Company Code: 1442

Advancetek Enterprise Co., Ltd. And Subsidiaries

Consolidated Financial Statement for the

Years Ended December 31, 2020 and 2019 and

Independent Auditor's Report

Advancetek Enterprise Co., Ltd.

5F., No. 16, Ln. 189, Sec. 1, Chengtai Rd., TEL:(02)82922288 FAX:(02) 82925253

Wugu Dist., New Taipei City

Advancetek Enterprise Co., Ltd. And Subsidiaries

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Representation Letter

The entities that are required to be included in the combined financial statements of Advancetek Enterprise Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Advancetek Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Advancetek Enterprise Co., Ltd.

Chairman: Hung-Ying Wu

Date: March 23, 2021

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INDEPENDENT AUDITOR'S REPORT

To Advancetek Enterprise Co., Ltd.

Audit Opinion

We have audited the consolidated financial statement of Advancetek Enterprise Co., Ltd. And its Subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards("IFRS"), International Accounting Standards("IAS"), and Interpretations developed by the International Financial Reporting Interpretations Committee("IFRIC") or the former Standing Interpretations Committee("SIC") (collectively, "IFRSs") as endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and by forming of our opinion thereon, and we do not provide a separate opinion on these matters.

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

1. Revenue Recognition (timing of recognition and classification of revenue)

The Group recognized the timing of real estate sales revenue in accordance to IFRS 15, of which the criteria that have been satisfied by the Group for recognition of revenue are with influence on net operating revenue and operating cost in consolidated financial statements, as recognition of sales revenue and its attribution are listed as one of the key audit matters.

We performed the following key audit procedures in respect of the above key audit matter:

(1) Understood and tested the design and operating effectiveness of the Group's internal control of sales and collection cycle.

(2) Understood and assessed reasonableness of method used by the management to recognize real estate sales revenue.

(3) Performed substantive test of revenue, randomly audited reasonableness of reregistration certificate of transfer of property ownership right and the date on handover document, verified transferring of legal ownership of property and control right to the buyer.

(4) Performed revenue cut-off test for sales and sales returns, sample audited ownership right transferring of property and its handover after the balance sheet date, and audited reasonableness of the timing of revenue recognition.

2. Inventory Valuation

As the inventory of the Group is measured at a lower cost and net realizable value, thus it is necessary to use judgements and estimates to determine the net realizable value of inventory at the end of the reporting period.

The Group evaluates inventory falling price loss or its gain from price recovery arise from public announced current value, economic environment and changes in the price of real estate transaction at the end of the reporting period. In contrast, estimates of the above are based on publicly announced current value, the most current market price of sales of the same construction project, assessment of land development benefits, and comparable information of the market, as these involve considerable uncertainty, inventory evaluation is listed as one of the key audit matters.

We performed the following key audit procedures in respect of the above key audit matter:

(1) Understood and assessed the reasonableness of assumption and method used by the management to estimate inventory evaluation.

(2) Examined reasonableness of calculation for net realizable value and information for related evaluation.

Other Matter

Advancetek Enterprise Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31,2020 and 2019, on which we have issued an unmodified opinion.

Responsibilities of Management and those Charged with Governance for the Financial

Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and the IFRSs as endorsed and issued into effect by the Financial Supervisory Commission (FSC), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance. Still, it is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement 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 based on these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From matters communicated with those charged with governance, we determined an issue that was most significant in the audit of the consolidated financial statements for the year ended December 31, 2020, and is, therefore, the key audit matter. We describe this matter 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.

Earnest & Company CPAs.
CPA: Lin Hsin-Ju
CPA: Lu Lien-Sheng
Document approved by the Competent Authority of securities:
Jin-Guan-Zheng-Shen-Zi No. 1000001522
Tai-Cai-Zheng-Liu-Zi No. 0910156783
March 23, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditor's audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and uesd in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Balance Sheets Originally Issued in Chinese)

Advancetek Enterprise Co., Ltd. And Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets		December 31, 2020		December 31, 2019	
Code	Items	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV、VI	$ 108,526	0.84	$ 85,114	0.71
1120	Current financial assets at fair value through other comprehensive income	IV、VI、XII	518	-	511	-
1150	Notes receivable, net	IV、VI	1,211	0.01	962	0.01
1170	Accounts receivable, net	IV、VI	37,875	0.30	30,272	0.26
1200	Other receivables		486	-	-	-
1220	Current tax assets	IV、VI	1,318	0.01	13	-
130x	Inventories	IV、VI、VIII	11,954,036	92.52	10,909,975	91.28
1410	Prepayments	VII	111,097	0.86	81,619	0.68
1476	Other current financial assets	IV、VIII	7,784	0.06	166,070	1.39
1479	Other current assets, others		1,513	0.01	788	0.01
1480	Current assets recognised as incremental costs to obtain contract with customers	IV	107,363	0.83	128,298	1.07
11xx	**Total current assets**		12,331,727	95.44	11,403,622	95.41
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	IV、VI、XII	24,529	0.19	18,834	0.16
1600	Property, plant and equipment	IV、VI、VIII	24,669	0.19	24,959	0.21
1760	Investment property, net	IV、VI、VIII	505,640	3.91	500,571	4.19
1780	Intangible assets	IV、VI	451	-	444	-
1920	Guarantee deposits paid		8,536	0.07	1,269	0.01
1930	Long-term notes and accounts receivable	IV、VI	25,708	0.20	2,556	0.02
15xx	**Total non-current assets**		589,533	4.56	548,633	4.59
1xxx	**Total assets**		$ 12,921,260	100.00	$ 11,952,255	100.00

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(English Translation of Consolidated Balance Sheets Originally Issued in Chinese)

Advancetek Enterprise Co., Ltd. And Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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Code	Liabilities and Equity Items	Note	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term loans	VI	$ 200,000	1.55	$ 300,000	2.51
2110	Short-term notes and bills payable	VI	69,933	0.54	124,707	1.04
2130	Current contract liabilities	IV、VI	427,126	3.30	354,929	2.97
2150	Notes payable		16,254	0.13	7,609	0.07
2170	Accounts payable		23,322	0.18	6,366	0.05
2180	Accounts payable to related parties	VII	192,596	1.49	143,164	1.20
2200	Other payables	VI	37,760	0.29	32,397	0.27
2220	Other payables to related parties	VII	18,657	0.14	2,502	0.02
2230	Current tax liabilities	IV、VI	754	0.01	492	-
2250	Current provisions	VI	1,033	0.01	967	0.01
2280	Current lease liabilities	IV、VI	2,248	0.02	-	-
2310	Advance receipts	IV、VII	37	-	36	-
2320	Long-term liabilities, current portion	VI	1,957,799	15.15	939,422	7.86
2399	Other current liabilities, others	VII	44,884	0.35	4,923	0.04
21xx	**Total current liabilities**		2,992,403	23.16	1,917,514	16.04
	Non-current liabilities					
2540	Long-term loans	VI	4,029,937	31.19	4,896,322	40.97
2552	Non-current warranty provision	IV、VI	22,682	0.18	21,551	0.18
2570	Deferred tax liabilities	IV、VI	34,096	0.26	35,688	0.30
2580	Non-current lease liabilities	IV、VI	326,151	2.52	-	-
2645	Guarantee deposits received		1,795	0.01	1,661	0.01
25xx	**Total non-current liabilities**		4,414,661	34.16	4,955,222	41.46
2xxx	**Total liabilities**		7,407,064	57.32	6,872,736	57.50
	Equity Attributable to shareholders of the parent					
	Share capital					
3110	Ordinary share	VI	3,662,113	28.34	3,031,262	25.36
3130	Certificates of entitlement to new shares from convertible bond	VI	-	-	24,521	0.21
3100	**Total share capital**		3,662,113	28.34	3,055,783	25.57
3200	**Capital surplus**	VI	991,852	7.68	935,874	7.83
	Retained earnings					
3310	Legal reserve	VI	583,146	4.51	573,102	4.80
3320	Special reserve	VI	170	-	170	-
3350	Unappropriated retained earnings	VI	269,549	2.09	510,607	4.27
3300	**Total retained earnings**		852,865	6.60	1,083,879	9.07
3400	**Total other equity interest**		7,366	0.06	3,983	0.03
31xx	**Equity Attributable to shareholders of the parent**		5,514,196	42.68	5,079,519	42.50
3xxx	**Total equity**		5,514,196	42.68	5,079,519	42.50
3x2x	**Total liabilities and equity**		$ 12,921,260	100.00	$ 11,952,255	100.00

(The Notes for Consolidated financial Statements are part of the Consolidated Financial Statements and should be read together.)

Chairman：Hung-Ying Wu　　General Manager：Sheng-Li Wu　　Accountant Officer：Hui-Chin Huang

(English Translation of Consolidated Statements of Comprehensive Income Originally Issued in Chinese

Advancetek Enterprise Co., Ltd. And Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for earnings per share)

			2020		2019	
Code	Items	Note	Amount	%	Amount	%
4000	**Operating Revenue**	IV、VI、VII	$ 2,231,333	100.00	$ 695,811	100.00
5000	**Operating costs**	IV、VI	1,897,356	85.03	609,985	87.67
5900	**Gross profit from operations**		333,977	14.97	85,826	12.33
	Operating expenses					
6100	Selling expenses	IV	114,876	5.15	28,740	4.13
6200	Administrative expenses		109,366	4.90	98,965	14.22
6000	**Total operating expenses**	VII	224,242	10.05	127,705	18.35
6900	**Net operating income (loss)**		109,735	4.92	(41,879)	(6.02)
	Non-operating income and expenses					
7010	Other income	VI	6,844	0.31	8,447	1.21
7020	Other gains and losses	VI	1,800	0.08	173,940	25.00
7050	Finance costs	VI	(27,128)	(1.22)	(10)	-
7000	**Total non-operating income and expenses**		(18,484)	(0.83)	182,377	26.21
7900	**Net profit before tax**		91,251	4.09	140,498	20.19
7950	Tax expense	IV、VI	(14,443)	(0.65)	(40,055)	(5.75)
8200	**Profit**		76,808	3.44	100,443	14.44
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	IV、VI	3,383	0.15	2,194	0.31
8349	Income tax related to components of other comprehensive income that will not be reclassified to		-	-	-	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		3,383	0.15	2,194	0.31
8300	**Total other comprehensive income**		3,383	0.15	2,194	0.31
8500	**Total comprehensive income**		$ 80,191	3.59	$ 102,637	14.75
8600	**Profit attributable to：**					
8610	Owners of parent company		76,808	3.44	100,443	14.44
8620	Non-controlling interests		-	-	-	-
			$ 76,808	3.44	$ 100,443	14.44
8700	**Total comprehensive income attributable to：**					
8710	Owners of parent company		80,191	3.59	102,637	14.75
8720	Non-controlling interests		-	-	-	-
			$ 80,191	3.59	$ 102,637	14.75
	Earnings per share					
9750	Total basic earnings per share	IV、VI	$ 0.25		$ 0.33	
9850	Total diluted earnings per share	IV、VI	$ 0.25		$ 0.32	

(The Notes for Consolidated financial Statements are part of the Consolidated Financial Statements and should be read together.)

Chairman：Hung-Ying Wu General Manager：Sheng-Li Wu Accountant Officer：Hui-Chin Huang

(English Translation of Consolidated Statements of Changes in Equity Originally Issued in Chinese)

Advancetek Enterprise Co., Ltd. And Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Share capital			Capital surplus				Retained earnings				Total other equities interest		
Summary	Ordinary share	Certificates of entitlement to new shares from convertible bond	Total share capital	Capital arising from ordinary share	treasury stock transaction	Share options	Total capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Equity Attributable to shareholders of the parent	Total equity
Balance on January 1, 2020	$ 3,031,262	$ 24,521	$ 3,055,783	$ 878,267	$ 27,031	$ 30,576	$ 935,874	$ 573,102	$ 170	$ 510,607	$ 1,083,879	$ 3,983	$ 5,079,519	$ 5,079,519
Appropriation and distribution of retained earnings 2019：														
Legal reserve appropriated	-	-	-	-	-	-	-	10,044	-	(10,044)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	(307,822)	(307,822)	-	(307,822)	(307,822)
	-	-	-	-	-	-	-	10,044	-	(317,866)	(307,822)	-	(307,822)	(307,822)
Net profit in 2020	-	-	-	-	-	-	-	-	-	76,808	76,808	-	76,808	76,808
Other comprehensive income in 2020	-	-	-	-	-	-	-	-	-	-	-	3,383	3,383	3,383
Total comprehensive income	-	-	-	-	-	-	-	-	-	76,808	76,808	3,383	80,191	80,191
Conversion of convertible bonds	606,330		606,330	86,554	-	(30,576)	55,978	-	-	-	-	-	662,308	662,308
Conversion of certificates of bonds-to-	24,521	(24,521)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2020	$ 3,662,113	$ -	$ 3,662,113	$ 964,821	$ 27,031	-	$ 991,852	$ 583,146	$ 170	$ 269,549	$ 852,865	$ 7,366	$ 5,514,196	$ 5,514,196
Balance on January 1, 2019	$ 3,018,085	$ 244	$ 3,018,329	$ 871,880	$ 27,031	$ 32,569	$ 931,480	$ 561,023	$ 170	$ 724,360	$ 1,285,553	$ 1,789	$ 5,237,151	$ 5,237,151
Appropriation and distribution of retained earnings 2018：														
Legal reserve appropriated	-	-	-	-	-	-	-	12,079	-	(12,079)	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	-	-	-	(302,117)	(302,117)	-	(302,117)	(302,117)
	-	-	-	-	-	-	-	12,079	-	(314,196)	(302,117)	-	(302,117)	(302,117)
Net profit in 2019	-	-	-	-	-	-	-	-	-	100,443	100,443	-	100,443	100,443
Other comprehensive income in 2019	-	-	-	-	-	-	-	-	-	-	-	2,194	2,194	2,194
Total comprehensive income	-	-	-	-	-	-	-	-	-	100,443	100,443	2,194	102,637	102,637
Conversion of convertible bonds	12,933	24,521	37,454	6,387	-	(1,993)	4,394	-	-	-	-	-	41,848	41,848
Conversion of certificates of bonds-to-	244	(244)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2019	$ 3,031,262	$ 24,521	$ 3,055,783	$ 878,267	$ 27,031	$ 30,576	$ 935,874	$ 573,102	$ 170	$ 510,607	$ 1,083,879	$ 3,983	$ 5,079,519	$ 5,079,519

(The Notes for Consolidated financial Statements are part of the Consolidated Financial Statements and should be read together.)

Chairman：Hung-Ying Wu General Manager：Sheng-Li Wu Accountant Officer：Hui-Chin Huang

(English Translation of Consolidated Statements of Cash Flows Originally Issued in Chinese)

Advancetek Enterprise Co., Ltd. And Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Contents	2020	2019
Cash flows from (used in) operating activities		
Profit before tax	$ 91,251	$ 140,498
Adjustments：		
Adjustments to reconcile profit (loss)		
Depreciation expense	6,046	6,208
Amortization expense	286	310
Expected credit losses	73	49
Interest expense	27,128	10
Interest income	(663)	(278)
Dividend income	(1,558)	(1,335)
Gain on disposal of property(Construction land)	-	(173,350)
Gain on disposal of property,plant and equipment	-	(590)
Gain on disposal of investment properties	(6,911)	-
Other adjustments -gain from price recovery of inventory	-	(26,822)
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	(374)	1,250
Increase in accounts receivable	(30,176)	(18,481)
Increase in other receivables	(491)	-
Decrease in other receivables due from related parties	-	8
Increase in inventories	(599,000)	(1,830,154)
Increase in prepayments	(29,478)	(56,809)
(Increase) decrease in other current assets, others	(725)	7,543
Decrease in other current financial assets	158,286	24,998
Decrease (increase) in assets recognised as incremental costs to obtain contract with customers	20,935	(73,424)
Increase in current contract liabilities	63,543	194,325
Increase (decrease) in notes payable	8,645	(23,914)
Increase (decrease) in accounts payable	16,956	(7,397)
Increase in accounts payable to related parties	49,432	15,277
Increase (decrease) in other payables	3,341	(5,108)
Increase (decrease) in other payables to related parties	16,155	(5,357)
Increase (decrease) in provisions	1,197	(1,988)
Increase (decrease) in advance receipts	1	(1)
Increase (decrease) in other current liabilities	39,961	(3,166)
Cash outflow generated from operations	(166,140)	(1,837,698)
Interest received	141	278
Dividends received	1,558	1,335
Interest paid	(122,447)	(122,479)
Income taxes paid	(17,078)	(22,856)
Net cash flows used in operating activities	(303,966)	(1,981,420)

(Continued on the next page)

(English Translation of Consolidated Statements of Cash Flows Originally Issued in Chinese)

Advancetek Enterprise Co., Ltd. And Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for earnings per share)

(Continued from previous page)

Contents	2020	2019
Cash flows from (used in) investing activities：		
Acquisition of financial assets at fair value through other comprehensive income	(2,319)	-
Acquisition of property, plant and equipment	(326)	(1,773)
Proceeds from disposal of property(Construction land)	-	853,526
Proceeds from disposal of property, plant and equipment	-	1,052
Proceeds from disposal of investment property	12,542	-
Increase in guarantee deposits paid	(45,810)	(17,980)
Decrease in guarantee deposits paid	38,543	17,725
Acquisition of intangible assets	(293)	(266)
Net cash flows from investing activities	2,337	852,284
Cash flows from (used in) financing activities：		
Increase in short-term loans	290,000	540,000
Decrease in short-term loans	(390,000)	(526,000)
Increase in short-term notes and bills payable	195,000	325,000
Decrease in short-term notes and bills payable	(250,000)	(460,000)
Payments for issuance costs of bonds	(5,216)	(7,855)
Proceeds from long-term loans	1,825,538	2,862,312
Repayments of long-term loans	(1,032,206)	(1,341,208)
Increase in guarantee deposits received	280	630
Decrease in guarantee deposits received	(146)	(42)
Payments of lease liabilities	(387)	-
Cash dividends paid	(307,822)	(302,117)
Net cash flows from financing activities	325,041	1,090,720
Net increase (decrease) in cash and cash equivalents	23,412	(38,416)
Cash and cash equivalents at beginning of period	85,114	123,530
Cash and cash equivalents at end of period	$ 108,526	$ 85,114

(The Notes for Consolidated financial Statements are part of the Consolidated Financial Statements and should be read together.)

Chairman：Hung-Ying Wu　　General Manager：Sheng-Li Wu　　Accountant Officer：Hui-Chin Huang

Advancetek Enterprise Co., Ltd. And Subsidiaries

Notes To Consolidated Financial Statements For the Year 2019-2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. General Information

Advancetek Co., Ltd (the "Company") was incorporated in July 1974 to engage primarily in commissioning builders to construct public housings and commercial buildings for lease and sell. The address of its registered office and the principal place of business is 5F., No.16, Ln. 189, Sec. 1, Chengtai Rd., Wugu Dist., New Taipei City. In November 1989, the Company's shares were listed on the Taiwan Stock Exchange (TWSE).

II. Approval Of Consolidated Financial Statements

The consolidated financial statements were authorized for issue by the Company's board of directors on March 23, 2021.

III. Application of New, Amended And Revised Standards And Interpretations

1.Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRS") endorsed and issued into effect by the FSC.

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

2.The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with an effective date starting 2021

New, Revised, Amended Standards and Interpretation	Effective in the year after following dates as issued by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

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

New, Revised, Amended Standards and Interpretation	Effective in the year after following dates as issued by the IASB
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
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IFRS 3 "Reference to Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the period presented in the consolidated financial statements unless stated otherwise.

(i) Statement of Compliance

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

(ii) Basis of Preparation

1. The accompanying consolidated financial statements have been prepared on a historical cost basis, except for important matters explained below.

   (1) Financial assets and liabilities at fair value through profit or loss (including derivatives).

   (2) Financial assets at fair value through other comprehensive income.

2. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

(iii) Basis of Consolidation

1.The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statement of the Group and entities controlled by the Group (its subsidiaries).The Group controls an entity when the Group is exposed to, 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.

Total comprehensive income fo subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

2.The subsidiaries in the consolidated financial statements

Investor	Subsidiary	Business nature	Percentage of ownership	
			109.12.31	108.12.31
Advancetek Enterprise Co., Ltd.	Hsinbo Construction Co., Ltd.	Lease and property sales	—	100%

Note1: Subsidiary that is consolidated into the consolidated financial statements is not significant subsidiary.

Note2: Whilst, on September 24, 2020, the Board of Directors of the Company resolved to process a simple merger with its subsidiary, the Hsinbo Construction Co., Ltd., the reference date of the merger was on October 31, 2020, the Company was the surviving company in the merger, and Hsinbo Construction Co., Ltd. was the dissolved company. Information on acquired assets and assumed liabilities from the merger with Hsinbo Construction Co., Ltd. are as follows:

	Main business activities	Reference date
Hsinbo Construction Co., Ltd.	Leasing industry, real estate business	As of October 31, 2020

	Amount
Assets	
Cash and cash equivalents	$ 9,513
Other receivables	1
Investment property, land	113,371
Investment property, buildings	48,399
Accumulated depreciation- Investment property, buildings	(20,708)
Liabilities	
Other payables	(113)
Current tax liabilities	(258)
Guarantee deposits received	(1,000)
	$ 149,205

(iv) Transactions in foreign currencies

Transactions in foreign currencies are translated into the Group’s functional currency at the rate of exchange prevailing at the date of transaction. Foreign currency monetary assets and liabilities are translated into functional currency at the rate of exchange prevailing at the financial reporting date. The profit or loss of monetary items that are denominated in foreign currency refers to the difference between the amount after the payment of that arising from adjustment of current effective interest rate by the functional currency initially denominated at amortized cost, and the amount of amortized cost denominated in foreign currency at closing rate of exchange. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated into the functional currency at the rate prevailing the date when the fair value was measured. Exchange differences arising from retranslation of non-monetary items are included in profit or loss for the year. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated at the exchange rate prevailing the date of transaction.

(v) Classification of Current and Non-current Assets and Liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current assets:

1.It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within 12 months after the reporting period; or
4. The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used for settle a liability at least 12 months after the reporting period.

A liability is classified as current under the following criteria, and all other liabilities are classified as non-current liabilities:

1. It is expected to be settled in a normal operating cycle;
2. It is expected to be held for the purpose of trading;
3. It is expected to be settled within 12 months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the counterparty's option, result in its settlement by issuing equity instruments do not affect its classification.

The Group engages mainly in the building of real estate, which accounted for a year-long operating cycle. Thus assets and liabilities regarding building business are classified as current or non-current based on a normal operating cycle.

(vi) Cash and Cash Equivalent

Cash and cash equivalent comprises cash, cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the operational purpose of meeting short-term cash commitments should be recognized as a cash equivalent.

(vii) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. The scope of IFRS 9 defined "Financial instrument" is applicable to financial assets and financial liabilities of which transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

*Recognition and measurement of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The Group categories financial assets into financial assets at amortized cost, financial assets at FVTOCI, and financial assets at FVTPL on the following basis:

A.The business model for managing financial assets.

B.Contractual cash flow characteristics of financial assets.

<u>1. Financial assets measured at amortized cost</u>

Financial assets meet the following two criteria, are measured at amortized cost, and shall listed in the balance sheet as items of bill receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

A. The business model for managing financial assets: financial assets are held for the collection of contractual cash flow.

B. Contractual cash flow characteristics of financial assets: the contractual cash flow is solely for the payments of principal and interest on the principal amount outstanding.

This type of financial assets (not including those involve hedging relationship) are measured at amortized cost, which is the amount measured at initial recognition, deduct principal paid, plus or minus the accumulated amortization (determined by effective interest method) arising from the difference between the initial amount and the amount due, and with adjustment of the loss allowance. The gain or loss arising from derecognition, through amortization procedure or recognition of impairment gain or loss, are recognized as profit or loss.

For interest that is determined by effective interest method (multiplying effective interest rate with the total carrying amount of financial assets) or following calculations, is recognized in profit or loss:

A.For purchased or originated credit-impaired financial assets, calculated by multiplying the credit-adjusted effective interest rate and the cost of amortized financial assets.

B.For non-purchased but originated credit-impaired financial assets, it is calculated by multiplying effective interest rate and cost of amortized financial assets.

2. Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets that meet the following two criteria are measured at FVTOCI, and shall be listed as assets at FVTOCI on the balance sheet:

A.The business model for managing financial assets: collecting contractual cash flows and selling financial assets.

B.Contractual cash flow characteristics of financial assets: cash flows are solely payments of principal and interest on the principal amount outstanding.

Recognition of related profit or loss of this type of financial assets are as follows:

A. Before derecognition or reclassification, except impairment gain or loss and foreign currency exchange profit or loss is recognized in profit or loss, the gains or losses of an asset are recognized in other comprehensive income.

B. Derecognition of assets is achieved by adjustment for reclassification of the accumulated income or loss that were previously recognized in other comprehensive income and reclassified from equity to income.

C. Interest calculated by using of effective (multiplying effective interest rate with the total carrying amount of financial assets) interest method or following calculations, are recognized as income:

(a) For purchased or originated credit-impairment financial assets, calculated by multiplying the credit-adjusted effective interest rate and the cost of amortized financial assets.

(b) For non-purchased but originated credit-impaired financial assets, it is calculated by multiplying effective interest rate and cost of amortized financial assets.

In addition, for equity instrument applicable at IFRS 9, and that equity instrument is not specifically for the transaction, nor it is applicable at IFRS 3 of recognized contingent consideration by the acquirer in a business combination, the equity instrument, at initial recognition, elect (irrevocable) to include the changes at fair value through other comprehensive income. The amount presented in other comprehensive income may not transfer to profit or loss (upon disposal of the equity instrument, it will be included in the cumulative amount of other equity instrument item and directly turned into retained earnings), and the financial assets measured at fair value through other comprehensive income is presented on the balance sheet. Invest in dividend is included in profit or loss unless the dividend shows the obvious partial recovery of investment cost.

3. Financial Assets at fair value through profit or loss (FVTPL)

Except for the abovementioned meet the criteria of measured at amortized cost or at fair value through other comprehensive income, financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets at FVTPL.

The gains or losses arising from remeasuring the financial assets measured at fair value are recognized as profit or loss. The recognized profit or loss from the gains and losses includes any dividend or interest collected by the financial assets.

(viii) Impairment of Financial Assets

The Group recognizes and measures loss allowances for expected credit loss (ECL) on debt investments measured at FVTOCI and financial assets measured at amortized cost. The loss allowance for the debt instrument investment measured at FVTOCI is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The Group measures expected credit losses (ECL) in accordance with those listed below:

A. Through evaluation of the range of possible outcomes for determining an unbiased and probability-weighted amount.

B. Time value of money.

C. Reasonable and supportable information (which involved no undue cost or effort if obtained) about past events, current conditions and reasonable and supportable forecasts of future economic conditions.

Methods for measuring loss allowance are as follows:

A. Measured at an amount equal to 12-month ECLs: Including financial assets that show no significant increase in credit risk since initial recognition or that is determined as low credit risk at the balance sheet date. The financial assets, which have loss allowance measured at lifetime expected credit losses in the prior reporting period but no longer show a significant increase in credit risk since initial recognition at the current balance sheet date, is also included.

B. Measured at an amount of lifetime expected credit losses: Including financial assets that have shown a significant increase in credit risk since initial recognition or that of purchased or originated credit-impaired financial assets.

C. For account receivable and contract assets arising from the transaction within the scope of IFRS 15, the Group measured loss allowance at lifetime expected credit losses.

The Group compared the financial instrument at balance sheet date with changes in breach of contract risk at initial recognition for evaluating whether financial instruments have shown a significant increase in credit risk since initial recognition.

(ix) Using the Equity Method for Investment in Associates

1. Associates are those entities in which the Group has significant influence but no control over them; the Group normally holds, directly or indirectly, more than 20% of voting shares. The Group uses the equity method to account for its investments in associates, which are recognized at cost when acquired.
2. The Group recognizes the share of profit or loss accounted after acquiring an associate under current profit or loss and recognizes the share of other comprehensive income under other comprehensive income. When the Group's share of losses exceeds its interests in an associate's, the recognition of further losses is discontinued except to the extent the Group has legal or constructive obligation or has made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate is reclassified to profit or loss.

(x) Property, Plant, and Equipment

Property, plant and equipment that is held for producing a commodity or for management, use acquisition cost as basis for an account entry and presented in the balance sheet with the amount that has deducted accumulated depreciation and accumulated impairment.

Aside from land, depreciation of all the property, plant and equipment is computed using the straight-line method and is recognized so as to write off the cost of the assets less their residual values over their useful lives. If each property, plant, and equipment consist of a significant part, it shall be depreciated separately.

The estimated useful lives of property, plant and equipment are as follows:

1. Buildings: 50 years.
2. Computers and communication facilities: 3-5 years.
3. Delivery equipment: 5 years.
4. Office equipment: 3-5 years.
5. Machinery and equipment: 5 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment should be removed from the statement of financial position on disposal or when no future economic benefits are expected from the continued use of the assets. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(xi) Investment Property

Either to earn rent income or have assets increase in value or both are purposes to hold this property, including those under construction for the same purposes. Investment property also comprised property that is held but not yet determines its use. Thus it is considered held for the acquisition of capital appreciation.

Investment property is originally measured at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Investment property under construction is recognized at the cost less accumulated impairment loss. Cost comprised of the professional service fee, and the amount of IAS 23 “Borrowing Costs” that are directly attributable to the qualifying asset form part of the cost of that asset should be capitalized. Recognition of depreciation is commenced when this asset is built and achieved its expected usage.

Recognition of depreciation of the building and affiliated facilities use a straight-line method as the basis. The cost of the asset is spread out equally over the expected life of the investment property.

An investment property should be removed from the statement of financial position on disposal on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of gain or loss on disposal is the difference between the net disposal proceeds and the carrying amount of the asset and should be recognized in profit and loss.

The estimated use life of each item of investment property is as follows:

1. House and building (comprised renovation): 3~50 years.

(xii) Leases

For a contract that contains a lease component and non-lease component, the Group may elect to account for the lease and non-lease components as a single lease component.

If the contractual terms have the right to direct the use of the asset and obtain substantially all of the economic benefits through the period of use, then the contract is, or contains, a lease. The Group recognizes right-of use assets and lease liabilities for all leases, except for short-term leases and low-value leases.

As the lessee, the Group recognizes right-of use assets and lease liabilities for all leases at the commencement date of the lease, except for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis. The depreciation expense of right-of-use asset and the interest incurred from lease liability measured at the effective interest method shall present separately on the consolidated composite income sheet. Whereas in consolidated statements of cash flows, the principal amount of payment for lease liability and part of paid interest are presented separately as financing activities and operating activities.

Right-of-use assets are measured at cost (including the cost of right of use assets comprises the initial measurement of lease liabilities adjusted for lease payment, lease payment and initial direct costs made at or before the commencement date, and an estimate of costs needed to restore the underlying assets). Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities resulting from lease term modifications or other related factors.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Group by the end of the lease terms or if the cost of right-of-use assets reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are measured at the present value of lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or rate and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted using the lessee’s increment borrowing rates.

The carrying amount of lease liabilities are either added or deducted due to the interests and lease payments of subsequent lease liabilities. The interests of lease liabilities during each lease term, of which the amount can turn each term's interest calculated at the remaining balance of lease liability a fixed interest.

The right-of-use assets and lease liabilities are presented in the Group’s balance sheet. In contrast, depreciation expense and interest related to leases are presented separately on the consolidated income sheet. For short-term leases or low-value asset leases, the lease payment of related leases is recognized as an expense during the leasing term on the basis of the straight-line method. Impairment of right-of-use assets recognized are evaluated at balance sheet date, and incurred impairment losses are treated as well.

The right-to-use asset is recognized in inventory if it complies with the definition of inventory, whereas the measurement of it afterward will be treated according to IAS 2.

(xiii) Intangible Assets

Other intangible assets with finite useful lives that the Group acquired are measured at cost less accumulated amortization and accumulated impairment loss.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred, where amortization is calculated on the basis of the cost of the asset or amount of other alternative costs, less its residual value.

The useful life of each item of externally generated intangible asset is as follows:

1. Trademark rights: 12 years.
2. Computer software: 2-5 years.

(xiv) Impairment - Non financial Assets

The Group recognized impairment loss when there is an indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.

(xv) Provision

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets,” the Group has complied with “Instructions should be / should not be Described in a Standard Contract of the Sale and Purchase of Presale House” announced by the Ministry of Interior and provide 15 years of partial warranty on building structure, and 1 year of partial warranty for fixed building material and facilities, the Group has based on past experience to recognize the best estimates of warranty that are probably most requested as the provisions of the warranty.

(xvi) Treasury Shares

Treasury shares shall be accounted for using the cost method and presented as a deduction from equity. The number of shares shall be noted.

(xvii) Accounting practice of revenue, cost and expense

The accounting treatments of revenue, cost, and expense related to investment in building houses for sale are as follows:

1. Operating revenue

The Group commissioned builders to construct pre-sale real estate or for existing home sales, which complies with IFRS 15 regulation on goods sales to recognize revenue.

Sell goods is recognized revenue through following procedure:

(a) Identify the contract with customer;

(b) Identify the performance obligations in the contract;

(c) Determine transaction price;

(d) Allocate the transaction price to each performance obligation; and

(e) Recognize revenue when a performance obligation is satisfied.

The Group runs the business in land development and selling real estate. Related revenue is recognized when transferring the control of real estate to the customer. Based on terms and conditions of a signed residential sale contract, the real estate no longer provides usage to the Group other than that stated in the contract, but the Group will have the enforceable right not until the legal ownership right or use rights of the real estate is transferring to the customer. Thus, revenue is recognized when legal ownership right or use right is transferred to the customer and the real estate has been handover. But if only one of the above-mentioned procedures is done before the end of the reporting period, revenue could also be recognized after reporting period if another is done within 20 days before delivering to the board of directors for approval.

Revenue is measured at a price agreed in the contract. The payment of contract price is made by the customer when transferring legal ownership of the real estate. In a few cases, the Group and customer may come to an agreement to defer the time for payment, the time span between transferring of real estate ownership right to customer and the payment made by customer may extent to a year long. Therefore, it is necessary to adjust the consideration promised in the contract to reflect the impact on the time value of money if the contract includes a significant financing arrangement.

2. Operating Cost

The cost arising from the investment of the Group in constructing houses is included in construction in progress. When the house is recognized as revenue, the cost shall be included in the operating cost of the year, whereas established houses but not yet sold are presented as property ready for sale. The operating cost is allocated using the income approach, floor space approach, or method of current assed land value, but if the method used by a construction site has been chosen, then the change cannot be made.

The land purchased for building houses to sale is included in the Land held for construction site, whereas the land with on going construction is included in land under construction. When the house and the land are recognized revenue, the land will turn to the operating cost of the year.

Since the superficies of leased land acquired by the Group is held for the construction project development, the royalties for superficies right is recognized as the cost of inventories.

The Group uses cost as the basis of accounting for land held for a construction site, land with ongoing construction, and real estate property ready for sale, which is evaluated at cost and net realized value at the end of the financial period.

3. Cost of contract with customer - incremental cost of obtaining a contract and operating expense

If the Group expected the recoverable incremental cost of obtaining a contract, the cost is recognized as assets. The incremental cost of obtaining a contract is incurred when obtaining a contract from the customer, whilst the cost will not be incurred if failed to obtain the contract. Whether the contract is obtained or not, the cost is incurred and recognized when obtaining a contract, unless the cost can certainly be collected from the customer no matter the contract is successfully obtained.

4. Capitalization of interest cost

Interest expenses arising from the advance payment before the transfer of legal ownership of the Group's purchased land are capitalized and included in land cost. Loan interests arising from the cost of land and house construction incurred during the time of establishing houses are capitalized and included in the house under construction to reflect the cost for building a house.

(xviii) Employee Benefits

1. Retirement benefit plans

Payment to defined contribution retirement benefit plans is recognized as an expense when employees have rendered services entitling them to the contributions.

2. Employee's compensation and directors' / supervisors' remuneration

Employee's compensation and directors' (supervisors') remuneration of the Group are recognized as expense, and included in appropriate accounting item under operating cost or operating expense according to the attribution, whilst the actual amount distributed is the basis on the resolution of the shareholder’s meeting in the next year. Any difference between the resolved amount by the shareholders’ meeting and that presented on consolidated financial statements is considered changes in estimates and recognized as profit or loss of the period resolved by the shareholders’ meeting.

(xix) Taxation

Income tax represents the sum of the tax currently payable and deferred tax.

1. Income tax

Current tax liabilities are the basis of the tax of the year. As there are income and expense in other periods that are items of either taxable or deductible, or that of non taxable or non deductible, which resulted in taxable income is different from the net income reported in the statements of comprehensive income. The current income tax and related liabilities of the Group are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

According to the Income Tax Act, an additional tax of unappropriated retained earnings is provided for as profit-seeking enterprise income tax. It is recorded as an expense in the year resolved by the shareholders.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized when it is probable that taxable profit will be available against which those deductible temporary differences can be utilized. If the temporary differences incurred from the initial recognition of other assets and liabilities, which has no effects on taxable income and accounting profit, it’s not recognized as deferred tax assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on the tax rate and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

(xx) Bonds Payable

Convertible bonds payable issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial liability or an equity instrument ("capital surplus - share options"). Convertible corporate bonds are accounted as follows:

1. Call options and put options embedded in convertible bonds payable issued by the Group are recognized initially at net fair value as "financial assets or financial liabilities at fair value through profit or loss." They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as "gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss."
2. Bonds payable of convertible corporate bonds are initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable/ preference share liabilities and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the "finance costs" over the period of bond circulation using the effective interest method.
3. Conversion options embedded in convertible bonds payable issued by the Group, which meet the definition of an equity instrument, are initially recognized in "capital surplus – share options" at the residual amount of total issue price less amounts of "financial assets or financial liabilities at fair value through profit or loss" and "bonds payable - net" as stated above. Conversion options are not subsequently remeasured.
4. Any transaction costs directly attributable to the issuance of convertible corporate bonds payable are allocated to the liability and equity components in proportion to the allocation of proceeds.
5. When bondholders exercise conversion options, the liability component of the bonds (including "bonds payable" and "financial assets or financial liabilities at fair value

through profit or loss") shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - share options.

(xxi) Earnings per Share

Calculation of earnings per share is treated according to IAS 33 "Earnings per Share." Earning per share is calculated as the net income after tax divided by the weighted average number of outstanding shares during the period. If there is an increase in number of shares due to a capital increase out of earnings or capital reserve, then the calculation of retrospective adjustment shall be used. When calculating diluted earnings per share, shall be taken into account the effect of dilutive potential ordinary shares convert into ordinary share. In contrast, potential ordinary shares with the anti-dilution effect are not included in the calculation.

V. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies as described in Note 4, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Information about future assumptions and other key sources of estimation uncertainties at the end of the financial reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the coming year is as follows:

1. Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value. The Group uses judgement and estimates to determine the realizable value of inventory at the end of each balance sheet date. Due to the rapid industrial transformation, the Group estimates the net realizable value of inventory for fluctuating market and unmarketable items at the end of the balance sheet date and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions about future demand within a specific time horizon. Thus there may be significant changes in the net realizable of inventories.

2.Lessees' Incremental Borrowing Rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, the Group mainly takes into account the risk-free market rates, the estimated lessee's credit spreads and secured status in a similar economic environment.

VI. Note To Significant Accounting Items

(i)Cash and cash equivalents

Item	2020.12.31	2019.12.31
Petty cash	$ 85	$ 85
Checking accounts	23	70
Demand deposit	108,418	84,959
Total	$ 108,526	$ 85,114

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

Item	2020.12.31	2019.12.31
Current item:		
Listed company's stocks		
En Tie Commercial Bank Co.,	$ 548	$ 548
Less: Valuation Adjustment	(30)	(37)
Net amount	$ 518	$ 511

Item	2020.12.31	2019.12.31
Noncurrent item:		
Listed company's stocks		
Asia Pacific Telecom Co., Ltd.	$ 8,271	$ 8,271
Unlisted company's stocks		
Taiwan Biotech Co., Ltd.	8,862	6,543
Tah Chung Steel Corporation	—	—
Subtotal	17,133	14,814
Add: Valuation Adjustment	7,396	4,020
Net amount	$ 24,529	$ 18,834

1. For December 31, 2020 and 2019, the Group's financial assets measured at fair value through other comprehensive income was not pledged.
2. Asia Pacific Telecom Co., Ltd. implemented capital reduction to write off an accumulated loss in November 2019. The capital was reduced by 34.456858%. Stocks of Asia Pacific Telecom Co., Ltd. held by the Group were reduced from 450,000 shares to 294,944 shares.

3. Taiwan Biotech Co., Ltd. required a capital injection in February 2020. The Group then subscribed 115,964 shares and increased the stock held from 651,488 shares to 767,452 shares.

(iii) Net notes receivable and long-term notes receivable

Item	2020.12.31	2019.12.31
Notes receivable	$ 1,971	$ 1,597
Less: Loss allowance	—	—
Subtotal	1,971	1,597
Less: Long-term installment	(760)	(635)
Net notes receivable	$ 1,211	$ 962

No notes receivable was pledged to others.

(iv) Net accounts receivable and long-term installment accounts receivable

Item	2020.12.31	2019.12.31
Accounts receivable	$ 10,854	$ 26,081
Less: Loss allowance	(68)	—
Subtotal	10,786	26,081
Installment account receivable	53,346	6,112
Less: Unrealized interest income	(1,309)	—
Less: Net long-term installment accounts receivable	(24,948)	(1,921)
Subtotal	27,089	4,191
Net accounts receivable	$ 37,875	$ 30,272

The Group's primary business is to commission builders to construct public housing for sale or lease. Thus, receivables are primarily incurred from the selling of the Group’s buildings and land, of which payments were collected according to terms and conditions stated in the sale contract as agreed upon by both sides. Transfer of house will be made only when full payment is collected or that the bank has approved a loan. If a customer has insufficient funds and needs to apply for an installment plan, the Group will valuate credit and repayment capacity of the person, and implement installment payments in accordance with Terms and Conditions agreement.

1. No accounts receivable was pledged to others.
2. Provision matrix approach is used to measure loss allowance of receivables, related information as follows:

(1) As of December 31, 2020

	Not past due (Note)	Days past due: Within a month	1-3 months	4-6 months	7-12 months	above 12 months	Forward-looking information on an individual basis	Total
Total book value	$ 65,604	$ 287	$175	$ 40	$ -	$ -	$ 65	$ 66,171
Loss rate	-%	-%	1%	3%	30%	100%	100%	
Lifetime expected credit loss	-	-	(2)	(1)	-	-	(65)	(68)
Total	$ 65,604	$ 287	$173	$ 39	$ -	$ -	$ -	$ 66,103

(2) December 31, 2019

	Not past due (Note)	Days past due: Within a month	1-3 months	4-6 months	7-12 months	above 12 months	Forward-looking information on an individual basis	Total
Total book value	$ 33,775	$ 15	$ -	$ -	$ -	$ -	$ -	$ 33,790
Loss rate	-%	-%	1%	3%	30%	100%	100%	
Lifetime expected credit loss	-	-	-	-	-	-	-	-
Total	$ 33,775	$ 15	$ -	$ -	$ -	$ -	$ -	$ 33,790

Note: All notes receivable of the Group were not past due.

3. As of December 31, 2020, and 2019, information on changes in loss allowance of the Group’s receivables are as follows:

Item	2020.12.31	2019.12.31
Opening balance	$ —	$ 99
Increase in current	68	49
Decrease in current	—	(148)
Balance at December	$ 68	$ —

(v) Inventories

Item	2020.12.31	2019.12.31
Buildings and land held for sale	$ 2,077,187	$ 992,486
Land held for construction site	2,325,544	1,079,540
Construction in progress	6,234,758	8,844,119
Prepayment for land purchases	390,293	–
Royalties for superficies right	603,638	–
Right-of-use assets	328,786	–
Cost	11,960,206	10,916,145
Less: Allowance for inventory valuation losses	(6,170)	(6,170)
Total	$ 11,954,036	$ 10,909,975

1. Buildings and land held for sale

Construction Projects	2020.12.31	2019.12.31
Xinzhuang Hefeng	$ 13,742	$ 24,191
Jiaoxi Park	153,643	219,883
Taichung 35	—	9,971
Linkou A7	45,359	95,591
Taichung 19	5,722	26,138
Luodong Gongzheng	496,972	616,712
Xinzhuang Fuduxin	1,206,264	—
Taoyuan Kuaiji	155,485	—
Total	$ 2,077,187	$ 992,486

(1) As for December 31, 2020 and 2019, the Group's buildings and land held for sale were insured for the amounts of NT$ 501,480 thousand and NT$ 186,488 thousand, respectively.

(2) The total interest capitalized incurred in converting construction in progress to buildings and land held for sale was found to be NT$ 15,749 thousand and NT$ 10,290 thousand for the end of December 31, 2020 and 2019, as described in Note VI(xxv).

(3) A total cost incurred in renting the Group's buildings and land held for sale was found to be NT$ 16,130 thousand in 2020, which was accounted as an item under investment property. Please refer to Note VI(ix) for more details.

(4) As for December 31, 2020 and 2019, the above mentioned buildings and land held for sale were pledged. Please refer to Note VIII for more details.

(5) As for December 31, 2020 and 2019, the changes in allowance for inventory valuation losses of buildings and land held for sale is as follows:

Item	2020	2019
Opening balance	$ —	$ 26,822
Recognized in	—	15,924
Reversed in current	—	(42,746)
Balance at December	$ —	$ —

In June 2019, the Group's construction project Wenshan Shijian was recognized as buildings and land held for sale, of which a cost of NT$ 15,924 thousand has incurred from the loss of inventory price falling, which was written under a cost for sale. The construction project Wenshan Shijian recognized as buildings and land held for sale was completely sold out in September 2019, therefore, was recognized the gain from price recovery of inventory at the amount of NT$ 42,746 thousand in the Q3 of 2019, and was accounted as the deduction of the cost of goods sold.

2. Land held for construction site

Land Name	2020.12.31	2019.12.31
Land held for development	$ 127,144	$ 127,144
Land for capacity transfer	52,034	128,476
Taoyuan Sanmin section	419,006	823,920
Hsinchu Zhongxing section	1,727,360	－
Subtotal	2,325,544	1,079,540
Less:Allowance for inventory valuation losses	(6,170)	(6,170)
Total	$ 2,319,374	$ 1,073,370

(1) As for December 31, 2020 and 2019, the above mentioned land held for the construction site was pledged. Please refer to Note VIII for more details.

(2) The cost for land for capacity transfer as approved by the Taoyuan City Government in May 2020 was NT$ 87,438 thousand, and recognized as construction in progress of the Taoyuan Sanmin Section A project.

(3) The board of directors had resolved on September 3, 2020, to sell the Group's land on Zhongxing Section in Hsinchu through public tendering, but the resolution was later withdrawn by the board on November 6, and the resolution was made to either contact specific person or establishing plant and office. Thus the land on Zhongxing Section in Hsinchu amounted NT$ 1,727,360 thousand was transferred to the land held for construction. The amounts that have been inputted in the construction in progress were listed as prepayments of NT$ 1,386 thousand and miscellaneous disbursements of NT$ 5,085 thousand.

(4) In July 2019, the Group has transferred the land in Gangshan Wanli West Section, sold for NT$ 860,199 thousand, which after deductions of the book cost on sale NT$ 680,176 thousand, and other transaction cost related to the sold land NT$ 6,673 thousand, the gain on disposal was NT$ 173,350 thousand, and recorded as gains on disposal of property (land held for construction site). Please refer to Note VI(xxiv) for more details.

3. Construction in progress

Construction Projects	2020.12.31	2019.12.31
Xinzhuang Fuduxin	$ —	$ 1,391,077
Danhai	3,381,213	2,560,872
Lot 8, Taichung Zhenxing section	1,573,714	1,144,838
Hsinchu Zhongxing section	—	1,731,435
Taichung Lianwu section	781,166	651,492
Taoyuan Kuaiji section	—	1,364,405
Case A of Taoyuan Sanmin section	498,665	—
Total	$ 6,234,758	$ 8,844,119

(1) As of December 31, 2020 and 2019, interest capitalized is recognized as construction in progress, amounted NT$ 115,759 thousand and NT$ 128,230 thousand, respectively. Please refer to Note VI(xxv). Capitalization rates range from 2.16%~2.64% and 2.16~2.76%, respectively.

(2) The board of directors had resolved on September 3, 2020, to sell the Group’s land on Zhongxing Section in Hsinchu through public tendering, but the board later withdrew the resolution on November 6, and the resolution was made to either contact a specific person or constructing plant and office. Thus the land on Zhongxing Section in Hsinchu amounted NT$ 1,727,360 thousand was transferred to the land held for construction. The amounts that have been inputted in the construction in progress were listed as prepayments of NT$ 1,386 thousand and miscellaneous disbursements of NT$ 5,085 thousand.

(3) As for December 31, 2020 and 2019, the above mentioned constructions in progress were pledged. Please refer to Note VIII for more details.

4. Prepayment for land purchases

Item	2020.12.31	2019.12.31
Land in Miaoli Houlong Township	$ 175,709	$ —
Royalties for superficies right in Taipei Zhongzheng District	214,584	—
Total	$ 390,293	$ —

(1) Capitalized interest expenses were recognized as prepayment for land purchases, which amounted NT$ 897 thousand, as of December 31, 2020. Please refer to Note VI(xxv). The capitalization rate ranges from 2.16%~2.64%.

(2) The Group has signed up a Contract of Establishment of Superficies for National

Non-public Use Land for land in Zhongzheng District, Taipei, with the Northern Region Branch, National Property Administration, MOF. The total contract price of the royalty for superficies right was NT$ 713,880 thousand, duration of the superficies was 70 years, start from December 23, 2020 to December 22, 2090, the Group may build houses on the subject of the superficies right within this period, according to the objective and usage as agreed upon in the contract. The above mentioned superficies right will be sold for constructing buildings, yet registration was not completed as of December 31, 2020, whereas paid royalties NT$ 214,164 thousand, other necessary costs amounted NT$ 222 thousand, and capitalized interest of NT$ 198 thousand, were accounted as inventory-prepayments for land. In line with IFRS 16 requirements, the rent for the land attached with superficies was recognized as right-of-use assets and lease liabilities. Please refer to Note VI(v).6 and VI(xvi) for more details.

5. Royalties for superficies right

Item	2020.12.31	2019.12.31
Kaosiung Fengshan District	$ 603,638	$ —

The Group has signed up a Contract of Establishment of Superficies for National Non-public Use Land for the land in Fengshan District, Kaohsiung, with the Southern Region Branch, National Property Administration, MOF. The duration of the superficies was 70 years, starting from August 21, 2020 to August 20, 2090. The Group may build houses on the subject of the superficies right within this period, according to the objective and usage as agreed upon in the contract. The above mentioned superficies right will be sold for constructing buildings, whereas paid royalties NT$ 602,890 thousand, other necessary costs amounted NT$ 748 thousand, were accounted as cost of inventory. In line with IFRS 16 requirements, the rent for the land attached with superficies was recognized as right-of-use assets and lease liabilities. Please refer to Note VI(v).6 and VI(xvi) for more details.

6. Right-of-use assets

Item	2020.12.31	2019.12.31
Right-of-use assets - land in Kaohsiung Fengshan District	$ 148,237	$ —
Right-of-use assets - land in Taipei Zhongzheng District	180,549	—
Total	$ 328,786	$ —

(1) The Group has signed up a Contract of Establishment of Superficies for National Non-public Use Land for land in Fengshan District, Kaohsiung, with the Southern Region Branch, National Property Administration, MOF, and acquired the superficies right. The duration of the superficies was 70 years, starting from August 21, 2020 to August 20, 2090. In line with IFRS 16 requirements, the rent for the land attached with superficies was recognized as right-of-use assets and lease

liabilities. The paid royalties were accounted as inventory- royalties for superficies right.

(2) The Group has signed up a Contract of Establishment of Superficies for National Non-public Use Land for land in Zhongzheng District, Taipei, with the Northern Region Branch, National Property Administration, MOF. The duration of the superficies was 70 years, starting from December 23, 2020 to December 22, 2090. In line with IFRS 16 requirements, the rent for the land attached with superficies right was recognized as right-of-use assets and lease liabilities, yet the registration of the superficies right was not completed, as for December 31, 2020, and the paid royalties were accounted as inventory- royalties for superficies right.

(3) As for December 31, 2020 and 2019, the above mentioned right-of-used assets were pledged. Please refer to Note VIII for more details.

7. Relevant expenses of inventories recognized as sales cost:

Item	2020	2019
Cost of sales	$ 1,891,926	$ 631,467
Gain from price recovery of inventory	–	(26,822)
Total	$ 1,891,926	$ 604,645

(vi) Other financial assets

Item	2020.12.31	2019.12.31
Other current financial assets:		
Third secured conversion of corporate bonds pledge	$ –	$ 166,070
Trust account of performance	7,784	–
Total	$ 7,784	$ 166,070

(vii) Investment accounted for under equity method

Investee	2020.12.31			2019.12.31		
	Number of shares held	Shares%	Amount	Number of shares held	Shares%	Amount
Love All Corporation	–	–	$ –	3,106,593	36.55%	$ –

1. The Love All Corporation was dissolved and approved by the competent authority on September 30, 2020, Love All Corporation has completed the closure liquidation and awaits approval from the court.

(viii) Property, Plant, and Equipment

1. Details of net property, plant, and equipment are as follows:

Item	2020.12.31	2019.12.31
Land	$ 17,371	$ 17,371
Buildings and structures, net	5,646	5,806
Computer and telecommunication equipment, net	354	210
Transportation equipment, net	1,298	1,572
Office equipment, net	—	—
Maintenance equipment and tools, net	—	—
Property, plant and equipment, net	$ 24,669	$ 24,959

2. Details of changes in property, plant, and equipment are as follows:

Cost	Land	Buildings and structures	Computer and telecommunication equipment	Transportation equipment	Office equipment	Maintenance equipment and tools	Total
Balance at January 1, 2020	$ 17,371	$ 8,169	$ 1,489	$ 1,674	$ 1,809	$ -	$ 30,512
Addition from purchase	-	-	326	-	-	-	326
Balance at December 31, 2020	17,371	8,169	1,815	1,674	1,809	-	30,838
Accumulated depreciation and impairment							
Balance at January 1, 2020	-	2,363	1,279	102	1,809	-	5,553
Depreciation expense	-	160	182	274	-	-	616
Balance at December 31, 2020	-	2,523	1,461	376	1,809	-	6,169
Property, plant and equipment, net	$ 17,371	$ 5,646	$ 354	$ 1,298	$ -	$ -	$ 24,669

Cost	Land	Buildings and structures	Computer and telecommunication equipment	Transportation equipment	Office equipment	Maintenance equipment and tools	Total
Balance as of January 1, 2019	$ 17,371	$ 8,169	$ 1,356	$ 3,504	$ 1,809	$ 635	$ 32,844
Addition from purchase	-	-	133	1,640	-	-	1,773
Disposal and disposition	-	-	-	(3,470)	-	(635)	(4,105)
Balance as of December 31, 2019	17,371	8,169	1,489	1,674	1,809	-	30,512
Accumulated depreciation and impairment							
Balance as of January 1, 2019	-	2,203	1,105	2,925	1,809	286	8,328
Depreciation expense	-	160	174	526	-	8	868
Disposal and disposition	-	-	-	(3,349)	-	(294)	(3,643)
Balance as of December 31, 2019	-	2,363	1,279	102	1,809	-	5,553
Property, plant and equipment, net	$ 17,371	$ 5,806	$ 210	$ 1,572	$ -	$ -	$ 24,959

3. As for December 31, 2020 and 2019, property, plant, and equipment were pledged. Please refer to Note VIII for more details.

4. As for December 31, 2020 and 2019, property, plant, and equipment were insured for the amounts of NT$ 11,015 thousand and NT$ 11,268 thousand, respectively.
5. As for the end of years 2019 and 2020, the above assets had no interest capitalized.
6. As for December 31, 2020, and 2019, the land on Bafenliao Subsection of Ruifang Town listed as property- land was accounted NT$ 7,481 thousand, while the land could not be transferred as it was attributed as agricultural land. On account of assets preservation, the right to mortgage has been attributed to the Company.

(ix) Investment property

1. Details of net investment property are as follows:

Item	2020.12.31	2019.12.31
Land	$ 273,451	$ 267,967
Buildings and structures, net	232,189	232,604
Investment property, net	$ 505,640	$ 500,571

2. Details of changes in investment property are as follows:

Cost	Land	Buildings and structures	Total
Balance at January 1, 2020	$ 267,967	$ 227,254	$ 545,221
Deduction-disposal	(1,468)	(4,214)	(5,682)
Transfer pricing	6,952	9,178	16,130
Balance at December 31, 2020	273,451	282,218	555,669
Accumulated depreciation and impairment			
Balance at January 1, 2020	-	44,650	44,650
Deduction-disposal	-	(51)	(51)
Depreciation expense	-	5,430	5,430
Balance at December 31, 2020	-	50,029	50,029
Investment property, net	$ 273,451	$ 232,189	$ 505,640

Cost	Land	Buildings	Total
Balance as of January 1, 2019	$ 267,967	$ 277,254	$ 545,221
Addition from purchase	-	-	-
Balance as of December 31, 2019	267,967	277,254	545,221
Accumulated depreciation and impairment			
Balance as of January 1, 2019	-	39,310	39,310
Depreciation expense	-	5,340	5,340
Balance as of December 31, 2019	-	44,650	44,650
Investment property, net	$ 267,967	$ 232,604	$ 500,571

3. As for December 31, 2020 and 2019, investment properties were insured for the amounts of NT$ 13,260 thousand and NT$ 7,000 thousand, respectively.

4. The cost arising from lease out the buildings and land held for the sale of the Group was a total of NT$ 16,130 thousand, as of December 31, 2020. It was recorded under investment property from buildings and land held for sale. Pleased refer to Note VI(V) for more details.

5. Rental income and direct operating expenses of investment property:

	2020	2019
Rental income of investment property	$ 10,106	$ 10,003
Direct operating expenses arising from investment property that generated rental income	$ 7,016	$ 6,394

6. The fair value of investment property held by the Group was NT$ 590,997 thousand and NT$ 567,985 thousand, as of December 31, 2020 and 2019, respectively. The assessment of fair value was based on evaluations by independent external auditors, the economic environment, and changes in transaction prices in the market. The evaluation was performed through the sales comparison approach and income approach, and values generated by the two methods were averaged as a result. Significant unobservable inputs are individual factor and income capitalization rate, which is level 3 fair value. Please refer to Note XII(ii) for more details.

7. As for December 31, 2020 and 2019, the above investment properties are pledged. Please refer to Note VIII for more details.

(x) Intangible Assets

1. Details of net intangible assets are as follows:

Item	2020.12.31	2019.12.31
Computer software, net	$ 451	$ 444

2. Details of changes in intangible assets are as follows:

Cost	Computer software	Cost	Computer software
Balance at January 1, 2020	$ 2,973	Balance as of January 1, 2019	$ 2,707
Addition from purchase	293	Addition from purchase	266
Balance at December 31, 2020	3,266	Balance as of December 31, 2019	2,973
Accumulate amortization and impairment		Accumulate amortization and impairment	
Balance at January 1, 2020	2,529	Balance as of January 1, 2019	2,219
Amortization	286	Amortization	310
Balance at December 31, 2020	2,815	Balance as of December 31, 2019	2,529
Net amount as of December 31, 2020	$ 451	Net amount as of December 31, 2019	$ 444

(xi) Short-term loans

Type of borrowings	2020.12.31	Collateral
Bank borrowings		
Credit borrowings	$ 200,000	None

Type of borrowings	2019.12.31	Collateral
Bank borrowings		
Credit borrowings	$ 300,000	None

1. The interest rate collars of current borrowings by the Group are 1.74%~2.26% and 2.00~2.26% as of December 31, 2020 and 2019, respectively.
2. The amount in short-term loans granted by the bank that have not yet been used are NT$ 50,000 thousand and NT$ 0, as of December 31, 2020 and 2019, respectively.
3. The Group's assets were pledged to the above borrowings as collateral. Please refer to Note VIII for more details.

(xii) Short-term notes and bills payable

Item	2020.12.31	2019.12.31
Short-term notes and bills payable	$ 70,000	$ 125,000
Less: Discount	(67)	(293)
Short-term notes and bills payable, net	$ 69,933	$ 124,707

1. As of December 31, 2020 and 2019, the interest rate of short-term notes and bills payable ranges from 1.85%~2.038% and 2.038%~2.088%, respectively.
2. As for December 31, 2020 and 2019, the amounts of short-term notes and bills payable that have not yet been used are NT$ 18,040 thousand and NT$ 19,960 thousand, respectively.
3. The Group's assets were pledged to the above borrowings as collateral. Please refer to Note VIII for more details.

(xiii) Current contract liabilities

Item	2020.12.31	2019.12.31
Advance land receipts		
Taichung 8	$ 2,040	$ —
Taoyuan Kuaiji	2,280	—
Subtotal	4,320	—

(continued)

(concluded)		
Advance building receipts		
Jiaoxi Park	6,752	95
Taichung 8	388,789	236,482
Taichung 19	—	1,857
Taoyuan Kuaiji	8,067	110,214
Xinzhuang Fuduxin	5,010	—
Linkou A7	2,314	—
Luodong Gongzheng	95	—
Subtotal	411,027	348,648
Other contract liabilities		
Taichung 8	11,694	4,379
Taoyuan Kuaiji	85	1,902
Subtotal	11,779	6,281
Total	$ 427,126	$ 354,929

Item	2020.12.31	2019.12.31
Contract liabilities-building and land sales	$ 427,126	$ 354,929

The opening balance of contract liabilities is NT$ 354,929 thousand and NT$ 154,389 thousand, as of January 1, 2020 and 2019, respectively. As of December 31, 2020 and 2019, all contract obligations were satisfied and recognized as revenue that amounted to NT$ 110,304 thousand and NT$ 38,411 thousand, respectively.

(xiv) Other payables

Item	2020.12.31	2019.12.31
Construction retainage received	$ 1,761	$ 1,794
Payable on land and building purchased	—	3,900
Others	35,999	26,703
Total	$ 37,760	$ 32,397

(xv) Long-term liabilities, current portion

Item	2020.12.31	2019.12.31
Bonds payable, current portion	$ —	$ 644,080
Long-term loans, current portion	1,957,799	295,342
Total	$ 1,957,799	$ 939,422

(xvi) Lease liabilities

1.Details of the Group's lease liabilities are as follows:

As of December 31, 2020:

Item	Future minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	$ 8,568	$ 6,320	$ 2,248
1 to 3 years	17,136	12,507	4,629
3 years or more	572,537	251,015	321,522
Total	$ 598,241	$ 269,842	$ 328,399
Current	$ 8,568	$ 6,320	$ 2,248
Non-current	589,673	263,522	326,151
Total	$ 598,241	$ 269,842	$ 328,399

As of December 31, 2019: None.

2.The amount of lease liabilities recognized in profit or loss and cash flows statements is as follows:

Item	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense on lease liabilities	$ 1,147	$ —
Expense on short-term lease contracts	$ 1,818	$ 240
Total cash outflow for leases	$ 1,227	$ —

(xvii) Long-term loans

Bank Name	Type of borrowings	2020.12.31	Contract period	Collateral
Taishan Branch, Land Bank of Taiwan	Secured borrowings	$ 3,700	2005.06.27~2025.06.27	Property, plant and equipment
Taishan Branch, Land Bank of Taiwan	Secured borrowings	327,550	2010.11.22~2022.11.22	Buildings and land held for sale
Taishan Branch, Land Bank of Taiwan	Secured borrowings	136,920	2016.01.26~2022.11.22	Buildings and land held for sale
Wu Ku Branch, Bank of Taiwan	Syndicated loans	2,277,000	2019.05.15~2024.05.15	Land used in construction
Wu Ku Branch, Bank of Taiwan	Secured borrowings	281,000	2019.09.05~2024.09.05	Land used in construction
Wu Ku Branch, Bank of Taiwan	Secured borrowings	290,000	2019.11.08~2024.11.08	Land held for construction site
Yilan Branch, Mega International Commercial Bank	Secured borrowings	218,900	2014.06.27~2021.08.27	(Note 6) Buildings and land held for sale
Mega International Commercial Bank	Secured borrowings	929,000	2012.09.25~2021.09.25	Land held for construction site
Agricultural Bank of Taiwan	Secured borrowings	362,000	2019.01.31~2024.01.31	Land used in construction
Wugu District Farmer's Association	Secured borrowings	45,000	2018.10.23~2021.10.23	Investment property
Chienhsing Branch, Bank of Taiwan	Secured borrowings	764,100	2012.01.19~2021.07.19	Land used in construction
Fengshan Branch, Bank of Taiwan	Secured borrowings	361,700	2020.08.17~2025.08.17	Inventory - superficies land Inventory - right-of-use assets
Total		5,996,870		
Less: Long-term loans, current portion		(1,957,799)		
Unamortized syndicated loan arrangement fee		(9,134)		
Payable after one year or one operating cycle		$ 4,029,937		

Bank Name	Type of borrowings	2019.12.31	Contract period	Collateral
Taishan Branch, Land Bank of Taiwan	Secured borrowings	$ 4,486	2005.06.27~2025.06.27	Property, Plant, and Equipment
Taishan Branch, Land Bank of Taiwan	Secured borrowings	474,030	2010.11.22~2022.11.22	Land under construction (Note 5)
Taishan Branch, Land Bank of Taiwan	Secured borrowings	180,362	2016.01.26~2022.11.22	Land under construction (Note 5)
Wu Ku Branch, Bank of Taiwan	Syndicated loans	1,090,000	2019.05.15~2024.05.15	Land under construction
Wu Ku Branch, Bank of Taiwan	Secured borrowings	281,000	2019.09.05~2024.09.05	Land held for construction site
Wu Ku Branch, Bank of Taiwan	Secured borrowings	290,000	2019.11.08~2024.11.08	Land held for construction site
Yilan Branch, Mega International Commercial Bank	Secured borrowings	294,560	2014.06.27~2020.02.27	Buildings and land held for sale
Mega International Commercial Bank	Secured borrowings	929,000	2012.09.25~2021.09.25	Land under construction (Note 5)
Agricultural Bank of Taiwan	Secured borrowings	362,000	2019.01.31~2024.01.31	Land under construction
National Farmers' Association, R.O.C	Secured borrowings	724,600	2017.05.26~2021.05.26	Land under construction, Land held for construction site
Wugu District Farmer's Association	Secured borrowings	45,000	2018.10.23~2021.10.23	Investment property
Chienhsing Branch, Bank of Taiwan	Secured borrowings	528,500	2012.01.19~2021.07.19	Land under construction
Total		5,203,538		
Less: Long-term loans, current portion		(295,342)		
Unamortized syndicated loan arrangement fee		(11,874)		
Payable after one year or one operating cycle		$ 4,896,322		

1.The interest rates of long-term loans by the Group range from 1.59% ~ 2.45% and 1.84 ~ 2.56% as of December 31, 2020, and 2019, respectively.

2. The amount in long-term loans granted by the bank that have not yet been used are NT$ 5,213,900 thousand and NT$ 6,787,178 thousand, as of December 31, 2020 and 2019, respectively.

3. The Group's assets were pledged to the above borrowings as collateral, please refer to Note VIII.

4. Repayment terms for bank secured borrowings:

(1) Wu Ku Branch, Bank of Taiwan (contract period: from September 27, 2013 to September 27, 2019): the interest is payable monthly, but if the construction project cannot not be commenced before September 27, 2014, the Group shall repay the principal amounts NT$ 150,000 thousand, which is payable every 6 months as a term, for a total of 10 terms, starting from March 27, 2015. The repayment of principal is NT$ 10,000 thousand each term for the first 4 terms, and NT$ 20,000 thousand each term for the 5th to 9th term, and the remaining borrowings shall be repaid in the final term. In contrast, if the construction project is commenced, the repayment by terms can be stopped, and the remaining

principal will be paid off when it is due. The Group has paid off the principal of NT$ 984,000 thousand in full in May 2019.

(2) Kaohsiung Branch, Bank of Taiwan: The interest is payable monthly as a term, for a total of 60 terms, starting from the grant date, with repayment of principal of NT$ 1,000 thousand each term for the 1st to 59th term, and the remaining interest will be paid off when it is due. The Group has paid off in advance the principal in full in July 2019.

(3) Taishan Branch, Land Bank of Taiwan (contract period: from June 27, 2005 to June 27, 2025): The interest is based on the annuity method, payable monthly, starting from the funding date.

For banks other than the above: Interest is payable monthly, and the remaining principal will be paid off when it is due.

5. The due date for the borrowing of land and construction financing (Taishan Branch of Land Bank of Taiwan and Mega Holdings) for the Group's construction in progress has been approved for extension. The construction was not able to be completed before the due date.
6. As the construction on the Group's land in Gongzheng Section in Luodong is completed, the Yilan Branch of Mega International Commercial Bank has modified the credit terms and conditions by approval to extend the borrowing to 6 months and 12 months, respectively, in February and July 2020.
7. The Bank of Taiwan Syndicated Loan

(1) Syndicated loan amount NT$ 6,850,000 thousand

On April 26, 2019, the Company has entered a syndicated credit agreement with a group of lenders that amounted to NT$ 6,850,000 thousand. The two financial institutes that provided funds were the Bank of Taiwan (as the lead lender and performed administrative tasks) and the Land Bank of Taiwan; the purpose of this facility was to make payment for borrowings from other financial institutes and to support expenditures for the construction of the Danhai project.

(2) Terms and conditions

Line of credit	As of December 31, 2020, the drawn loan facilities	Payment Terms	Annual percentage rate	Credit method
$ 6,850,000	$ 2,277,000	5 years from the date of initially drawn loan facilities	Floating interest rate plus 1.004% points ~1.08%	Drawdown loan on a revolving basis is not permitted

According to the terms of the syndicated loan agreement, the Company shall not dispose of any material assets and rights, buy back shares or, and reduce capital or, allocate or distribute dividends when there is a violation, or an expected violation of the agreement, in the duration of the loan, unless as permitted by most of the lenders in a written document.

(3) Arrangement fee for syndicated loans

The arrangement fee for syndicated loans applied by the Company amounts NT$ 13,700 thousand, which is to be deducted from the initial measurement of related financial liabilities, which is evenly amortized during the life of the loan.

(4) Repayment term

Interest is payable monthly, and the principal will be paid off when it is mature; however, if the construction of the building is completed for sales, at least 70% of the sales price shall be used to repay for the principal of each A, B, C loans according to the proportion of credit remainder. In any case, the Company shall repay in full the principal and interest of the loan not yet settled before the maturity date of the credit period is reached.

(xviii) Bonds payable

	2020.12.31	2019.12.31
Third domestic secured convertible corporate bonds payable	$ －	$ 664,700
Less: Discount on Third domestic secured convertible corporate bonds payable	－	(20,620)
Total	－	644,080
Less: Bonds payable, current portion	－	(644,080)
Balance at end of period	$ －	$ －
Embedded derivative (Note 1)	$ －	$ －

(Note 1) The above payables, including the value of put options exercised by investors and redemption value of corporate bonds, accounted as financial assets (liabilities) at fair value through profit or loss. Since the value of put options had reached maturity in December 2018, the remaining balance was the redemption value of corporate bonds; in addition, as the redemption value of corporate bonds has also reached maturity in October 2020, the current balance of financial assets at fair value through profit or loss was NT$ 0 thousand, for details, please refer to Note XIII (Table 5).

1. The Company issued on December 1, 2015, the third domestic secured convertible corporate bonds with a coupon rate of 0%. The terms and conditions of issuance are as follows:

(1) Total issue amount: NT$ 800,000 thousand with a par value of NT$ 100 thousand per share, bonds are issued at par.

(2) Issuance period: From December 1, 2015 to December 1, 2020.

(3) Availability of collateral: Entrust the Bank of Taiwan as the guarantee bank. Other

accessory charges, such as the principal balance after the conversion of the corporate bonds issued and interest premium payable, are included within the scope of the guarantee.

(4) Conversion method:

(a) Conversion subject: The Company’s common shares, of which the conversion shall be performed by issuing new stocks.

(b) Conversion period: Unless (i) the period for suspension of transfer registration of common stock required by laws, (ii) 15 business days prior to the date for the suspension of transfer registration of allocated dividends requested by the Company, the date for the suspension of transfer registration of cash dividends or the date for the suspension of transfer registration of cash capital increase until the record date for allocation of rights, and (iii) from the date of capital decrease until the day prior to the trading of stock swapped upon capital decrease, the bond holders may request the Company to convert the Bond into the Company’s common shares pursuant to the Regulations at any time one month after the issuance and throughout the duration of the bond.

(c) Conversion price and adjustment: The conversion price of the bonds was determined in accordance with the terms and regulation of issuance as NT$ 17.90 per share. If shares of the Company’s common stocks are in accordance with the terms and regulations of issuance, the conversion price will be adjusted as stipulated in terms and regulations of issuance. The conversion price has been adjusted in accordance with the above-mentioned regulations, as NT$ 15.5, NT$ 13.5, NT$ 12.3, NT$ 11.5, and NT$ 10.9, dates of each conversion are as follows: September 10, 2016; September 12, 2017; August 20, 2018; August 17, 2019; and August 9, 2020.

(5) Material terms of redemption:

(a) From the day following the 1st month of issuance of the convertible bonds until 40 days prior to the expiration of the duration, if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may call the bonds outstanding at face value in cash.

(b) From the day following the 1st month of issuance of the bonds until 40 days prior to the expiration of the duration, if the outstanding amount of bonds is less than 10% of the aggregate nominal amount of the issued bonds, the Company may call the bonds outstanding at face value in cash.

(6) Put option of bondholders:

At the issuance of the converted corporate bonds to the dates of expiry two years after (December 1, 2017) and three years after (December 1, 2018) respectively, the bondholders may notify the Company's stock agent in written form to request the Company within 40 days to buy back by cash the converted corporate bonds at face value, plus the redemption premium.

(7) Date and term of loan repayment:

Except for convertible bonds that were converted into common stock or were exercised the put option, by the holder in accordance with the regulation of issuance, or that were redeemed prior to maturity date by the Company and that were bought back from the Taiwan Stock Exchange or the Taipei Exchange for cancellation, bonds that have reached maturity date shall be settled in cash with the par value in bullet repayment.

2. The Company separate the right of conversion of the third domestic secured convertible corporate bonds, embedded derivatives and bond value, and accounted for the "capital surplus-share options", "financial liabilities at FVTPL- noncurrent" and "bonds payable".

3. The corporate bond discount recognized as "financial cost" at the end of years 2020 and 2019, were NT$ 23,446 thousand and NT$ 19,625 thousand, respectively.

4. As of December 1, 2020 (End of the conversion period), the par value of the third domestic secured convertible corporate bonds issued by the Company was NT$ 800,000 thousand that has all been converted to the Company's common stock totaling 70,937 thousand shares, accounted for share capital of NT$ 709,365 thousand, please refer to Note VI (xxi) for details.

(xix) Retirement benefit plans

The Group's employee retirement measures established in accordance with the Labor Pension Act is of the defined contribution pension plan. The regulations stipulate that the Group is responsible for funding labor retirement benefits with a rate no less than 6% of the employee's monthly salary. The Group has established the employee retirement measures as stipulated in the regulation and transfers each month, 6% of employees' salary as funding of retirement benefits into individual retirement accounts managed by the Bureau of Labor Insurance.

The Group recognized the expenses in total on defined contribution pension plan are NT$ 1,482 thousand and NT$ 1,248 thousand, respectively, in the fiscal years 2020 and 2019.

(xx) Provisions

Analysis of total provisions is shown below:

Item	2020.12.31	2019.12.31
Current	$ 1,033	$ 967
Non-current	$ 22,682	$ 21,551

	Current provisions			
	Provisions for employee benefits	Current legal proceedings provision	Total	Non-current warranty provision
Balance as of January 1, 2020	$ 967	$ -	$ 967	$ 21,551
Recognized as the provision in the current period	1,446	-	1,446	1,658
Provisions incurred in the current period and written off	(1,380)	-	(1,380)	(527)
Balance as of December 31, 2020	$ 1,033	$ -	$ 1,033	$ 22,682

	Current provisions			
	Provisions for employee benefits	Current legal proceedings provision	Total	Non-current warranty provision
Balance as of January 1, 2019	$ 849	$ 450	$ 1,299	$ 23,207
Recognized as the provision in the current period	1,007	-	1,007	2,267
Decrease in current provisions	-	(170)	(170)	-
Provisions incurred in the current period and written off	(889)	(280)	(1,169)	(3,923)
Balance as of December 31, 2019	$ 967	$ -	$ 967	$ 21,551

1. Provision of liabilities estimates the possible costs in the future on basis of past experiences, the judgment of management, and other known reasons.
2. Current provision subject to legal procedures refers to the Linkou A7 litigation. The claim has been settled in September 2019, with compensation of NT$ 280 thousand paid by the Company to the plaintiffs in October 2019.

(xxi) Equity

1. Ordinary share

	2020.12.31	2019.12.31
Authorized shares (shares in thousands)	500,000	360,000
Authorized share capital	$ 5,000,000	$ 3,600,000

Number of share capital (shares in thousands)		
Number of ordinary shares	366,212	303,127
Certificate of entitlement to new shares from convertible bond	—	2,452
Total	366,212	305,579
Number of share capital issued		
Ordinary share	$ 3,662,113	$ 3,031,262
Certificate of entitlement to new shares from convertible bond	—	24,521
Total	$ 3,662,113	$ 3,055,783

(1) The ordinary shares issued has a par value of NT$ 10 per share, each share entitled to one vote and the right to collect dividends.

(2) The regulation amended as resolved by the shareholders in the meeting on June 16, 2020, stipulated the authorized capital of the Company as NT$ 5,000,000 thousand, divided into 500,000 thousand shares; the amendment registration was completed in July 2020.

(3) Adjustments of the number of the Company's outstanding ordinary share are as follows:

		Share capital		
	Number of shares (shares in thousands)	Ordinary share	Certificate of entitlement to new shares from convertible bond	Total
Balance as of January 1, 2020	305,579	$ 3,031,262	$ 24,521	$ 3,055,783
Conversion of certificates of bonds-to-share	-	24,521	(24,521)	-
Conversion of convertible bonds	60,633	606,330	-	606,330
Balance as of December 31, 2020	366,212	$ 3,662,113	$ -	$ 3,662,113
Balance as of January 1, 2019	301,833	$ 3,018,085	$ 244	$ 3,018,329
Conversion of certificates of bonds-to-share	-	244	(244)	-
Conversion of convertible bonds	3,746	12,933	24,521	37,454
Balance as of December 31, 2019	305,579	$ 3,031,262	$ 24,521	$ 3,055,783

(4) Details of the request on converting into ordinary shares according to conversion price by holders of the third domestic secured convertible corporate bonds issued by the Company are as follows.

Conversion period	Number of converted shares (shares in thousands)	Conversion amount	The amendment registration date as approved by the competent authority
From January 2, 2016 to Septemper 30, 2016	453	$ 4,532	As of Octoberl 19, 2016
From October 1, 2016 to December 7, 2016	7	65	As of December 23, 2016
From December 8, 2016 to December 31, 2016	39	387	As of April 18, 2017
Subtotal	499	4,984	
From January 1, 2017 to March 28, 2017	45	451	As of April 18, 2017
From March 29, 2017 to June 22, 2017	19	194	As of July 20, 2017
From June 23, 2017 to June 30, 2017	265	2,645	As of Septemper 30, 2017
From July 1, 2017 to Septemper 12, 2017	1,413	14,129	As of Septemper 30, 2017
From Septemper 13, 2017 to Septemper 30, 2017	1,281	12,815	As of January 4, 2018
From October 1, 2017 to December 15, 2017	1,333	13,333	As of January 4, 2018
From December 16, 2017 to December 31, 2017	141	1,407	As of April 10, 2018
Subtotal	4,497	44,974	
From January 1, 2018 to March 23, 2018	118	1,185	As of April 10, 2018
From March 24, 2018 to May 7, 2018	15	148	As of May 29, 2018
From May 8, 2018 to Septemper 26, 2018	567	5,672	As of November 20, 2018
From Septemper 27, 2018 to December 24, 2018	838	8,374	As of January 22, 2019
From December 25, 2018 to December 31, 2018	24	244	As of April 10, 2019
Subtotal	1,562	15,623	
From January 1, 2019 to March 19, 2019	244	2,439	As of April 10, 2019
From March 20, 2019 to June 30, 2019	41	407	As of August 1, 2019
From July 1, 2019 to September 30, 2019	1,009	10,087	As of December 2, 2019
From October 1, 2019 to December 31, 2019	2,452	24,521	As of April 9, 2020
Subtotal	3,746	37,454	
From January 1, 2020 to March 31, 2020	2,147	21,478	As of May 13, 2020
From April 1, 2020 to June 30, 2020	1,392	13,913	As of August 20, 2020
From July 1, 2020 to September 30, 2020	13,910	139,105	As of December 9, 2020
From October 1, 2020 to December 1, 2020 (End of the conversion period)	43,184	431,834	As of January 4, 2021
Subtotal	60,633	606,330	
Total	70,937	$ 709,365	

2. Capital surplus

Item	2020.12.31	2019.12.31
Capital arising from ordinary share	$ 964,821	$ 878,267
Treasury stock transation	27,031	27,031
Share options	—	30,576
Total	$ 991,852	$ 935,874

	Capital arising from ordinary share	Treasury stock transation	Share options	Total
Balance as of January 1, 2020	$ 878,267	$ 27,031	$ 30,576	$ 935,874
Conversion of convertible bonds	86,554	-	(30,576)	55,978
Balance as of December 31, 2020	$ 964,821	$ 27,031	$ -	$ 991,852
Balance as of January 1, 2019	$ 871,880	$ 27,031	$ 32,569	$ 931,480
Conversion of convertible bonds	6,387	-	(1,993)	4,394
Balance as of December 31, 2019	$ 878,267	$ 27,031	$ 30,576	$ 935,874

(1) Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on the issuance of ordinary shares and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the company has no accumulated deficit. Further, the Regulations Governing the Offering and Issuance of Securities by Securities Issuers requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year, as the investments by the equity method, employ share options. Capital surplus arising from share options, may not be used for any purpose.

(2) Please refer to Note VI (xviii) for details of “Capital surplus, share options”.

3. Retained earnings

As of December 31, 2020

	Legal reserve	Special reserve	Unappropriated retained earnings
Earnings before the fiscal year 1997	$ —	$ —	$ —
Earnings after the fiscal year 1998	583,146	170	269,549
Total	$ 583,146	$ 170	$ 269,549

As of December 31, 2019

	Legal reserve	Special reserve	Unappropriated retained earnings
Earnings before the fiscal year 1997	$ —	$ —	$ —
Earnings after the fiscal year 1998	573,102	170	510,607
Total	$ 573,102	$ 170	$ 510,607

(1) Legal reserve

Pursuant to the Company Act, the Company shall raise 10% of its earnings after tax as the legal reserve until the cumulative amount of capital surplus is equal to the total capital. The legal reserve may be used to cover the deficit, for a company that has no accumulated deficit may use 25% of the part exceeds by the legal reserve over the paid-in capital to issue new stocks or cash to shareholders in proportion to their share ownership.

(2) Special reserve

Pursuant to Rule No. 1010012865, issued by the FSC on April 6, 2012, the Company is required to set aside the same amount of special capital reserve from current profit or loss and unappropriated earnings of the previous year, equivalent to the current net debit balance of the other components of equity accounted for the current year, such as the accumulated balance of foreign currency translation reserve, unrealized loss on available-for-sale financial assets, gain or loss from changes in fair value of hedging instruments in cash flow hedges, etc.; for cumulative deduction amount to stockholders' equity of previous year, the same amount of special capital reserve set aside from the unappropriated earnings of the previous year, shall not be appropriated. When the debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(3) Retained earnings and dividend policy

In consideration of the capital needs and long-term financial planning for future development, the current dividend policy adopts a residual dividend policy. The current year's earnings after year-end accounting, if any, shall first be used to offset prior years' operating losses, and then 10% of the remaining amount shall be set aside as a legal reserve. This does not apply if the legal reserve has reached the Company's paid-in capital. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority. If there is a balance, the board will take into account the Company's financial situation and propose a surplus distribution proposal of the balance and the accumulated undistributed surplus from the beginning of the same period to the shareholders meeting for a resolution. Dividends for shareholders may be distributed in cash or stocks, and the cash dividend shall not be less than 10% of the total shareholders' dividends.

The appropriations of retained earnings in the fiscal year 2019 and 2018, as resolved in the shareholders' meetings on June 16, 2020, and June 20, 2019 are presented as follows:

Item	Year ended December 31, 2019 Appropriation of retained earnings	Year ended December 31, 2019 Dividend per share (NT$)	Year ended December 31, 2018 Appropriation of retained earnings	Year ended December 31, 2018 Dividend per share (NT$)
Legal reserve	$ 10,044		$ 12,079	
Cash dividend	307,822	0.9869	302,117	1
Total	$ 317,866		$ 314,196	

The above mentioned proposal of dividends distribution of years 2019 and 2018, were resolved in shareholders' meeting to authorize Chairman to resolve the dividend record date; the ex-rights and dividend dates are set on August 9, 2020 and August 17, 2019 respectively.

The Board of Directors has resolved and approved the 2020 proposal of appropriation of retained earnings on March 23, 2021, which proposed to allocate cash dividend of shareholders, but will be effective upon approval of shareholders' meeting on June 17, 2021, and resolution for a dividend record date, details are as follows:

Item	Year ended December 31, 2020 Appropriation of retained earnings	Year ended December 31, 2020 Dividend per share (NT$)	
Legal reserve	$ 7,681		
Cash dividend	183,106	0.5	(Note)
Total	$ 190,787		

Note: The dividend per share is calculated based on the number of shares outstanding at the time of resolution of the Company's board of directors.

(4) Employee's compensation and directors' / supervisors' remuneration

Distributions of employee's remuneration and that of directors and supervisors are as follows:

(A) In accordance with the regulations in the articles of incorporation of the Company, amended on June 20, 2019. If the Company is profitable in the fiscal year (refers to pre-tax profit before subtracting bonuses and remunerations allocated to employees and directors), no less than 1% of the profit shall be offered as bonuses for employees, and no more than 2% of the profit shall be allocated as remuneration for directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses. Employee compensation is mainly in the form of stocks or cash, and the recipients shall include the employees of subsidiaries who meet certain criteria. The remunerations for directors are to be paid in cash onl. The above allocation shall be determined by the board and reported to the shareholder meetings.

(B) In accordance with the regulations in the articles of incorporation of the Company, amended before June 20, 2019. If the Company is profitable in the fiscal year (refers to pre-tax profit before subtracting bonuses and remunerations allocated to employees, supervisors, and directors), no less than 1% of the profit shall be offered as bonuses for employees, and no more than 2% of the profit shall be allocated as remuneration for directors and supervisors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses. Employee compensation is mainly in the form of stocks or cash, and the recipients shall include the employees of subsidiaries who meet certain criteria. The remunerations for directors are to be paid in cash onl. The above allocation shall be determined by the board and reported to the shareholder meetings.

As resolved by the Board of Directors on March 23, 2020, and reported in the shareholders' meeting on June 16, 2020, the employees' compensation and Directors' remuneration that would be paid in cash were both amounted to NT$ 1,401 thousand, which has no difference from the amount accounted for expense as stated in the 2019 consolidated financial statements.

For the year ended December 31, 2020, employees' compensation and directors' remuneration were both accrued at NT$ 924 thousand.

The employees' compensation and directors' remuneration were accrued on the basis of the amount of current net profit before tax before the deduction of employees' compensation and directors' remuneration, and taking into account the distribution ratio of previous years, in accordance with articles of incorporation of the Company. If differences incurred between the actual distributed amount as determined by the shareholders and that was accrued, such difference would be recorded as profit or loss of the next fiscal year.

The proposal of distributing the Company's employees' compensation and directors' remuneration has been approved by the Board of Directors on March 23, 2021.

For information of resolution to be approved by the Board of Directors, plus appropriation of earnings and remunerations of employees, directors, and supervisors resolved by shareholders' meeting, please refer to the Market Observation Post System website.

(xxii) Operating revenue

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from contracts with customers:		
Revenue of buildings and land sales	$ 2,221,158	$ 685,740
Other - rental revenue	10,175	10,071
Total	$ 2,231,333	$ 695,811
Revenue recognition point:		
At a point in time	$ 2,221,158	$ 685,740
Over time	10,175	10,071
Total	$ 2,231,333	$ 695,811

1. The sales area of the Group's 2020 and 2019 construction projects is in Taiwan.
2. The aggregated amount of transaction price allocated to unsatisfied performance obligation from the Group's signed contracts, as of December 31, 2020, and its expected fiscal year of revenue recognition are as follows:

	Contracted amount	Expected year of revenue recognition
As of December 31, 2020	$ 2,562,395	2021
As of December 31, 2019	$ 3,402,662	2020~2021

(xxiii) Other income

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income	$ 663	$ 278
Dividends income	1,558	1,335
Other income, others	4,623	6,834
Total	$ 6,844	$ 8,447

(xxiv) Other gains and losses

	Year ended December 31, 2020	Year ended December 31, 2019
Gain on disposal of property (land held for construction site)	$ —	$ 173,350
Gain on disposal of property, plant and equipment	—	590
Gain on disposal of investment property	6,911	—
Miscellaneous disbursements	(5,111)	—
Total	$ 1,800	$ 173,940

(xxv) Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense		
Interest on bank borrowings	$ 123,528	$ 110,847
Amortization of arrangement fee for a syndicated loan	2,740	1,826
Amortization of corporate bond discount	23,446	19,625
The imputed interest on deposit	18	17
Imputed interest on contract liabilities	8,654	6,215
Interest on the lease liability	1,147	—
Subtotal	159,533	138,530
Less: amount of the capitalized assets that meet the requirements	(132,405)	(138,520)
Total	$ 27,128	$ 10

Details of amount of the capitalized assets that meet the requirements are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Buildings held for sale	$ 15,749	$ 10,290
Buildings under construction	115,759	128,230
Prepayment for land purchases	897	—
Total	$ 132,405	$ 138,520

(xxvi) Expenses by nature

	Year ended December 31, 2020	Year ended December 31, 2019
Depreciation and amortization charges		
Depreciation of property, plant and equipment	$ 616	$ 868
Depreciation of investment property	5,430	5,340
Amortization of intangible assets	286	310
Total	$ 6,332	$ 6,518

(xxvii) Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Wages and salaries	$ 32,776	$ 27,298
Labor and health insurance fees	2,645	2,533
Pension costs	1,482	1,248
Remuneration of Directors	2,934	3,141
Other employee benefit expense	3,304	2,032
Total	$ 43,141	$ 36,252

1. The employees of the Company were 42 and 37 for the years ended 2020 and 2019, respectively, both numbers of directors who have not served as employees were 6 and 5.

2. Please refer to Note VI(xxi) for information on the remuneration of employees, and directors and supervisors.

(xxviii) Taxation

1. Income tax expense

(1) Components of income tax expense:

Item	Year ended December 31, 2020	Year ended December 31, 2019
Current income tax expense	$ 710	$ 904
Land value increment tax	14,829	21,369
(Decrease) Increase in deferred tax expense	(1,592)	16,084
Adjustments in respect of the prior year	—	(2)
Supplementary payment as approved in respect of the prior year	496	1,700
Income tax expense included in profit or loss	$ 14,443	$ 40,055

(2) The Group's income tax expenses recognized as other comprehensive income as of December 31, 2020, and 2019, were both NT$ 0 thousand.

2. Analysis of items of the Group's deferred income tax liabilities are as follows:

(1) Deferred tax liabilities

	2020.1.1	Included in profit or loss	2020.12.31
Temporary differences			
Buildings and land held for sale and construction in progress Capitalized interest	$ (35,688)	$ 1,592	$ (34,096)

	2019.1.1	Included in profit or loss	2019.12.31
Temporary differences			
Buildings and land held for sale and construction in progress Capitalized interest	$ (19,604)	$ (16,084)	$ (35,688)

3. Unrecognized deferred tax assets:

As of December 31, 2020, and 2019, the amounts of deferred tax assets not recognized by the Group due to there was not probable to have taxable profits were NT$ 24,182 thousand and NT$ 24,688 thousand, respectively.

4. A reconciliation between profit before tax and income tax expense presented in statements of comprehensive income is as follows:

Item	Year ended December 31, 2020	Year ended December 31, 2019
Net profit before tax	$ 91,251	$ 140,498
Tax computed at applicable tax rate (20%)	18,250	28,099
Reasons for differences:		
Exempt income of land transaction	(12,135)	(9,446)
Unrealized loss due to decline in inventories reversed	-	(5,364)
Dividends not included in taxable income	(312)	(267)
Capitalized interest on buildings under construction and buildings held for sale	(26,301)	(27,704)
Implement capital reduction to cover the deficit in investments accounted for using the equity method	-	(4,200)
Capital reduction of financial assets at FVTOCI to cover the deficit	-	(335)
Other adjustments in accordance with the tax act	20,861	4,356
Current deduction of losses	347	15,765
Current tax expense	710	904
Land value increment tax	14,829	21,369
(Decrease) Increase in deferred tax expense	(1,592)	16,084
Adjustments in respect of prior years	-	(2)
Supplementary payment as approved in respect of the prior year	496	1,700
Income tax expense included in profit or loss	$ 14,443	$ 40,055

The amended Income Tax Act promulgated by the President on February 7, 2018, has increased the profit-seeking enterprise income tax rate from 17% (applicable for the year 2017) to 20% (If the total taxable income is NT$ 500,000 or less: The rates are 18% for 2018, 19% for 2019, and 20% after 2020), started from January 1, 2018. Thus the adjustment has also been made on deferred income tax asset (liability) regarding related tax rate. Also, since the year 2018, the applicable tax rate for unappropriated earnings has adjusted from 10% to 5%.

5. The composition of the Group's income tax expense and current income tax (asset) liabilities is described as follows:

Item	2020	2020		
	Parent	Parent	Subsidiaries	Total
Current tax expense	$ —	$	$ 710	$ 710
Less: withholding tax	(8)	—	(452)	(452)
Current (refundable tax income)/ tax payable	(8)	—	258	258
Add: supplementary payment as approved in respect of the prior year	—	496	—	496
Income tax refund of the previous year	(13)	—	—	—
Income tax liabilities assumed by a business combination	—	258	(258)	—
Prepayment for land value increment tax	(1,297)	—	—	—
Current tax (assets) liabilities	$ (1,318)	$ 754	$ —	$ 754

Item	2019 Parent	2019 Parent	2019 Subsidiaries	2019 Total
Current tax expense	$ —	$ —	$ 904	$ 904
Less: withholding tax	(13)	—	(412)	(412)
Current (refundable tax income)/ tax payable	(13)	—	492	492
Current tax (assets) liabilities	$ (13)	$ —	$ 492	$ 492

6. As of December 31, 2020, the final deadline of tax credit for the unused deduction of losses and the balance is as follows:

Year of event	Final year for using credit	Amount
2019	2029	$ 82,826
2020	2030	177
	Total	$ 83,003

7. The tax authorities have examined the income tax returns of the Company through 2018. The payment of tax was made.

(xxix) Earnings per share

The amount of basic earnings per share is calculated as the company's ordinary shares holders' current net income divided by the weighted average number of ordinary shares outstanding during the period.

The amount of diluted earnings per share is calculated as the current net income of the Company's ordinary shares holders divided by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary share to be issued when all dilutive potential ordinary share converts into ordinary shares.

	Year ended December 31, 2020		
	Profit after tax	Weighted average number of shares (shares in thousands)	Earnings per share (NT$)
Basic earnings per share	$ 76,808	311,673	$ 0.25
Diluted earnings per share			
Profit	$ 76,808	311,673	
Assumed conversion of all dilutive potential ordinary shares	-	-	
Profit and effect of dilutive potential ordinary shares	$ 76,808	$ 311,673	$ 0.25

	Year ended December 31, 2019		
	Profit after tax	Weighted average number of shares (shares in thousands)	Earnings per share (NT$)
Basic earnings per share	$ 100,443	302,189	$ 0.33
Diluted earnings per share			
Profit	$ 100,443	302,189	
Assumed conversion of all dilutive potential ordinary shares - convertible bonds	15,798	61,189	
Profit and effect of dilutive potential ordinary shares	$ 116,241	$ 363,378	$ 0.32

(xxx) Operating lease arrangements

1. The Group has leased out assets in the form of operating leases to lessees for uses as offices, residences, shops, and parking lots. Rental incomes recognized in the fiscal year 2020 and 2019 are NT$ 10,175 thousand and NT$ 10,071 thousand. Total amount of future minimum lease payments of non-cancellable lease agreement is as follows:

Item	2020.12.31	2019.12.31
Within 1 year	$ 10,897	$ 10,137
1 to 5 years	13,946	20,859
Over 5 years	23	37
Total	$ 24,866	$ 31,033

2. The Group leases xerox machine and billboard advertisements in the form of operating leases and pays a fixed rent in accordance with the agreement. Rental expenditures recognized in the fiscal year 2020 and 2019 are NT$ 1,818 thousand and NT$ 240 thousand, respectively. Total amount of future minimum lease payments of non-cancellable lease agreement is as follows:

Item	2020.12.31	2019.12.31
Within 1 year	$ 488	$ 308
1 to 5 years	121	47
Over 5 years	—	—
Total	$ 609	$ 355

(xxxi) Changes in liabilities from financing activities

	Short-term loans	Short-term notes and bills payable	Long-term loans (including current portion)	Lease liabilities	Others	Liabilities from financing activities-gross
As of January 1, 2020	$ 300,000	$ 124,707	$ 5,191,664	$ -	$1,661	$ 5,618,032
Changes in cash flows from financing activities	(100,000)	(55,000)	793,332	(387)	134	638,079
Changes in non-cash:						
Amortized syndicated loan arrangement fee	-	-	2,740	-	-	2,740
New lease	-	-	-	328,786	-	328,786
Discount on short-term notes and bills payable	-	226	-	-	-	226
As of December 31, 2020	$ 200,000	$ 69,933	$ 5,987,736	$ 328,399	$ 1,795	$ 6,587,863

	Short-term loans	Short-term notes and bills payable	Long-term loans (including current portion)	Lease liabilities	Others	Liabilities from financing activities-gross
As of January 1, 2019	$ 286,000	$ 259,781	$ 3,682,434	$ -	$ 1,073	$ 4,229,288
Changes in cash flows from financing activities	14,000	(135,000)	1,521,104	-	588	1,400,692
Changes in non-cash:						
Unamortized syndicated loan arrangement fee	-	-	(11,874)	-	-	(11,874)
Discount on short-term notes and bills payable	-	(74)	-	-	-	(74)
As of December 31, 2019	$ 300,000	$ 124,707	$ 5,191,664	$ -	$ 1,661	$ 5,618,032

(xxxii) Financing activities of non-cash transactions

The non-cash transaction financing activities of the Group during the fiscal year 2020 and 2019 are as follows:

Please refer to Note VI (xxi) for converting convertible corporate bonds to ordinary shares.

VII. Related Party Transaction

(i) Names of related parties and relationship with the Group

Name of related parties	Relationship with the Group
Love All Corporation	The investee with the Company's investment accounted for under equity method (was dissolved on September 30, 2020)
Lih Pao Construction Co., Ltd.	The Chairperson of that company is the relative of the Company's Chairperson, within the 2 degrees of kinship under the civil code.
Pao Juan Development Enterprise Co., Ltd.	Parties with substantial relation to the Company
Sheng Jun Enterprise Co., Ltd	The Chairperson of that company and the Company's Chairperson, are relatives within the 2 degree of kinship under the civil code.

Xin Shengdi Enterprise Co., Ltd	The Chairperson of that company and the Company's Chairperson, are relatives within the 2 degree of kinship under the civil code.
Fullon Hotels & Resorts	The legal representative director of that company is the relative of the 2 degrees of kinship under the civil code.
Fullon Hotel Fulong	The Chairperson of that company is the relative of the Company's Chairperson, within the 2 degree of kinship under the civil code.
Spring Color International Co., Ltd.	The Chairman of that company is the Chairman of the Company as well.
Hsinbo Construction Co., Ltd.	The subsidiary of the Company (had entered into a short-form merger with the Company, the reference date for any transaction was October 31, 2020)
Ansheng Construction Co., Ltd	More than half of directors of that company are relatives of the Company's Chairperson, within the 2 degrees of kinship under the civil code.
Zhongfu Construction Co., Ltd	Parties with substantial relation to the Company
Harvest Construction Co., Ltd.	Parties with substantial relation to the Company
Li Xin Emporium Co., Ltd.	The Chairperson of that company is the relative of the Company's Chairperson, within the 2 degree of kinship under the civil code.
Yamay International Development Corp.	The Chairperson of that company is the relative of the Company's Chairperson, within the 2 degree of kinship under the civil code.
Lih Feng Assets Management Co.,	Parties with substantial relation to the Company
Yang O Hsiang	Relative of the Company's vice president, within the 2 degrees of of the Company was retired on September 11, 2020)
Baoshi Construction Co., Ltd.	Parties with substantial relation to the Company
Chung O Lin	The Company's deputy manager of the construction and planning division
Chen O Yu	Spouse of the Company's deputy manager of construction and planning division

(ii) Significant transactions between the Group and related parties are disclosed as follows:

1. Sales

Name of related parties	Year ended December 31, 2020	Year ended December 31, 2019
Yang O Hsiang (Note 2)	$ —	$ 30,483
Chung O Lin (Note 1, 2)	11,732	—
Total	$ 11,732	$ 30,483

Note 1: Designate to transfer to the spouse named Chen O Yu.

Note 2: The sales price for goods sold to the above related parties was determined through an agreement based on the market rates. The payment terms were no different with non-related parties.

2. Purchase

(1) Details are as follows:

Name of related parties	Year ended December 31, 2020	Year ended December 31, 2019
Ansheng Construction Co., Ltd	$ 666,662	$ 1,006,485
Zhongfu Construction Co., Ltd	746,794	444,000
Total	$ 1,413,456	$ 1,450,485

(2) Information on construction contracts that the Company has signed with the following related parties but not yet settled, as of December 31, 2020 and 2019 are as below:

① Ansheng Construction Co., Ltd

As of December 31, 2020

Construction projects	Contracting	(tax excluded) Total contract price	Paid amount	Unpaid amount
Case of Xinzhuang Fuduxin	Contract for labor and materials	$ 466,624	$ 447,132	$ 19,492
Luodong Gongzheng Section	Contract for labor and materials	313,689	312,780	909
Taoyuan Kuaiji section	Contract for labor and materials	870,286	843,802	26,484
Lot 8, Taichung Zhenxing section	Contract for labor and materials	1,173,987	851,140	322,847
Taichung Lianwu section	Contract for labor and materials	384,857	100,063	284,794
Total		$ 3,209,443	$ 2,554,917	$ 654,526

As of December 31, 2019

Construction projects	Contracting	(tax excluded) Total contract price	Paid amount	Unpaid amount
Case of Xinzhuang Fuduxin	Contract for labor and materials	$ 466,624	$ 418,795	$ 47,829
Luodong Gongzheng Section	Contract for labor and materials	313,689	306,988	6,701
Taoyuan Kuaiji section	Contract for labor and materials	870,286	728,864	141,422
Lot 8, Taichung Zhenxing section	Contract for labor and materials	1,173,987	451,479	722,508
Taichung Lianwu section	Contract for labor and materials	384,857	3,849	381,008
Total		$ 3,209,443	$ 1,909,975	$ 1,299,468

② Zhongfu Construction Co., Ltd

As of December 31, 2020

Construction projects	Contracting	(tax excluded) Total contract price	Paid amount	Unpaid amount
Case of Danhai	Contract for labor and materials	$ 6,519,200	$ 1,211,387	$ 5,307,813

As of December 31, 2019

Construction projects	Contracting	(tax excluded) Total contract price	Paid amount	Unpaid amount
Case of Danhai	Contract for labor and materials	$ 4,203,200	$ 383,000	$ 3,820,200

③ Baoshi Construction Co., Ltd.

As of December 31, 2020

Construction projects	Contracting	(tax excluded) Total contract price	Paid amount	Unpaid amount
Case A of Taoyuan Sanmin section	Contract for labor and materials	$ 193,125	$ –	$ 193,125

As of December 31, 2019: None.

The payment due under the above construction agreements was paid according to the progress of the construction. The transaction terms and conditions made no significant difference with those for non-related parties.

3. Other receivables - related parties

Name of related parties	2020.12.31	2019.12.31
Love All Corporation	$ –	$ 8,750
Less: Loss allowance	–	(8,750)
Net amount	$ –	$ –

4. Prepayments

Name of related parties	2020.12.31	2019.12.31
LihPao Construction	$ 5	$ 4
Baoshi Construction	1,087	–
Total	$ 1,092	$ 4

Note: The total contract price of fences construction of Zhongxing Section in Hsinchu, amounted to NT$ 1,087 thousand (before tax), the amount paid was NT$ 978 thousand.

5. Accounts payable to related parties

Name of related parties	2020.12.31	2019.12.31
Ansheng Construction Co., Ltd	$ 77,604	$ 74,914
Zhongfu Construction	114,878	68,250
Baoshi Construction Co., Ltd.	114	–
Total	$ 192,596	$ 143,164

6. Other payables to related parties

Name of related parties	2020.12.31	2019.12.31
Ansheng Construction Co., Ltd	$ 18,607	$ 2,502
Fullon Hotels & Resorts	50	–
Total	$ 18,657	$ 2,502

Note: Other payables to the related party, Ansheng Construction Co., Ltd, are construction retainage received recorded under purchase transaction.

7. Rental revenue

Lessee	Location	Lease term	Year ended December 31, 2020	
			Monthly rent	Rental revenue
Sheng Jun Enterprise Co., Ltd	Section 1, Chengtai Road, Wugu District	2020.01.01 ~2020.12.31	$ 3	$ 34
Xin Shengdi Enterprise Co., Ltd	Section 1, Chengtai Road, Wugu District	2020.01.01 ~2020.12.31	$ 3	$ 34

Lessee	Location	Lease term	Year ended December 31, 2019	
			Monthly rent	Rental revenue
Sheng Jun Enterprise Co., Ltd	Section 1, Chengtai Road, Wugu District	2019.01.01 ~2019.12.31	$ 3	$ 34
Xin Shengdi Enterprise Co., Ltd	Section 1, Chengtai Road, Wugu District	2019.01.01 ~2019.12.31	$ 3	$ 34

8. Rent expense

Lessor	Location	Lease term	Year ended December 31, 2020	
			Monthly rent	Rent expense
Pao Juan Development Enterprise Co., Ltd.	Archive Room and warehouse on Section 1, Chengtai Road, Wugu District	2020.01.01 ~2020.12.31	$ 5	$ 62
Pao Juan Development Enterprise Co., Ltd.	Conference room	Preliminary tenancy		$ 23

Lessor	Location	Lease term	Year ended December 31, 2029	
			Monthly rent	Rent expense
Pao Juan Development Enterprise Co., Ltd.	Archive Room and warehouse on Section 1, Chengtai Road, Wugu District	2019.01.01 ~2019.12.31	$ 5	$ 62

9. Operating expenses (not including rent expense)

Name of related parties	Year ended December 31, 2020	Year ended December 31, 2019
Fullon Hotels & Resorts	$ 2,147	$ 4,104
Fullon Hotel Fulong	29	78
Pao Juan Development Enterprise Co., Ltd.	527	428
Lih Pao Construction Co., Ltd.	551	573
Spring Color International Co., Ltd.	562	11
Li Xin Emporium Co., Ltd.	6	13
Yamay International Development Corp.	13	4
Zhongfu Construction Co., Ltd	23	—
Total	$ 3,858	$ 5,211

Details of operating expenses on transactions with above mentioned related parties are as follows:

Item	Year ended December 31, 2020	Year ended December 31, 2019
Entertainment expense	$ 2,562	$ 4,229
Employee benefits	472	333
Advertisement expense	171	114
Utilities expense	70	80
Repairs and maintenance expense	9	11
Other expenses	560	431
Traveling expense	9	13
Insurance expense	5	—
Total	$ 3,858	$ 5,211

10. Overhead used in construction

Related parties	Item	Year ended December 31, 2020	Year ended December 31, 2019
Fullon Hotels & Resorts	Overhead used in construction - entertainment	$ 13	$ -

11. Key management compensation

Item	Year ended December 31, 2020	Year ended December 31, 2019
Short-term employee benefits	$ 10,550	$ 9,722
Post-employment compensation	161	158
Total	$ 10,711	$ 9,880

12. Other transactions

(1) Hsinbo Construction Co., Ltd. provided the land in Gangshan to the Company as guarantee for the Company to apply for loans from financial institutions. The amount of the secured claims was NT$ 50,000 thousand. As the above mentioned land in Gangshan was sold and transferred in July 2019, the security of an obligation was released.

(2) Lih Pao Construction Co., Ltd. has provided the Company a joint guarantee for the construction project on Lot 8, Taichung Zhenxing section. In March 2018, the guarantee period ends on the construction's completion date (that is the date obtaining the occupation permit).

(3) Harvest Construction Co., Ltd. has provided the Company a joint guarantee for the construction project on the land in Taoyuan Kuaiji section in January 2018. The guarantee period ends on the construction's completion date (that is the date obtaining the occupation permit). The project was completed in May 2020 and has obtained the permit.

(4) The Company has involved in a joint guarantee of performance guarantee for pre-sold home sales contract in September 2018 as required under the Consumer Protection Act, as of December 31, 2020 and 2019, and provided Pao Juan Development Enterprise Co., Ltd. a joint guarantee for the construction project in Jiang Cui District in New Taipei City, amounted to NT$ 765,439 thousand, and NT$ 1,007,439 thousand, respectively. Please refer to Table 1.

(5) The service fee amounts to NT$ 2,381 thousand that the Group has paid Lih Feng Assets Management Co., Ltd. in July 2019, was recognized as the deduction of gain on disposal of property (land held for construction site).

(6) The Company sold equipment to Ansheng Construction Co., Ltd., in July 2019, the sale price was NT$ 35 thousand and recognized as other income.

VIII. Pledged Asset

The Group provided the assets below as collateral or subject to the limit, details as follows:

Name of Assets	2020.12.31	Type of pledge
Land	$ 9,890	Long-term loans guarantee
Buildings and structures	5,646	Long-term loans guarantee
Investment property	224,059	Long-term loans guarantee
Inventories - construction in progress	2,954,350	Long-term loans guarantee
Inventories - buildings and land held for sale	1,832,534	Short-term notes and bills payable Long-term loans guarantee
Inventories - land held for construction site	2,146,366	Long-term loans guarantee
Inventories - royalties for superficies right	603,638	Long-term loans guarantee
Inventories - right-of-use assets	148,237	Long-term loans guarantee
Other current financial assets	7,784	Trust account of performance guarantee
Total	$ 7,932,504	

Name of Assets	2019.12.31	Type of pledge
Land	$ 9,890	Long-term loans guarantee
Buildings and structures	5,806	Long-term loans guarantee
Investment property	225,034	Long-term loans guarantee
Inventories - construction in progress	5,504,012	Long-term loans guarantee
Inventories - buildings and land held for sale	481,676	Short-term notes and bills payable Long-term loans guarantee
Inventories - land held for construction site	826,977	Long-term loans guarantee
Other current financial assets	166,070	Bonds payable of convertible corporate guarantee
Total	$ 7,219,465	

IX.Significant Contingent Liabilities and Unrecognized Contractual Commitment

(i) The Group has entered a significant construction contract, as of December 31, 2020 and 2019, the total contract price amounted to NT$ 9,921,768 thousand and NT$ 7,412,643 thousand, respectively, amounts paid were NT$ 3,766,304 thousand and NT$ 2,292,975 thousand respectively. In contrast, the payments not yet been made were NT$ 6,155,464 thousand and NT$ 5,119,668 thousand which will be paid along with the progress of the construction project.

(ii) As of December 31, 2020 and 2019, the Group has entered a significant construction contract of land purchase and superficies amounted to NT$ 1,463,080 thousand and NT$ 0 thousand, respectively, amounts paid were NT$ 389,174 thousand and NT$ 0 thousand, which were accounted for inventory-prepayment for land purchase.

(iii) The third domestic secured convertible corporate bonds issued by the Company was matured on December 1, 2020. The Bank of Taiwan acted as the guarantee bank as of December 31, 2019, and provided guarantee amount of NT$ 715,113 thousand.

(iv) Hsinbo Construction Co., Ltd. provided the land in Gangshan to the Company as guarantee for the Company to apply for loans from financial institutions. The amount for secured credit rights was NT$ 50,000 thousand. As the above mentioned land in Gangshan was sold and transferred in July 2019, the security of an obligation was released.

(V) The Company has involved in a joint guarantee of performance guarantee for pre-sold home sales contract in September 2018 as required under the Consumer Protection Act, as of December 31, 2020 and 2019, and provided Pao Juan Development Enterprise Co., Ltd. a joint guarantee for the construction project in Jiang Cui Section in New Taipei City, amounted to NT$ 765,439 thousand, and NT$ 1,007,439 thousand, respectively. Please refer to Table 1.

X. Significant Disaster Losses: None.

XI. Significant Events After Reporting Period: None.

XII. Others

(i) Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group adjusts the amount of the borrowings on the basis of the progress of construction, and the funds required for operating.

(ii) Financial instruments

1. Financial instruments by category

Financial assets	2020.12.31	2019.12.31
Measured at amortized cost		
Cash and cash equivalents	$ 108,526	$ 85,114
Notes and accounts receivable	39,086	31,234
Other receivables	486	—
Other current financial assets	7,784	166,070
Guarantee deposits paid	8,536	1,269
Long-term notes and accounts receivable	25,708	2,556
Total	$ 190,126	$ 286,243

Financial liabilities	2020.12.31	2019.12.31
Measured at amortized cost		
Short-term loans	$ 200,000	$ 300,000
Short-term notes and bills payable	69,933	124,707
Notes and accounts payable (including related parties)	232,172	157,139
Other payables (including related parties)	56,417	34,764
Other current liabilities, others	44,884	4,923
Long-term loans (including long-term loans, current portion)	5,987,736	5,191,664
Guarantee deposits received	1,795	1,661
Lease liabilities	328,399	—
Total	$ 6,921,336	$ 5,814,993

2. Fair value information

(1) The financial assets not at fair value and the book value of financial liabilities were considered by the Group 's management as close to their fair value or has no reliable, fair value measurement.

(2) Valuation techniques and assumptions used in fair value measurements

The fair value of the Group’s financial assets and financial liabilities were determined by using the following techniques and assumptions:

A. The fair value of financial assets subject to standard terms and conditions and were transacting in active markets was determined after reference of the quoted market price (including stocks of exchange-listed and oct-listed companies and bond funds-quasi money market).

B. The fair value of other financial assets and financial liabilities was determined by using the generally recognized valuation model based on discounted cash Flow analysis.

(3) Fair value measurement recognized in the balance sheet

Below are an analysis of valuation techniques used by financial instruments at fair value. Each level is defined as follows:

A. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

B. Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

C. Level 3: Inputs are not based on observable market data.

Basic categorization of the Group's financial assets and liabilities at fair value, by their nature and fair value level is presented as follows:

	2020.12.31			
Recurring non-derivative assets	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through other comprehensive income				
Shares of listed companies	$ 518	$ -	$ -	$ 518
Non-current financial assets at fair value through other comprehensive income				
Shares of listed companies	2,979	-	-	2,979
Shares of unlisted companies	-	-	21,550	21,550
Total	$ 3,497	$ -	$ 21,550	$ 25,047
Recurring fair value measurement disclosures				
Investment property	$ -	$ -	$590,997	$590,997

	2019.12.31			
Recurring non-derivative assets	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through other comprehensive income				
Current listed company's stock	$ 511	$ -	$ -	$ 511
Non-current financial assets at fair value through other comprehensive income				
Current listed company's stock	2,221	-	-	2,221
Unlisted company's stocks	-	-	16,613	16,613
Total	$ 2,732	$ -	$ 16,613	$ 19,345
Recurring fair value measurement disclosures				
Investment property	$ -	$ -	$567,985	$567,985
Bonds payable, current portion	$ -	$634,124	$ -	$634,124

No transferring between Level 1 and Level 2 for the years ended 2020 and 2019.

(4) Valuation techniques for measuring fair value

A. The fair value of financial assets subject to standard terms and conditions and were transacting in active markets was determined after reference of the quoted market price (including stocks and funds of exchange-listed and oct-listed companies).

B. The equity instruments not traded in active market (including not exchange-listed and oct-listed companies) that use market approach or asset-based approach for valuation of fair value estimates the fair value by using the same or comparable price derived from equity instruments traded in an active market, and other relevant information.

C. Please refer to Note VI(ix) for details of information on the fair value of the Group's investment property measured at cost.

(5) Significant unobservable inputs of level 3 within the fair value hierarchy

The Group's assets measured at recurring fair value of level 3 within the fair value hierarchy, used for significant unobservable inputs measured at fair value are as follows:

As of December 31, 2020

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial Assets at Fair Value through Other Comprehensive Income - stock	Market approach	Price-book ratio	Value multiples (1.81-2.21)	Higher the price-book ratio, the higher the fair value estimates.	If the price-book ratio has risen (dropped) 10%, the Company's equity will increase NT$ 2,149 thousand/decrease NT$ 2,141 thousand.
	Market approach	Liquidity discount rate	Liquidity discount rate (25%-35%)	Higher the liquidity discount rate, the lower the fair value estimates.	If the liquidity discount rate has risen (dropped) 5%, the Company's equity will decrease NT$ 1,535 thousand/increase NT$ 1,543 thousand.

As of December 31, 2019:

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income - stock	Market approach	Price-book ratio	Value multiples (1.40-1.71)	Higher the price-book ratio, the higher the fair value estimates.	If the price-book ratio has risen (dropped) 10%, the Company's equity will increase NT$1,713 thousand/decrease NT$ 1,609 thousand.
	Market approach	Volatility of stock price	Volatility of stock price (10.71%-20.71%)	Higher the volatility of stock price, the higher the liquidity discount rate, the lower the fair value estimates.	If the l volatility of stock price has risen (dropped) 5%, the Company's equity will decrease NT$ 1,147 thousand/increase NT$ 1,166 thousand.

3. Financial risk management policy

The Group's financial risk management's objective is to manage market risk, credit risk, and liquidity risk regarding operating activities. To reduce relevant financial risks, the Group is devoted to identifying, evaluating and circumventing market uncertainties for mitigating the potential negative impacts on the Company's financial performance due to market movements.

The Group's significant financial activities are reviewed by the Board of Directors in accordance with relevant regulations and the internal control system. The internal auditors have assisted the Group's Board by taking the supervisory role, continually engaged in reviewing policy compliance and different risk exposure amounts.

4. Nature and extend of significant financial risks

(1) Market risk

The Group's market risks refer to the exposure of financial instruments to risks regarding fair value and fluctuation in cash flows incurred from market price changes. Market risks include primarily foreign currency exchange rate risk, interest risk, and price risk.

a. Foreign currency exchange rate risk

The Group focused primarily on domestic sales. Thus, there has no significant risk of changes in the foreign currency exchange rate for the Group.

b. Interest rate risk

The Group's interest risks arise from short-term loans, long-term loans, short-term notes and bills payable, and bonds payable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates. Whereas the borrowings issued at fixed rates expose the Group to the risk of fair value interest rate. The Group's short-term and long-term loans, and short-term notes and bills payable were debt with floating interest rate. Thus, any changes in the market interest rate would lead to changes in these financial facilities' effective interest rate and caused fluctuation in future cash flows. Whereas the increase of 1% in market interest rate, has increased the Group's cash outflows to NT$ 62,577 thousand and NT$ 56,164 thousand, respectively, as of December 31, 2020 and 2019.

c. Price risk

The Group holds listed and non-listed equity securities and other investments. The fair value is exposed to risks due to the uncertainty in future value of portfolios and the price fluctuation arising from market price fluctuation.

As of December 31, 2020, and 2019, for listed company stocks of investments by equity instrument measured at fair value through other comprehensive income, its 1% increase / decrease in the price of equity securities affected the Group's equity amounted to NT$ 35 thousand and NT$ 27 thousand, respectively.

(2) Credit risk

Credit risk refers to a breach of contractual obligations by the counter-party, which leads the Group to a financial loss risk. The Group's credit risks are primarily from receivables and other receivables incurred in business activities. Business related credit risk and financial credit risk are managed separately.

a. Business related credit risk

The Group is primarily engaged in contractor appointment and management to build public housing and commercial buildings for leasing and selling. Thus, the Group's accounts receivable in the book are basically incurred on purchases of the Group's products by customers. Most of the Group's customers obtained loans from banks, although accounts receivable usually incurred due to time differences between the transfer date of funds and the time on approval of its appropriation, the lending bank would write-off soon after funds are allocated; however, if the customer has insufficient funds and needs to apply for installment payment, the Group will determine whether to collect payments in installment under the Agreement, after assessing the customer's credit quality and ability to repay. Thus the Group is not exposed to significant risk.

b. Financial credit risk

Since the counterparties to the forgoing financial instruments are reputable banks and financial institutions with a stable rating, management believes its exposure to default by counter-party is low.

(3) Liquidity risk

The Group maintains sufficient funding to support operating requirements and ensures compliance to terms and conditions in loan contracts, through the management and monitors its liquidity requirements and use of bank facilities, as operating funds are deemed sufficient to meet the cash flow demand; therefore, liquidity risk is not considered to be significant.

The Group's investments of stocks of listed companies and funds, recognized as financial assets at FVTOCI and financial assets at FVTPL respectively, have an active market, thus are expected to be sold quickly with the price close to fair value in the market. The Group's investments of unlisted companies' stocks, recognized as financial assets at FVTOCI - non-current, have no active market and thus are expected to have material liquidity risk.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The contractual cash flow amount disclosed in the following table is the undiscounted amount (principal and interest are included).

As of December 31, 2020:

Non-derivative financial liabilities	Within 1 year	1 to 3 years	3 years or more	Total
Short-term loans	$ 202,018	$ —	$ —	$ 202,018
Short-term notes and bills payable	70,000	—	—	70,000
Notes payable	16,254	—	—	16,254
Accounts payable (including related parties)	215,918	—	—	215,918
Other payables (including related parties)	27,725	28,692	—	56,417
lease liabilities	8,568	17,136	572,537	598,241
Long-term loans (including current portion)	2,019,823	660,345	3,601,440	6,281,608
Total	$ 2,560,306	$ 706,173	$ 4,173,977	$ 7,440,456

As of December 31, 2019:

Non-derivative financial liabilities	Within 1 year	1 to 3 years	3 years or more	Total
Short-term loans	$ 303,795	$ —	$ —	$ 303,795
Short-term notes and bills payable	125,000	—	—	125,000
Notes payable	7,609	—	—	7,609
Accounts payable (including related parties)	149,530	—	—	149,530
Other payables (including related parties)	28,800	6,099	—	34,899
Corporate bonds payable (including current portion of convertible bonds)	669,916	—	—	669,916
Long-term loans (including current portion)	411,048	3,034,814	2,072,378	5,518,240
Total	$ 1,695,693	$ 3,040,913	$ 2,072,378	$ 6,808,989

The Group does not expect the timing of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(iii) Although the COVID-19 pandemic has a great impact on the global supply chain and consumer demands, the impact is not as significant on the business operation of the Group, as of the end of the reporting date, since the Group focuses its business on development and construction of the estate, and sales of buildings and land within the domestic market.

(iv) Pending litigation

The Company has been prosecuted by purchaser A of the Company's Linkou A7 Project in March 2020 and was requested to fix leaks in the purchased house and make further renovation, plus a compensation amounted to NT$ 170 thousand; however, the inspector sent by the Company did not find any leaking from the ceiling of the house, and the warranty of the house was over, the Company, therefore, consider the complaint of the purchaser as unreasonable, thus has not accounted the estimates. The case is still being heard by the Taiwan Taoyuan District Court Summary Division (Case No. 109 Tao Jian Zi No. 739).

XIII. Supplementary Disclosures

(i) Information About Significant Transactions

1. Financing provided 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: Please refer to Table 2.
4. Aggregate purchases or sales of the same securities reaching 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: Please refer to Table 3.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid in capital or more: Please refer to Table 4.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9. Derivatives transactions: Please refer to Table 5.

(ii) Information on Investees

1. Information on significant transactions with the investee that the Company directly or indirectly exercises control over: Please refer to the above mentioned table.

2. Information on investee that the Company directly or indirectly exercises significant influence or control over: Please refer to Table 6.

(iii) Information on Investments in Mainland China

1. The name of the investee in mainland China, the main businesses, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, the amount received as dividends from the investee, and the limitation on investee: None.
2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.

(iv) Information of major shareholders: Please refer to Table 7.

(v) The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Table 8.

XIV. Segment Information

I.Industry Information:

The Group 's major business is in constructing public housing and commercial buildings, only in a single industry.

II.Geographic Information

The Group has no foreign operating segment.

III.Export Sales Information

The Group has no export sales revenue.

IV.Major Customers Information

In 2020 and 2019, the Group has no key customers who contribute to 10% of the Group's revenue in 2020 and 2019.

Advancetek Enterprise Co., Ltd. And Subsidiaries

Provision of endorsements and guarantees to others

Republic of China December 31, 2020

Table 1 — Unit: thousands of NTD

Number (Note 1)	Endorser /guarantor	Party being endorsed /guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement /guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement /guarantee amount at December 31, 2020 (Note 5)	Amount actually drawn (Note 6)	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement /guarantee amount to the net asset value of the endorser /guarantor company	Ceiling on the total amount of endorsements /guarantees provided (Note 3)	Provision of endorsements /guarantees by the parent company to the subsidiary (Note 7)	Provision of endorsements /guarantees by the subsidiary to the parent company (Note 7)	Provision of endorsements /guarantees to the party in Mainland China (Note 7)
		Name of Company	Relationship (Note 2)										
0	Advancetek Enterprise Co., Ltd.	Pao Juan Development Enterprise Co., Ltd.	7	$ 1,102,839	$ 1,030,000	$ 857,439	$ 765,439	$ -	15.55%	$ 2,757,098	N	N	N

Note 1: The Company and its investees are coded as follows:

1. The Company is ‘0’.
2. The investees are numbered in order starting from ‘1’.

Note 2: Nature of relation between the endorser /guarantor and the party being endorsed /guaranteed is classified into the following seven categories:

1. Having a business relationship.
2. The endorser /guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed /guaranteed subsidiary.
3. The endorsed /guaranteed company owns directly and indirectly more than 50% voting shares of the endorser /guarantor parent company.
4. The endorser /guarantor parent company owns directly and indirectly more than 90% of voting shares of the endorsed /guaranteed company.
5. Mutual guarantee of the trade made by the endorsed /guaranteed company or joint contractor as required under the construction contract.
6. Due to joint venture, all shareholders provide endorsements /guarantees to the endorsed /guaranteed company in proportion to its ownership.
7. Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: 1. According to the Company’s procedures for the Management of Endorsements and Guarantees, the amount of endorsements /guarantees provided by the Company for any single entity shall not exceed 20% of the Company’s net worth. The net worth is based on the Company’s latest parent-company-only consolidated financial statements.

2. According to the Company’s procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements /guarantees provided by the Company shall not exceed 50% of its net worth. The net worth is based on the Company’s latest parent-company-only consolidated financial statements

Note 4: Maximum outstanding endorsement /guarantee amount for the current period.

Note 5: Shall fill in the amount as approved by the Board of Directors. The Chairman who has been empowered by the Board of Directors for approval under Article 12, paragraph 8 of Regulations Governing Loaning of Funds and Making of Endorsements /guarantees by Public Companies, refers to grant endorsements /guarantees within a specific limit by the Chairman.

Note 6: The actual amount drawn from the balance of endorsement /guarantee used by the endorser /guarantor shall be filled in.

Note 7: Column Y shall be filled in if any of the following criteria were met: Provision of endorsements /guarantees by a listed parent company to subsidiary, provision of endorsements /guarantees by subsidiary to listed parent company, and provision of endorsements /guarantees to the party in Mainland China.

Advancetek Enterprise Co., Ltd. And Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Republic of China December 31, 2020

Table 2

Unit: thousands of NTD

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Issuer of Marketable Securities	Account item	At end of period				Remark
					Shares/Units	Book value	Ownership held by the Company	Market Price	
Advancetek Enterprise Co., Ltd.	Stock	En Tie Commercial Bank Co., Ltd.	None	Current financial assets at fair value through other comprehensive income	32,126	518	—	518	Note 2
	Stock	Taiwan Biotech Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	767,452	21,550	0.46	21,550	Note 1
	Stock	Tah Chung Steel Corporation	None	Non-current financial assets at fair value through other comprehensive income	22	—	—	—	
	Stock	Asia Pacific Telecom Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	294,944	2,979	0.01	2,979	Note 2
				Total		24,529		24,529	

Note 1: The stock value is calculated based on the market approach. Please refer to Note 12 (2) for details.

Note 2: Calculated on the basis of the closing price at the end of December 2020.

Advancetek Enterprise Co., Ltd. And Subsidiaries

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 3

Unit: thousands of NTD

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-parties	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Advancetek Enterprise Co., Ltd.	Royalties for superficies right in Kaosiung Fengshan District (Inventory - royalties for superficies right)	Date of contract August 21, 2020 Approved day September 15, 2020	$ 602,890	Fully paid up	Southern Region Branch, National Property Administration, MOF	None	-	-	-	-	Purchase by way of public tender	Buildings for sale	N
Advancetek Enterprise Co., Ltd.	Lot 2, Weizhen Section, Houlong Town, Miaoli County (Inventory - prepayment for land purchases)	Winning bid date August 13, 2020 Date of contract September 18, 2020	$ 595,600	Pay in installments as agreed in the contract (amount paid NT$137,296 thousand)	Miaoli County Government	None	-	-	-	-	Purchase by way of public tender	Buildings for sale	N
Advancetek Enterprise Co., Ltd.	No. 413, Long Yi Section, Houlong Town, Miaoli County (Inventory - prepayment for land purchases)	Winning bid date August 13, 2020 Date of contract September 18, 2020	$ 153,600	Pay in installments as agreed in the contract (amount paid NT$ 37,714 thousand)	Miaoli County Government	None	-	-	-	-	Purchase by way of public tender	Buildings for sale	N
Advancetek Enterprise Co., Ltd.	Royalties for superficies right in Taipei Zhongzheng District (Inventory - prepayment for land purchases)	Winning bid date December 14, 2020 Date of contract December 23, 2020 Approved day January 25, 2021	$ 713,880	Payment made as agreed in the contract (amount paid NT$ 214,164 thousand)	Northern Region Branch, National Property Administration, MOF	None	-	-	-	-	Purchase by way of public tender	Buildings for sale	N

Advancetek Enterprise Co., Ltd. And Subsidiaries

The amount of purchase and sales with related parties has reached NT$ 100 million or 20% or above the paid-in capital.

Year ended December 31, 2020

Table 4

Unit: thousands of NTD

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/Sales	Amount	Percentage of total purchases (sales)	Credit period	Unit Price	Credit period	Ending Balance	Percentage of total Notes/Accounts Payable or Receivable	
The Company	Ansheng Construction Co., Ltd	Other related parties	Purchase	$ 666,662	27.72%	50% - within 60 days 50% - cash	Denominated according to the contract	Within 30 days or 60 days for common suppliers	$ (77,604)	(33.43%)	Note 1, 2
The Company	Zhongfu Construction Co., Ltd	Other related parties	Purchase	$ 746,794	31.05%	50% - within 60 days 50% - cash	Denominated according to the contract	Within 30 days or within 60 days for common suppliers	$(114,878)	(49.48%)	Note 1

Note 1: Please refer to Note VII for status on construction contracts signed by the Company with related parties.

Note 2: The unpaid construction retainage amounted to NT$ 18,607 thousand included in Company’s purchases from related parties, is accounted in other payables - related parties, please refer to Note VII for details.

Advancetek Enterprise Co., Ltd. And Subsidiaries

Derivatives transactions

Republic of China December 31, 2020

Table 5 Unit: thousands of NTD

Information on immature derivatives held by the Company is as follows:

Item	2020.12.31	2019.12.31
Current financial assets at fair value through profit or loss	$ –	$ –

The embedded derivative of third domestic convertible corporate bonds issued by the Company on December 1, 2015, was comprised of put option value of investors and the call option value of corporate bonds, recognized as a financial asset at fair value through profit or loss-current, as the investor’s put option reached maturity on December 1, 2018, the balance value of corporate bonds call option also matured on October 22, 2020. The amount of gain (loss) of valuation recognized as of December 31, 2020 and 2019 were both NT$ 0 thousand.

Advancetek Enterprise Co., Ltd. And Subsidiaries

Information of investee that the Company directly or indirectly exercises significant influence or control over

Republic of China December 31, 2020

Table 6 Units: Share / NT$ thousand

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at the end of the period			Current profit or loss of the investee company	Investment gain (loss) recognized in the current period	Remark
				End of the currenct period	End of the prior year	Number of shares	Ownership (%)	Book value			
Advancetek Enterprise Co., Ltd.	Hsinbo Construction Co., Ltd.	Wugu District, New Taipei City	Condominium development Rental and sale business	–	149,000	–	–	–	2,842	2,842	(Note 1)
Advancetek Enterprise Co., Ltd.	Love All Corporation	Banqiao District, New Taipei City	Sales of disposable diaper	–	–	–	–	–	(Note 2)	–	–
Hsinbo Construction Co., Ltd.	Love All Corporation	Banqiao District, New Taipei City	Sales of disposable diaper	–	–	–	–	–	(Note 2)	–	–

Note 1: On September 24, 2020, the Board of Directors of the Company resolved to process a simple merger with its subsidiary, the Hsinbo Construction Co., Ltd.. The reference date of the merger was on October 31, 2020, the Company was the surviving company in the merger, and Hsinbo Construction Co., Ltd. was the dissolved company.

Note 2: The Love All Corporation was dissolved and approved by the competent authority on September 30, 2020. Love All has completed the closure liquidation and awaits approval from the court.

Advancetek Enterprise Co., Ltd. And Subsidiaries

Information of major shareholders

Republic of China December 31, 2020

Table 7

Name of major shareholders	Number of shares held (shares)	Ownership held by the Company
Ming Sheng Investment Co., Ltd.	35,173,881	9.60%
Bai Xiang Investment Co., Ltd	31,251,609	8.53%
Wu, Pao-Tien	21,153,888	5.77%

Note 1: The information on major shareholders in this table is based on data of above 5% in total of common stock and preferred stock, that the companies held by shareholders have completed dematerialized registration and delivery (including treasury shares), and is calculated each quarter on the final business day, by the Taiwan Depository & Clearing Corporation. The capital stock reported in the Company's consolidated financial statements and the number of shares that the Company has completed dematerialized registration and delivery, may show discrepancies due to different basis in calculation.

Note 2: If any of the above mentioned entities has transferred control of shareholdings to a trustee, then disclosure of information regarding the entity will be in the form of the Settlor's account of trust opened by the trustee. According to the Securities and Exchange Act, the insiders or shareholders, held greater than 10% of shares shall file if any changes in stocks held, which include shareholdings that have been transferred to trustee and trust assets that the shareholder may determine the usage of shares; for filed information of insiders' shares, please refer to the Market Observation Post System website.

Advancetek Enterprise Co., Ltd. And Subsidiaries

The business relationship between the parent and the subsidiaries and significant transaction between them

Republic of China December 31, 2020

Table 8

No. (Note 1)	Related Party	Counterparty	Relationship (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated Net revenues or consolidated total assets (Note 3)
0	Advancetek Enterprise Co., Ltd	Hsinbo Construction Co., Ltd.	1	Sales	$ 10	The same as others	—
1	Hsinbo Construction Co., Ltd.	Advancetek Enterprise Co., Ltd	2	Rent expense	$ 10	The same as others	—

Note 1:The Company and its subsidiaries are coded as follows:

1 The Company is coded ”0”.

2 Subsidiaries are coded consecutively starting from “1” in the order presented in the table above.

Note 2:Transactions are categorized as follows:

1 Parent company to subsidiary

2 Subsidiary to parent company

3 Subsidiary to subsidiary

4 Parent company to associates

Note 3:When calculating the percentage of transaction amount to the consolidated revenues or the consolidated assets: Items of the balance sheets are calculated as its ending balance to total consolidated assets; items of income statement are calculated by its cumulative balance to the total consolidated income.