital	3,800,000	6,965,825	(3,165,825)	(45.45%)
Capital surplus	627,683	627,683	-	-
Retained earnings	4,312,960	502,443	3,810,517	758.40%
Other equity adjustment items	516,025	95,510	420,515	440.28%
Non-controlling interest	33,926	25,998	7,928	30.49%
Total equity	9,290,594	8,217,459	1,073,135	13.06%

The Company shall describe the main reasons and impact of any material change in the company's assets, liabilities, or shareholders' equity during the past two fiscal years (changes that exceed 20% between periods and a value of NT\$10 million) and future response plans.

I. Main reasons and impact of any material changes:

- (1) Increase in non-current financial assets at fair value through other comprehensive income: Mainly due to increased investments and appraisal adjustments in 2020.
- (2) Increase in investments recognized under the equity method: Mainly due to increased investments and recognition of income on investment in affiliates in 2020.
- (3) Decrease in right-of-use assets: Mainly due to the depreciation of office lease and land use rights for the respective period in 2020.
- (4) Decrease in non-current liabilities: Mainly due to the payment of rent for the office and offset of lease liabilities in 2020.
- (5) Decrease in share capital: Due to the capital reduction by cash and return of paid-in capital in 2020.
- (6) Increase in retained earnings: Mainly due to the net income after taxes of NT\$4,943,139 thousand and distribution of cash dividends of NT\$1,149,361 thousand in 2020.
- (7) Increase in other equity adjustment items: Mainly due to the adjustment in the appraisal of financial assets at fair value through other comprehensive income in 2020.

II. Impact of material changes and future response plans:

There are currently no material discrepancies in the Company's overall performance and no response plan is required.

II. Financial Performance:

(I) Comparative analysis of operational performance:

Item \ Year	2020	2019	Increase (decrease) amount	Percentage of change
Operating revenue	14,277,915	1,923,024	12,354,891	642.47%
Operating costs	(8,752,481)	(1,458,300)	(7,294,181)	500.18%
Operating profit	5,525,434	464,724	5,060,710	1,088.97%
Operating expenses	(521,605)	(338,226)	(183,379)	54.22%
Operating profit	5,003,829	126,498	4,877,331	3,855.66%
Non-operating income and expenses	155,761	(63,023)	218,784	(347.15%)
Pre-tax profit	5,159,590	63,475	5,096,115	8,028.54%
Income tax expenses	(216,523)	(6,587)	(209,936)	3,187.13%
Net profit of the term	4,943,067	56,888	4,886,179	8,589.12%
Other comprehensive income (net)	437,254	63,258	373,996	591.22%
Total comprehensive income	5,380,321	120,146	5,260,175	4,378.15%

The main reasons and impact of changes that exceed 20% between periods and a value of NT\$10 million are analyzed as follows:

(1) Increase in operating revenue, operating costs, and gross profit:

In 2020, the Company recognized income totaling NT\$14,277,915 thousand from the sale of valuable land in the "Greater Nangang" project, the completion and transfer of "South Manor", and the sales of remaining units of "Kuo Yan", "The Green Place", "Zhongxiao Courtyard", and "Smile Era" by the subsidiary Shen Yang.

In 2019, the Company recognized income totaling NT\$1,923,024 thousand from the completion and transfer of "Zhongxiao Courtyard", the sales of remaining units of "Kuo Yan" and "The Green Place", and income from the transfer of "Smile Era" by the subsidiary Shen Yang.

As the operating revenue in 2020 increased from the same period in the previous year, the operating costs and gross profit also increased.

(2) Increase in operating expenses: Mainly due to increased operating revenue in 2020 which led to an increase in sales commissions and advertisement fees.

(3) Increase in non-operating income and expenses: The increase consisted mainly of the recognition of dividend income, interest income calculated based on funds from partners of the Greater Nangang joint land development project, investment gains from affiliates accounted for using equity method, and gains on disposal of investments of the subsidiary Shen Yang Construction in 2020.

(4) Increase in income tax expenses: The increase is mainly due to the increase in net profit before tax in 2020 compared to the same period in the previous year.

(5) Increase in other comprehensive income (net): Mainly due to the adjustment in the appraisal of financial assets at fair value through other comprehensive income in 2020.

- (II) Expected sales and its basis, and the possible impact on the Company's future financial operations and response plans:

The Company estimated the revenue and profitability targets for 2021 based on the development schedule, sales, project progress, and operation assumptions for the current projects of the companies of the Group. Based on the estimates, the revenue from the construction of The Green Place, Kuo Yang Silicon Valley, Good morning, Kuo Yang, Kuo Yan, and Smile Era will be the main source of revenue in 2021.

III. Cash flow:

(I) Liquidity analysis of the most recent two years: Unit: NT\$1,000

Item \ Year	December 31, 2020	December 31, 2019	Change (%)
Cash flow ratio	82.79%	-	82.79%
Cash flow adequacy ratio	200.72%	-	200.72%
Cash reinvestment ratio	84.30%	-	84.30%
Explanation of ratio variations: The net cash inflow from operating activities in 2020 amounted to NT\$9,066,127 thousand and the net cash flows from operating activities from 2015 to 2019 were net outflows, which increased related cash inflow ratios at the end of 2020.			

(II) Improvement plan for insufficient liquidity: There were no instances of insufficient liquidity.

(III) Cash flow analysis for the following year: Not applicable.

IV. Effect of major capital spending on financial position and business operation in the most recent year

(I) Review and analysis of the use and source of funds of major capital expenditures:

1. Use and source of funds of major capital expenditures:

The Company's main businesses are the construction and the lease and sales of residential buildings, industrial plants, and commercial buildings. This item is therefore not applicable.

2. Expected benefits

(1) Expected production and sales volume, value, and gross profit: Not applicable

(2) Explanation of other benefits: Not applicable

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the following year:

Unit: NT\$1,000

Investee company	Accounting procedures	Cost of investment	Book value	Return on investments in 2020		Policy	Main reason for profit or loss	Improvement plan	Other future investment plans
				Income on investment	Stock dividends				
Shadwell Ltd.	Equity method	4,742	2,309	(56)	-	Investment in real estate property	-	-	-
Shang Yang International Asset Management Co., Ltd.	Equity method	631,098	664,003	(55,161)	-	Residence and buildings lease construction and development	Losses from sale of building bulk	-	-
Chi Yang Construction Co., Ltd.	Equity method	31,500	31,283	(66)	-	Residence and buildings lease construction and development	-	-	-
Sweet Me Hot Spring Resort Co., Ltd.	Equity method	22,000	12,933	(714)	-	General hotel industry and restaurant management	Intense competition	-	-
Shen Yang Construction Co., Ltd.	Equity method	1,600,000	1,384,417	(92,130)	-	Real estate investment, development, and rental and leasing	Allowance for inventory loss for the Smile Era project	-	-
Hanshin Shopping Plaza Co., Ltd.	Equity method	480,000	520,343	40,343	-	Department store and retail	Department store operating revenue	-	-
Li Yang Agricultural Technology Co., Ltd.	Equity method	-	-	(5,395)	-	Horticulture services and afforestation	Fully disposed by Shen Yang Construction Co., Ltd. in 2020	-	-
Che Yang Agricultural Technology Co., Ltd.	Equity method	2,500	1,688	(216)	-	Horticulture services and afforestation	-	-	-
Chi Yang Construction Co., Ltd.	Equity method	136,000	135,704	(286)	-	Residence and buildings lease construction and	Early stages of operations	-	-

						development			
Century Rainbow Ltd.	Equity method	106,145	695	98	-	Investment company	Income on investment	-	-
Celestial Talent Ltd.	Equity method	77,665	(94)	-	-	Investment company	Income on investment	-	-
Charm Merit Ltd.	Equity method	28,480	983	98	-	Investment company	Income on investment	-	-
Good Fame Ltd.	Equity method	28,480	1,053	(115)	-	Investment company	Income on investment	-	-
Culivate Wealth.Ltd.	Fair value method	60,535	-	-	-	Investment company	-	-	-
Tai Ho Construction Co., Ltd.	Fair value method	4,000	-	-	-	Establishment of a strategic alliance	-	-	-
United Real Estate Management Co., Ltd.	Fair value method	7,834	19,851	-	1,046	Establishment of a strategic alliance	-	-	-
Hanshin Department Store Co., Ltd.	Fair value method	136,346	438,854	-	-	Establishment of a strategic alliance	-	-	-
Hanshin Asset Management Co., Ltd.	Fair value method	109,442	132,368	-	-	Establishment of a strategic alliance	-	-	-
Grand Hi-Lai Hotel Co., Ltd.	Fair value method	81,000	209,091	-	-	Establishment of a strategic alliance	-	-	-
Han Chi Technology Co., Ltd.	Fair value method	9,000	6,714	-	-	Establishment of a strategic alliance	-	-	-
Kaohsiung Arena Development Corporation	Fair value method	125,000	202,875	-	5,000	Public works construction and investment and real estate rental and leasing	-	-	-
SE Security Corp.	Fair value method	14,580	14,463	-	1,297	Establishment of a strategic alliance	-	-	-

Source: The Company's 2020 audited financial statements.

VI. Risk matters required for analysis in the most recent year and up to the publication date of the Annual Report:

(I) Impact of changes in interest rate, exchange rate, and inflation on the Company's profits and losses and future response measures:

1. Impact of changes in interest rate on the Company's profits and losses and future response measures:

Unit: NT\$1,000

Item/Year	2020	2019
Short-term borrowings	5,402,212	8,376,111
Interest expenses (1)	70,441	96,704
Net operating profit (2)	5,003,829	126,498
Percentage (1)/(2)	1.41%	76.45%

Source: Consolidated financial report audited and certified by the CPA

The Company's main source of the net operating profit in 2020 was the sales of land of the Greater Nangang Project. As the land was acquired at an earlier date, the gross profit margin was higher than that of regular sales and the net operating profit was also higher. Therefore, the interest expenses only amounted to 1.41% of the net operating profit.

The main source of the net operating profit in 2019 was the revenue recognized for the sales of remaining units and transfer of completed construction projects. Interest expenses accounted for 76.45% of the net operating profit.

Overall, the Company's interest expenses account for more than 50% of the net operating profit. The Company shall pay close attention to changes in interest rates, maintain close communication with banks, and use financing tools available in the capital market to reduce the cost of funding and reliance on banks.

2. Impact of changes in exchange rate on the Company's profits and losses and future response measures:

The Company's main functional currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

3. Impact of inflation on the Company's profits and losses and future response measures:

According to the statistics of the Directorate-General of Budget, Accounting, and Statistics of the Executive Yuan, the annual growth rate of the Consumer Price Index remained stable in 2020. As Taiwan's government closely monitors changes in consumer prices and implements response policies, and the real estate market has a relatively high resistance to inflation, there has been no significant impact of inflation.

(II) Policies of engaging in high-risk, high-leverage investments, loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

1. Policies of engaging in high-risk and high-leverage investments, main reasons for the profits and losses generated thereby and future response measures:

The Company focuses on its core businesses and does not engage in any high-risk or high-leverage investments.

2. Policies of engaging in loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

The Company does not engage in derivatives transactions and all loans to others, endorsements, and guarantees are implemented in accordance with the Company's "Procedures for Extending Loans to Others" and "Procedures for Endorsements and Guarantees".

(III) Future R&D projects and estimated R&D expenditures:

The Company engages in the construction of real estate businesses and currently does not have individual R&D departments or R&D expenditures (expenditures are listed under the development departments and construction departments).

(IV) Impact of changes in important domestic and foreign policies and regulations on the Company's finance and business, and response measures:

The Company closely monitors domestic and international political and economic developments as well as changes in regulations, and maintains adequate response capabilities. As of the most recent year and the publication date of the 2020 Annual Report for the shareholders' meeting, domestic and foreign policies and regulations have had no significant impact on Company's finance and business.

(V) Impact of recent technological and market changes on the Company's finance and business, and response measures:

The Company specializes in construction and there has been no major changes in construction technologies in recent years. In terms of the industry, as the construction industry is more exposed to fluctuations in the economy, the Company will seek diverse development for its future construction projects. For instance, the Company shall take part in urban renewal projects, land replotting, joint construction for separate sales or joint construction for separate use, and incentive construction projects for public housing to increase the Company's competitiveness and profitability.

(VI) Impact of changes in corporate image on corporate risk management and response measures:

Integrity is critical for maintaining the corporate image. Although the Company previously suffered a financial crisis which damaged its image, the Company upheld the basic principles of integrity and implemented improvements which have significantly improved its image. The Company received the Golden Stone Award and First Prize in the Excellent Brand Company Category, and Kuo Yang Tianmu renewal project received the Taiwan Real Estate Excellence Awards. The achievements have been remarkable.

The Company actively sells remaining units and launches construction projects in popular areas. We will continue to focus on our main business to protect the rights and interests of shareholders.

(VII) Expected benefits and possible risks of mergers and acquisitions and response measures: Not applicable

(VIII) Expected benefits and potential risks of capacity expansion and response measures: Not applicable

(IX) Risks associated with over-concentration in purchase or sale and response measures:

1. Procurements

The Company's main procurements consist of the acquisition of land for construction and subcontracting of construction. The acquisition of land for construction is based on the Company's project launch strategy and we select land with development value. As for subcontracting, the Company carefully selects and evaluates contractors and all major construction projects are given to construction companies with Grade A Construction Engineering License with whom we have long-term partnerships. Therefore, the Company does not face risks in concentrated procurements.

2. Sales

Customers who buy houses from the Company are general consumers. The Company therefore does not face risks in concentrated sales.

(X) Impacts and risks arising from major exchange or transfer of shares by directors or shareholders with over 10% of shares in the Company: Not applicable

(XI) Impacts and risks arising from changes in management rights of the Company and response measures: There has been no change in management rights of the Company.

(XII) Litigation or non-litigation events: None

(XIII) Other significant risks and response measures:

Information security risk analysis:

The current information security strategy focuses on reducing the exposure of critical data in a high-risk environment such as the Company's official website. Therefore, critical data are separated from the Company's system and we rent bandwidth and space for storage from external sources.

Other critical data can only be access through the local network. Branch offices or construction sites can only access the data via VPN, and employees of the Company must adhere to rigorous password regulations for logging into the system.

The Company focuses on five main items for the information risk assessment:

1. Anti-virus: Employees must install anti-virus software and use legal software to avoid creating vulnerabilities.
2. Anti-hacking: The Company allocates firewall and anti-virus software maintenance budgets every year to ensure coverage provided in the latest updates.
3. Network security: The system can only be operated in LAN, and a VPN connection is required for connections from external sources. If an employee enters the wrong login password 3 times, the account will be locked for 20 minutes.
4. File security: Implement joint file access control and create differential backups at all times to save and recover data deleted within a specific period of time.
5. Prevention of unlawful activities: Prevent employees from using illegal software and deliberate leaks of important data in computers by requiring them to sign software usage and confidentiality agreements.

VII. Other important matters:

- (I) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.
- (II) The Company signed a joint investment and development agreement with Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Heng Jui Development Co., Ltd. for 19 plots of land including plot 162 on Gongjian Section, Xizhi District, New Taipei City with a total area of 17,051 square meters on November

25, 2016. According to the agreement, the Company serves as the manager of the Project. The investment ratio is 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 15% for Li Yang Agricultural Technology Co., Ltd., and 15% for Heng Jui Development Co., Ltd. The parties later signed the "Joint Development Supplementary Agreement" on December 29, 2017 for changing the investment ratio and settlement distribution to 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 25% for Li Yang Agricultural Technology Co., Ltd., and 5% for Heng Jui Development Co., Ltd.

- (III) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".

Chapter 8 Special Disclosures

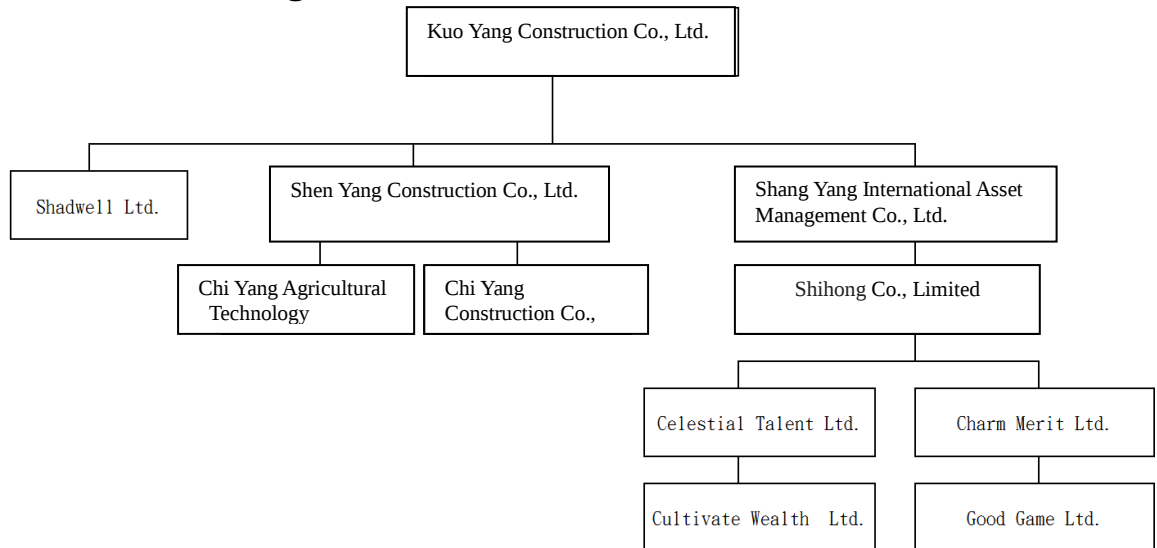
I. Information on Affiliates

(I) Consolidated Affiliate Business Report

1. Overview of affiliates

(1) Organization chart of affiliates

Kuo Yang Construction Co., Ltd. Organization chart of affiliates



(2) Basic information of affiliates

Basic information of affiliates

Unit: NT\$1,000

Company name	Date of establishment	Address	Paid-in capital	Main business or products
Shadwell Ltd.	1992.01.10	British Virgin Islands	4,742 (USD200,000)	Investment in real estate property
Shang Yang International Asset Management Co., Ltd.	2003.01.10	18F, No. 555-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	618,000	1. Residence and buildings lease construction and development 2. Real estate rental and leasing 3. General hotel industry
Shen Yang Construction Co., Ltd.	2013.11.21	18F, No. 557, Section 4, Zhongxiao East Road, Xinyi District Taipei City	1,600,000	1. Residence and buildings lease construction and development 2. Real estate rental and leasing 3. General hotel industry
Che Yang Agricultural Technology Co., Ltd.	2014.05.09	18F, No. 557-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	2,500	Horticulture services and afforestation
Chi Yang Construction Co., Ltd.	2019.09.23	18F, No. 557, Section 4, Zhongxiao East Road, Xinyi District Taipei City	170,000	Residence and buildings lease construction and development
Century Rainbow Ltd.	2013.06.03	Seychelles	77,413 (USD2,718,138)	Investment company
Celestial Talent Ltd.	2013.06.17	Seychelles	56,642 (USD1,988,828)	Investment company
Charm Merit Ltd.	2013.06.18	Hong Kong	28,480 (USD1,000,000)	Investment company
Good Fame Ltd.	2011.03.15	Samoa	71,200 (USD2,500,000)	Investment company

Note: The USD-NTD exchange rate on December 31, 2020 was approximately 1:28.48.

- (3) Information on shareholders deemed to have control and subordinate relationship:
None.

- (4) Businesses covered by the affiliates' overall operations

Businesses operated by the Company and its affiliated companies include:
Construction, horticulture services, afforestation, and investment.

(5) Information on directors, supervisors, and presidents of affiliates

Information on directors, supervisors, and presidents of affiliates

Unit: shares, %

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Shadwell Ltd.	Director	Kuo Yang Construction Co., Ltd. - Tzu-Kuan Lin	200,000	100.00%
Shang Yang International Asset Management Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd. - Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Kuo Yang Construction Co., Ltd. - Cheng-I Wang	61,800,000	100.00%
Shen Yang Construction Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd. - Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Kuo Yang Construction Co., Ltd. - Cheng-I Wang	160,000,000	100.00%
Che Yang Agricultural Technology Co., Ltd.	Director Supervisor	Shen Yang Construction Co., Ltd. - Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Shen Yang Construction Co., Ltd. - Cheng-I Wang	250,000	100.00%
Chi Yang Construction Co., Ltd.	Director Supervisor	Shen Yang Construction Co., Ltd. - Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh, Chia-Chi Hou Tsung Hang Construction Co., Ltd. - Jui-Chang Huang Cheng-I Wang	13,600,000	80%
Century Rainbow Ltd.	Director	Kuo Yang Construction Co., Ltd. - Shao-Ling Peng	2,718,138	100.00%
Celestial Talent Ltd.	Director	Kuo Yang Construction Co., Ltd. - Shao-Ling Peng	1,988,828	100.00%
Charm Merit Ltd.	Director	Kuo Yang Construction Co., Ltd. - Shao-Ling Peng	1,000,000	100.00%
Good Fame Ltd.	Director	Kuo Yang Construction Co., Ltd. - Shao-Ling Peng	1,000,000	40.00%

2. Status of operations of affiliates

Status of operations of affiliates

Unit: NT\$1,000

Company name	Paid-in capital	Total value of assets	Total liabilities	Net worth	Operating revenue	Operating profit and loss	Current profit and loss (after tax)
Shadwell Ltd.	4,742	2,289	29	2,260	-	(56)	(56)
Shang Yang International Asset Management Co., Ltd.	618,000	664,829	563	664,266	13,973	(59,636)	(54,936)
Shen Yang Construction Co., Ltd.	1,600,000	2,449,117	1,023,038	1,426,079	475,176	(142,719)	(104,399)
Che Yang Agricultural Technology Co., Ltd.	2,500	1,737	49	1,688	-	(216)	(216)
Chi Yang Construction Co., Ltd.	170,000	300,138	130,508	169,630	-	(413)	(357)
Century Rainbow Ltd.	77,413	1,122	328	794	-	-	98
Celestial Talent Ltd.	56,642	291	385	(94)	-	-	-
Charm Merit Ltd.	28,480	1,344	361	983	-	-	98
Good Fame Ltd.	71,200	3,932	1,298	2,634	-	-	245

Note: The data from foreign companies have been converted to NTD based on the exchange rate on the report date.

(II) Consolidated financial statement of affiliates: Not applicable

—

Kuo Yang Construction Co., Ltd.

Consolidated Financial Statement of Affiliates

Companies what should be included in the consolidated financial statement of affiliates as provided in "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates" are all the same as what should be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards (IFRS) 10 in 2020 (from January 1, 2020 to December 31, 2020) and the relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declared by

Company Name: Kuo Yang Construction Co.,
Ltd.

Legal Representative: Tzu-Kuan Lin

March 22, 2021

(III) Affiliation Report: None

II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report: None

III. Status of company shareholding or handling by a subsidiary company for the recent year up to the publication date of this annual report: None

IV. Other necessary supplemental information: None

Chapter 9 Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 2, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report: None