

**CHAINQUI CONSTRUCTION DEVELOPMENT CO.,
LTD. AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Chainqui Construction Development 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, Chainqui Construction Development Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Chainqui Construction Development Co., Ltd.

Chairman: Lee, Yung-I

Date: March 16, 2021

Independent Auditors' Report

To the Board of Directors of Chainqui Construction Development Co., Ltd.:

Opinion

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

In our opinion, based on our audits and the reports of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC"), endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter Paragraph-Basic Accounting Principles

As disclosure in Note 4(t) of the consolidated financial statements, in order to spread the costs over the useful lifespan of its property, plant and equipment, as well as its investment properties, the Group adopted the straight-line method of accounting for depreciation beginning January 1, 2020, whereas it previously used the declining-balance method. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to notes 4(o) and 6(u) of the notes to consolidated financial statements for the accounting policy on revenue recognition and the details of revenue.

Description of key audit matter:

The construction industry, in which the Company is into, has a higher tendency of revenue fluctuation. Since the Company is a listed company, there is significant risk in fraud of sales revenue; therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

How the matter was addressed in our audit:

Our principal audit procedures included Testing the effectiveness of the design and implementing the internal control system of sales revenue. Inspection of sales contracts and real estate control transfer document etc.. Testing the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue.

2. Inventory evaluation

Please refer to notes 4(h), 5(a) and 6(f) of the notes to consolidated financial statements for the accounting policy on measuring inventory, assumptions used and uncertainties considered in determining the net realizable value and the details of inventory.

Description of key audit matter:

Inventory is a significant part of the consolidated balance sheets, and the evaluation of the inventory is determined in accordance with the IFRS, IASs, interpretation, as well as related guidance endorsed by the Financial Supervisory Commission, and the net realization. Since there is high fluctuation in the current real estate industry, there is a possible risk that the cost of inventory may be higher than the net price.

How the matter was addressed in our audit:

Our principal audit procedures included:

Based on the valuation report provided by the external real estate appraiser, and is used to inquire the method of assessment and the use of the index material and relevant information. Auditors will then consider whether the subsequent changes in the economic situation may affect its conclusions.

Through reviewing the recent selling price of the premises and the return on investment analysis chart or by inquiring the selling price of premises nearby from the “Actual Selling Price of Real Estate” website.

Other Matter

Among the subsidiaries included in Chainqui Group’s consolidated financial statements, some of the financial statements have not been audited. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the reports of another auditor. The financial statements of those certain subsidiaries reflect total assets constituting 39% and 40% of consolidated total assets at December 31, 2020 and 2019, and total operating revenues constituting 11% and 5% of consolidated total operating revenues for the years then ended.

Chainqui Construction Development Co., Ltd. has prepared its stand-alone 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 supervisors) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 auditor's 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 auditor's 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 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 remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 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 auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used 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 Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2020</u>		<u>December 31, 2019</u>				<u>December 31, 2020</u>		<u>December 31, 2019</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a) and Note 6(x))	\$ 2,306,792	29	2,525,575	30	2100	Short-term borrowings (Notes 6(l) and 6(x))	\$ 1,418,626	18	1,695,798	20
1110	Current financial assets at fair value through profit or loss (Notes 6(b) and 6(x))	119,761	2	64,412	1	2110	Short-term notes and bills payable (Notes 6(n) and 6(x))	54,934	1	54,899	1
1150	Notes receivable, net (Notes 6(d) and 6(x))	23,073	-	116,713	1	2130	Current contract liabilities (Note 6(u))	20,875	-	22,120	-
1170	Accounts receivable, net (Notes 6(d) and 6(x))	55,032	1	33,518	-	2150	Notes payable (Note 6(x))	24,997	-	56,294	1
1200	Other receivables, net (Notes 6(e) and 6(x))	28,655	-	51,904	1	2170	Accounts payable (Note 6(x))	162,908	2	262,576	3
1320	Inventories (for construction business), net (Notes 6(f) 、8 and 9)	2,355,909	30	2,779,135	33	2200	Other payables (Note 6(x))	118,649	2	99,762	1
1410	Prepayments	40,672	1	15,707	-	2220	Other payables to related parties (Note 6(x) and 7)	-	-	104,930	1
1476	Other current financial assets (Notes 6(x) and 8)	50,585	1	39,233	1	2230	Current tax liabilities	36,171	1	42,176	-
1478	Construction deposits paid (Notes 6(k) and 6(x))	129,291	2	48,954	1	2280	Current lease liabilities (Note 6(o) and 6(x))	4,981	-	5,152	-
1479	Other current assets (Note 6(k))	110,231	1	103,422	1	2322	Long-term loans payable, current portion-other (Notes 6(m) and 6(x))	11,107	-	-	-
1480	Current assets recognized as incremental costs to obtain contract with customers (Note 6(k))	<u>1,779</u>	<u>-</u>	<u>4,532</u>	<u>-</u>	2399	Other current liabilities, others	<u>31,147</u>	<u>-</u>	<u>47,660</u>	<u>1</u>
		<u>5,221,780</u>	<u>67</u>	<u>5,783,105</u>	<u>69</u>			<u>1,884,395</u>	<u>24</u>	<u>2,391,367</u>	<u>28</u>
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(c), 6(x) and 8)	95,263	1	87,915	1	2540	Long-term loans (Notes 6(m) and 6(x))	1,097,553	14	1,346,546	16
1600	Property, plant and equipment (Notes 6(h) and 8)	200,231	2	196,863	2	2580	Non-current lease liabilities (Notes 6(o) and 6(x))	4,016	-	3,719	-
1755	Right-of-use assets (Note 6(i))	8,924	-	8,812	-	2640	Net defined benefit liability, non-current (Note 6(q))	2,058	-	8,233	-
1760	Investment property, net (Notes 6(j) and 8)	2,181,215	28	2,332,339	27	2645	Guarantee deposits received (Note 6(x))	<u>5,535</u>	<u>-</u>	<u>6,370</u>	<u>-</u>
1780	Intangible assets	541	-	310	-			<u>1,109,162</u>	<u>14</u>	<u>1,364,868</u>	<u>16</u>
1840	Deferred tax assets (Note 6(r))	39,627	1	17,401	-		Total liabilities	<u>2,993,557</u>	<u>38</u>	<u>3,756,235</u>	<u>44</u>
1980	Other non-current financial assets (Notes 6(x) and 8)	92,929	1	84,982	1		Equity attributable to owners of parent (Note 6(s)):				
1995	Other non-current assets, others	<u>7,372</u>	<u>-</u>	<u>7,372</u>	<u>-</u>	3110	Ordinary shares	2,245,505	29	2,041,368	24
		<u>2,626,102</u>	<u>33</u>	<u>2,735,994</u>	<u>31</u>	3200	Capital surplus	647,558	8	748,668	9
						3300	Retained earnings	1,840,421	23	1,751,022	20
						3400	Other equity	<u>(192,700)</u>	<u>(2)</u>	<u>(111,147)</u>	<u>(1)</u>
							Total equity attributable to owners of parent:	4,540,784	58	4,429,911	52
						36XX	Non-controlling interests (Notes 6(g) and 6(s))	<u>313,541</u>	<u>4</u>	<u>332,953</u>	<u>4</u>
							Total equity	<u>4,854,325</u>	<u>62</u>	<u>4,762,864</u>	<u>56</u>
Total assets		<u><u>\$ 7,847,882</u></u>	<u><u>100</u></u>	<u><u>8,519,099</u></u>	<u><u>100</u></u>		Total liabilities and equity	<u><u>\$ 7,847,882</u></u>	<u><u>100</u></u>	<u><u>8,519,099</u></u>	<u><u>100</u></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT 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 Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	Total operating revenue (Notes 6(u) and 7)	\$ 1,338,077	100	1,730,553	100
5000	Total operating costs (Note 6(f) and 6(q))	784,710	59	968,068	56
	Gross profit from operations	553,367	41	762,485	44
	Operating expenses (Notes 6(q) and 6(v)):				
6100	Total selling expenses	110,060	8	148,003	9
6200	Total administrative expenses	109,072	8	129,372	7
	Total operating expenses	219,132	16	277,375	16
	Net operating income	334,235	25	485,110	28
	Non-operating income and expenses (Note 6(w)):				
7100	Total interest income	4,247	-	10,277	1
7010	Total other income	19,729	1	90,198	5
7020	Other gains and losses, net	(6,508)	-	(16,578)	(1)
7050	Finance costs, net (Note 6(f))	(81,569)	(6)	(77,212)	(4)
	Total non-operating income and expenses	(64,101)	(5)	6,685	1
	Profit (loss) from continuing operations before tax	270,134	20	491,795	29
7951	Less: Income tax expenses (Note 6(r))	38,345	3	50,455	3
	Profit (loss)	231,789	17	441,340	26
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(q))	(46)	-	(1,053)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	7,348	-	14,433	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		7,302	-	13,380	1
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(125,447)	(9)	(62,565)	(4)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	22,226	2	10,895	1
		(103,221)	(7)	(51,670)	(3)
8300	Other comprehensive income	(95,919)	(7)	(38,290)	(2)
8510	Comprehensive income	<u>\$ 135,870</u>	<u>10</u>	<u>403,050</u>	<u>24</u>
	Profit (loss), attributable to:				
8610	Owners of parent	\$ 232,341	17	440,455	26
8620	Non-controlling interests	(552)	-	885	-
		<u>\$ 231,789</u>	<u>17</u>	<u>441,340</u>	<u>26</u>
	Comprehensive (loss) income attributable to:				
8710	Owners of parent	\$ 150,742	11	410,256	24
8720	Non-controlling interests	(14,872)	(1)	(7,206)	-
		<u>\$ 135,870</u>	<u>10</u>	<u>403,050</u>	<u>24</u>
	Earnings per share (Note 6(t))				
9750	Basic earnings per share	<u>\$ 1.03</u>		<u>1.96</u>	
9850	Diluted earnings per share	<u>\$ 1.03</u>		<u>1.96</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT 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)

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Total other equity interest					
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings						
Balance at January 1, 2019	\$ 1,729,973	920,781	368,322	106,582	1,083,845	1,558,749	(26,026)	(60,908)	(86,934)	4,122,569	200,991	4,323,560
Profit (loss)	-	-	-	-	440,455	440,455	-	-	-	440,455	885	441,340
Other comprehensive income	-	-	-	-	(1,053)	(1,053)	(43,579)	14,433	(29,146)	(30,199)	(8,091)	(38,290)
Total comprehensive income	-	-	-	-	439,402	439,402	(43,579)	14,433	(29,146)	410,256	(7,206)	403,050
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	98,600	-	(98,600)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(19,648)	19,648	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(103,798)	(103,798)	-	-	-	(103,798)	-	(103,798)
Stock dividends of ordinary share	138,398	-	-	-	(138,398)	(138,398)	-	-	-	-	-	-
Other changes in capital surplus:												
Stock dividends from capital surplus	172,997	(172,997)	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus	-	884	-	-	-	-	-	-	-	884	-	884
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	139,168	139,168
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(4,933)	(4,933)	-	4,933	4,933	-	-	-
Balance at December 31, 2019	2,041,368	748,668	466,922	86,934	1,197,166	1,751,022	(69,605)	(41,542)	(111,147)	4,429,911	332,953	4,762,864
Profit (loss)	-	-	-	-	232,341	232,341	-	-	-	232,341	(552)	231,789
Other comprehensive income	-	-	-	-	(46)	(46)	(88,901)	7,348	(81,553)	(81,599)	(14,320)	(95,919)
Total comprehensive income	-	-	-	-	232,295	232,295	(88,901)	7,348	(81,553)	150,742	(14,872)	135,870
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	44,046	-	(44,046)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	24,213	(24,213)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(40,827)	(40,827)	-	-	-	(40,827)	-	(40,827)
Stock dividends of ordinary share	102,069	-	-	-	(102,069)	(102,069)	-	-	-	-	-	-
Other changes in capital surplus:												
Stock dividends from capital surplus	102,068	(102,068)	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus	-	880	-	-	-	-	-	-	-	880	-	880
Changes in ownership interests in subsidiaries	-	78	-	-	-	-	-	-	-	78	(78)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,462)	(4,462)
Balance at December 31, 2020	\$ 2,245,505	647,558	510,968	111,147	1,218,306	1,840,421	(158,506)	(34,194)	(192,700)	4,540,784	313,541	4,854,325

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT 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)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 270,134	491,795
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	58,038	52,205
Amortization expense	93	48
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,805	(5,303)
Interest expense	81,569	77,212
Interest income	(4,247)	(10,277)
Dividend income	(6,752)	(4,016)
Other revenue, overdue dividends and compensation of board and directors	880	884
Gain on lease modifications	(43)	-
Total adjustments to reconcile profit (loss)	<u>131,343</u>	<u>110,753</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(57,154)	(28,373)
Decrease (increase) in contract assets	-	18,953
Decrease (increase) in notes receivable	93,640	54,976
Decrease (increase) in accounts receivable	(22,215)	236,934
Decrease (increase) in other receivable	23,107	120,743
Decrease (increase) in inventories	361,512	36,002
Decrease (increase) in prepayments	(36,465)	74,840
Decrease (increase) in other current assets	(6,924)	25,253
Decrease (increase) in other financial assets	(26,866)	(20)
Decrease (increase) in assets recognized as incremental costs to obtain contract with customers	2,753	55,689
Decrease (increase) in other operating assets	(80,337)	10,189
Total changes in operating assets	<u>251,051</u>	<u>605,186</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(1,673)	(372,899)
Increase (decrease) in notes payable	(31,297)	20,553
Increase (decrease) in accounts payable	(99,288)	(360,227)
Increase (decrease) in other payable	25,976	(472,622)
Increase (decrease) in other current liabilities	(15,982)	(95,872)
Increase (decrease) in net defined benefit liability	(6,222)	(1,524)
Total changes in operating liabilities	<u>(128,486)</u>	<u>(1,282,591)</u>
Total changes in operating assets and liabilities	<u>122,565</u>	<u>(677,405)</u>
Total adjustments	<u>253,908</u>	<u>(566,652)</u>
Cash inflow (outflow) generated from operations	524,042	(74,857)
Interest received	4,247	10,277
Dividends received	6,752	4,016
Interest paid	(92,343)	(124,172)
Income taxes refund (paid)	(44,389)	(8,155)
Net cash flows from (used in) operating activities	<u>398,309</u>	<u>(192,891)</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND ITS SUBSIDIARIES**Consolidated Statements of Cash Flows (CONT'D)****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	10,976
Acquisition of property, plant and equipment	(1,013)	(1,212)
Acquisition of intangible assets	(324)	(253)
Decrease (increase) in other financial non-current assets	3,017	(19,570)
Net cash flows from (used in) investing activities	1,680	(10,059)
Cash flows from (used in) financing activities:		
Increase in short-term loans	363,049	1,060,207
Decrease in short-term loans	(602,735)	(1,908,149)
Increase in short-term notes and bills payable	80,000	55,000
Decrease in short-term notes and bills payable	(80,254)	(60,372)
Increase in long-term loans	-	1,391,040
Decrease in long-term loans	(176,914)	(2,633)
Increase in guarantee deposits received	597	3,404
Decrease in guarantee deposits received	(1,262)	(38,846)
Increase in other payables to related parties	(104,930)	104,930
Payment of lease liabilities	(5,279)	(4,438)
Cash dividends paid	(40,827)	(103,798)
Change in non-controlling interests	(4,462)	139,168
Net cash flows from (used in) financing activities	(573,017)	635,513
Effect of exchange rate changes on cash and cash equivalents	(45,755)	(27,742)
Net increase (decrease) in cash and cash equivalents	(218,783)	404,821
Cash and cash equivalents at beginning of period	2,525,575	2,120,754
Cash and cash equivalents at end of period	\$ 2,306,792	2,525,575

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

Chainqui Construction Development Co., Ltd. (the “Company”) was established on January 27, 1973. The Company’s registered office address is located at 1F., No.201-1, Jixian Rd., Sanchong Dist, New Taipei City 241, Taiwan. The major business activities of the Company are the construction, sales, and leasing of residential and commercial buildings. Please refer to Note 14 for related information of the Group entities main business activities.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on March 16, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”), International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
The Company	Pao-Shin Investment Co., Ltd.	Investing activities	99.99 %	99.99 %	
The Company	Chain-Hung Apartment Building Management and Maintenance Ltd.	Mansions management Services	99.99 %	99.99 %	
The Company	Chain-Shin-Hao Supermarket Ltd.	Conduct of supermarket	75.00 %	75.00 %	
The Company	Chain-Da Development Co., Ltd.	Constructing, selling, and leasing of residential and commercial buildings.	82.00 %	82.00 %	
The Company	Castle Rock Investment S.A. (SAMOA)	Investing activities	100.00 %	100.00 %	
The Company	Chainqui Holding Co., Ltd. (SAMOA)	Investing activities	100.00 %	100.00 %	
The Company	Chaninqui Contruction Co., Ltd. (SAMOA)	Investing activities	100.00 %	100.00 %	
Pao-Shin Investment Co., Ltd.	Chia-Yuan Create Co., Ltd.	Constructing activities	100.00 %	100.00 %	

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
Pao-Shin Investment Co., Ltd.	Rich Key Asia Ltd	Investing activities	100.00 %	100.00 %	
Pao-Shin Investment Co., Ltd.	Profit Asia Ltd	Investing activities	100.00 %	100.00 %	
Pao-Shin Investment Co., Ltd.	New Momentum Ltd	Investing activities	100.00 %	100.00 %	
Chia-Yuan Create Co., Ltd.	Daho Security Co., Ltd.	Security services	100.00 %	100.00 %	Note a
Pao-Shin Investment Co., Ltd.	Ever Easy Management Ltd	Investing activities	100.00 %	100.00 %	
Castle Rock Investment S.A. (SAMOA)	Noah Investment Capital Limited (SAMOA)	Investing activities	91.83 %	91.03 %	Note b
Noah Investment Capital Limited (SAMOA)	Zenith Global Capital S.A. (SAMOA)	Investing activities	82.74 %	82.87 %	Note c
Zenith Global Capital S.A. (SAMOA)	Lexy Star International Co., Ltd	Investing activities	100.00 %	100.00 %	
Chainqui Holding Co., Ltd. (SAMOA)	Chainqui Development USA LLC	Investing activities	100.00 %	100.00 %	
Chainqui Development USA LLC	Chainqui Development Belltown LLC	Constructing, selling, and leasing of residential and commercial buildings.	100.00 %	100.00 %	
Chainqui Development USA LLC	Chainqui Development Virginia LLC	Constructing, selling, and leasing of residential and commercial buildings.	100.00 %	100.00 %	
Chainqui Development USA LLC	Chainqui Development Roosevelt, LLC	Constructing, selling, and leasing of residential and commercial buildings.	100.00 %	100.00	
Chainqui Construction Co., Ltd. (SAMOA)	Galore Development Group Inc.	Investing activities	50.00 %	50.00 %	
Galore Development Group Inc.	Chainqui Development Seattle, LLC	Investing activities	100.00 %	100.00 %	
Chainqui Development Seattle, LLC	Chainqui Development Wallingford, LLC	Constructing, selling, and leasing of residential and commercial buildings.	100.00 %	100.00 %	

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
Chainqui Development Seattle, LLC	Chainqui Development Harborview, LLC	Constructing, selling, and leasing of residential and commercial buildings.	100.00 %	100.00 %	

Note a: In 2020, Chia-Yuan Create Co., Ltd. increased its investment in Daho Security Co., Ltd. by NTD40,000 thousand with shareholder ratio of 100%.

Note b: In 2020, the noncontrolling shareholders decreased their capital by cash in Noah Investment Capital Limited (Samoa) amounting to USD150 thousand resulting in the shareholding ratio of Castle Rock Investment S.A. (Samoa) in Noah Investment Capital Limited (Samoa) to increase from 91.03% to 91.83%.

Note c: In 2020, Noah Investment Capital Limited (Samoa) decreased its investment in Zenith Global Capital S.A. (Samoa) amounting to USD150 thousand, resulting in its shareholding ratio to decrease from 82.87% to 82.74%.

Note d: For the information on investees, please refer to Note 13(b).

(iii) Subsidiaries excluded from consolidation: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Current and non-current distinction

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are 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 which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. When the cost of inventories is higher than the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period. The methods of determining the net realizable value are as follows:

- (i) Land held for development: the Group's management estimates the net realizable value of land held for development based on market value.
- (ii) Construction-in-progress—projects: Net realizable value is the estimated selling price (based on market value), less, the estimated costs of completion and selling expenses.
- (iii) Properties and land held for sale: Net realizable value is estimated selling price (based on market value), less, the estimated costs of selling expenses.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Investment property and Property, plant and equipment

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a fixed percentage of diminishing value method basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings	3~50 years
2) Miscellaneous equipment	3~15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Leased

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|-------------|---------|
| 1) Software | 5 years |
|-------------|---------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

2) Construction contracts

The Group enters into contracts to build residential properties, commercial buildings and the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days) the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional public constructions. Because its customer controls the asset as it is constructed, the

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset.

4) Lease income

Lease income from the investment property is recognized in income on a straight-line basis over the lease term. Incentives granted to the Group to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly. Revenue from property rental is recognized in profit or loss, under other income.

5) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(t) The reasons and effects of the change in accounting estimate

In order to spread the costs over the useful lifespan of its property, plant and equipment, as well as its investment properties. The Group management decided to adopt the Straight-line Method of accounting for depreciation beginning January 1, 2020, whereas it previously used the Declining-balance Method. The financial statements would provide reliable and more relevant information about the effects of transactions, other events or conditions on the Group's financial position, financial performance, or cash flows. The change in accounting estimate would decrease the depreciation expense by \$68,875 thousand and increase the profit by \$55,101 thousand for the year ended December 31, 2020.

The change is accounted for on a prospective basis as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulation and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

- (a) Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

- (i) Valuation of inventories

Since the inventory is measured at a low cost and net realized value, the cost should be offset against the net realized value when the inventory cost is higher than the net realized value. The amount of deductible should be recognized as cost of sales. Please refer to Note 4 (h) for the method used in determining the net value of the net realization; also, please refer to note 6(f) for inventory evaluation.

- (b) The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to notes listed as below for assumptions used in measuring fair value.

- (i) Note 6(j) , Investment property
- (ii) Note 6(x) , Financial instruments

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 455	459
Checking accounts	95,732	29,092
Demand deposits	2,077,477	2,343,422
Foreign currency deposits	13,128	12,218
Time deposits	<u>120,000</u>	<u>140,384</u>
Cash and cash equivalents	<u>\$ 2,306,792</u>	<u>2,525,575</u>

Please refer to Note 6(x) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

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

(i) The components of financial assets were as follows:

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss-current:		
Share of exchange-listed and OTC-listed companies	\$ 29,297	24,265
Stock of emerging-listed companies	14	21
Monetary fund	<u>90,450</u>	<u>40,126</u>
	<u>\$ 119,761</u>	<u>64,412</u>

(ii) For information on the Group's hedge of credit, currency and interest rate of the financial instruments, please refer to Note 6(x).

(iii) The Group loaned their financial asset at fair value through profit or loss to Yuan Securities for the purpose of earning interest revenue during the brokerage period, wherein the Group does not have the right to vote. The Group earned the total amounts \$173 thousand from January 1, 2020 to December 31, 2020, as well as \$29 thousand from January 1, 2019 to December 31, 2019. The book value of the financial assets leased on December 31, 2020 and 2019 were \$0 thousand.

(iv) As December 31, 2020 and 2019, the financial assets at fair value through profit or loss of the Group had not been pledged as collateral.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(c) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity instruments at fair value through other comprehensive income:		
Domestic Listed Common Shares:		
Capital Securities Corp.	\$ 67,332	55,903
Taiwan High Speed Rail Corporation	6,340	7,680
O-Bank Co., Ltd.	<u>21,591</u>	<u>24,332</u>
Total	<u>\$ 95,263</u>	<u>87,915</u>

- (i) The Group holds these equity instrument as long-term strategic instrument instead of trading purpose, and are accounted for under fair value through other comprehensive income.
- (ii) Due to changes of investment strategy in December 2019, the Group sold the shares amounting to \$10,976 thousand as fair value, \$4,933 thousand as disposal profit which had been transferred from other equity to retained earnings.
- (iii) Please refer to Note 6(b) for the lending of the Group's financial assets.
- (iv) Please refer to Note 6(x) for credit and market risk information.
- (v) The above financial assets were pledged as collateral for long-term borrowings and financial guarantee; please refer to Note 8.

(d) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 23,073	116,713
Accounts receivable	57,444	35,930
Less: Loss allowance	<u>(2,412)</u>	<u>(2,412)</u>
	<u>\$ 78,105</u>	<u>150,231</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan were determined as follows:

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December 31, 2020			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 78,105	0%	-
More than 365 days	2,412	100%	2,412
	\$ 80,517		2,412

December 31, 2019			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 150,231	0%	-
More than 365 days	2,412	100%	2,412
	\$ 152,643		2,412

The movement of allowance for expected credit losses are as follow:

	For the years ended December 31	
	2020	2019
Beginning balance (as ending balance)	\$ 2,412	2,412

The aforementioned notes and trade receivable of the Group had not been pledged as collateral for long-term borrowings.

(e) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	\$ 57,879	81,128
Less: Loss allowance	(29,224)	(29,224)
	\$ 28,655	51,904

The movement of the allowance for other receivables are the same as of December 31, 2020 and 2019.

For further credit risk information, please refer to Note 6(x).

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(f) Inventories

	December 31, 2020	December 31, 2019
Properties and land held for sale	\$ 486,804	611,737
Land held for development	1,626,994	1,679,994
Construction-in-progress-land and projects	229,205	485,815
Prepayments for land	<u>12,906</u>	<u>1,589</u>
	<u>\$ 2,355,909</u>	<u>2,779,135</u>

- (i) There were no write-downs of inventories to net realizable value for the years ended December 31, 2020 and 2019.
- (ii) The information of capitalized interests were as follows:

	For the years ended December 31	
	2020	2019
Interest expenses	87,527	127,599
Capitalized interest	5,958	50,387
Capitalized interest rate	1.70%~2.09%	1.84%~5.6%

- (iii) As of December 31, 2020 and 2019, the aforesaid inventories were pledged as collateral. Please refer to Note 8.
- (iv) As of December 31, 2020 and 2019, the recovery of inventories expected to exceed 12 months were as follows:

	December 31, 2020	December 31, 2019
Inventories	<u>\$ 1,869,105</u>	<u>2,167,398</u>

- (v) As of December 31, 2019, the Group reclassified some inventories to investment properties because the change of its purpose of holding. Please refer to Note 6(j).

(g) Subsidiaries that have material non-controlling interest

Subsidiaries that have material non-controlling interest were as follows:

Subsidiaries	Country of registration	Percentage of non-controlling interests	
		December 31, 2020	December 31, 2019
Chain-Da Development Co., Ltd.	Taiwan	18.00 %	18.00 %
Zenith Global Capital S.A. (SAMOA)	Samoa	17.26 %	17.13 %
Galore Development Group INC.	Samoa	50.00 %	50.00 %

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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The following information on the aforementioned subsidiaries have been prepared in accordance with IFRS endorsed by the FSC. Intra-group transactions were not eliminated in this information.

(i) Chain-Da Development Co., Ltd. collective financial information

	December 31, 2020	December 31, 2019
Current assets	\$ 158,138	177,784
Current liabilities	(31,224)	(50,317)
Net assets	<u><u>\$ 126,914</u></u>	<u><u>127,467</u></u>
Non-controlling interest	<u><u>\$ 22,845</u></u>	<u><u>22,944</u></u>
	For the years ended December 31	
	2020	2019
Sales revenue	\$ -	<u><u>22,617</u></u>
Net loss	\$ (553)	(7,152)
Other comprehensive income	-	-
Comprehensive income	<u><u>\$ (553)</u></u>	<u><u>(7,152)</u></u>
Net income attribute to non-controlling interest	<u><u>\$ (100)</u></u>	<u><u>(1,287)</u></u>
Comprehensive income attribute to non-controlling interest	<u><u>\$ (100)</u></u>	<u><u>(1,287)</u></u>
	For the years ended December 31	
	2020	2019
Net cash flows from operating activities	\$ (19,677)	(11,688)
Cash flows from investing activities	(22,215)	-
Net decrease in cash and cash equivalents	<u><u>\$ (41,892)</u></u>	<u><u>(11,688)</u></u>
Dividends to NCI	<u><u>\$ -</u></u>	<u><u>-</u></u>

(ii) ZENITH GLOBAL CAPITAL S.A. (SAMOA) collective financial information

	December 31, 2020	December 31, 2019
Current assets	\$ 184,757	199,028
Non-current assets	416,835	436,323
Current liabilities	(2,855)	(3,006)
Net assets	<u><u>\$ 598,737</u></u>	<u><u>632,345</u></u>
Non-controlling interest	<u><u>\$ 103,342</u></u>	<u><u>108,321</u></u>
	For the years ended December 31	
	2020	2019
Sales revenue	\$ -	-
Net income	\$ 2,388	7,792
Other comprehensive income	-	-
Comprehensive income	<u><u>\$ 2,388</u></u>	<u><u>7,792</u></u>
Net income attribute to non-controlling interest	<u><u>\$ 412</u></u>	<u><u>1,335</u></u>
Comprehensive income attribute to non-controlling interest	<u><u>\$ 412</u></u>	<u><u>1,335</u></u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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	For the years ended December 31	
	2020	2019
Net cash flows from operating activities	\$ (41)	80
Net cash flows from financing activities	(4,272)	-
Net increase in cash and cash equivalents	\$ (4,313)	80
Dividends to NCI	\$ -	-

(iii) GALORE DEVELOPMENT GROUP INC. collective financial information

	December 31, 2020	December 31, 2019
Current assets	\$ 5,296	110,903
Non-current assets	247,948	263,762
Current liabilities	(18)	(104,949)
Net assets	\$ 253,226	269,716
Non-controlling interest	\$ 126,613	134,858

	For the years ended December 31	
	2020	2019
Sales revenue	\$ -	-
Net loss	\$ (3,107)	(108)
Other comprehensive income	-	-
Comprehensive income	\$ (3,107)	(108)
Net income attribute to non-controlling interest	\$ (1,554)	(54)
Comprehensive income attribute to non-controlling interest	\$ (1,554)	(54)

	For the years ended December 31	
	2020	2019
Net cash flows from operating activities	\$ (377)	(24)
Net cash flows from investing activities	-	(272,026)
Net cash flows from financing activities	(99,680)	386,400
Net increase in cash and cash equivalents	\$ (100,057)	114,350
Dividends to NCI	\$ -	-

(h) Property, plant and equipment

The movements in cost, depreciation, and impairment of property, plant and equipment of the Group for the years ended December 31, 2020 and 2019 were as follows:

	Land	Buildings	Other facilities	Vehicles	Total
Cost or deemed cost:					
Balance on January 1, 2020	\$ 165,722	67,335	7,153	3,480	243,690
Additions	-	200	546	267	1,013
Reclassification	-	-	6,647	-	6,647
Effect of changes in foreign exchange rates	-	-	(347)	(175)	(522)
Balance on December 31, 2020	\$ 165,722	67,535	13,999	3,572	250,828

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Other facilities</u>	<u>Vehicles</u>	<u>Total</u>
Balance on January 1, 2019	\$ 165,722	67,335	11,564	3,565	248,186
Additions	-	-	1,212	-	1,212
Disposals	-	-	(47)	-	(47)
Transfer to investment property	-	-	(5,622)	-	(5,622)
Effect of changes in foreign exchange rates	-	-	46	(85)	(39)
Balance on December 31, 2019	<u>\$ 165,722</u>	<u>67,335</u>	<u>7,153</u>	<u>3,480</u>	<u>243,690</u>
Depreciation and impairment loss:					
Balance on January 1, 2020	\$ -	38,920	6,420	1,487	46,827
Depreciation for the year	-	975	2,528	442	3,945
Effect of changes in foreign exchange rates	-	-	(85)	(90)	(175)
Balance on December 31, 2020	<u>\$ -</u>	<u>39,895</u>	<u>8,863</u>	<u>1,839</u>	<u>50,597</u>
Balance on January 1, 2019	\$ -	37,138	6,139	-	43,277
Depreciation for the year	-	1,782	328	1,533	3,643
Disposals	-	-	(47)	-	(47)
Effect of changes in foreign exchange rates	-	-	-	(46)	(46)
Balance on December 31, 2019	<u>\$ -</u>	<u>38,920</u>	<u>6,420</u>	<u>1,487</u>	<u>46,827</u>
Carrying amounts:					
Balance on December 31, 2020	<u>\$ 165,722</u>	<u>27,640</u>	<u>5,136</u>	<u>1,733</u>	<u>200,231</u>
Balance on January 1, 2019	<u>\$ 165,722</u>	<u>30,197</u>	<u>5,425</u>	<u>3,565</u>	<u>204,909</u>
Balance on December 31, 2019	<u>\$ 165,722</u>	<u>28,415</u>	<u>733</u>	<u>1,993</u>	<u>196,863</u>

For information on the aforesaid property, plant and equipment pledged as collateral, please refer to Note 8.

(i) Right-of-use assets

The Group leases many assets including land and buildings, and vehicles. Information about lease for which the Group as a lessee is presented below:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance on January 1, 2020	\$ 118	13,020	13,138
Additions	-	8,808	8,808
Disposals	(118)	(6,713)	(6,831)
Balance on December 31, 2020	<u>\$ -</u>	<u>15,115</u>	<u>15,115</u>
Balance on January 1, 2019	\$ 118	7,153	7,271
Additions	-	5,867	5,867
Balance on December 31, 2019	<u>\$ 118</u>	<u>13,020</u>	<u>13,138</u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2020	\$ 36	4,290	4,326
Depreciation for the year	11	5,325	5,336
Disposals	(47)	(3,424)	(3,471)
Balance on December 31, 2020	<u>\$ -</u>	<u>6,191</u>	<u>6,191</u>
Balance as of January 1 2019	\$ -	-	-
Depreciation for the year	36	4,290	4,326
Balance on December 31, 2019	<u>\$ 36</u>	<u>4,290</u>	<u>4,326</u>
Carrying amount:			
Balance on December 31, 2020	<u>\$ -</u>	<u>8,924</u>	<u>8,924</u>
Balance on January 1, 2019	<u>\$ 118</u>	<u>7,153</u>	<u>7,271</u>
Balance on December 31, 2019	<u>\$ 82</u>	<u>8,730</u>	<u>8,812</u>

(j) Investment property

The movements in cost, depreciation, and impairment of investment property of the Group for the years ended December 31, 2020 and 2019 were as follows:

	<u>Assets</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance on January 1, 2020	\$ 298,855	2,110,083	2,408,938
Effect of changes in foreign exchange rates	(7,804)	(98,179)	(105,983)
Balance on December 31, 2020	<u>\$ 291,051</u>	<u>2,011,904</u>	<u>2,302,955</u>
Balance on January 1, 2019	\$ 111,912	93,054	204,966
Reclassification from inventories to investment property	192,531	2,087,326	2,279,857
Effect of changes in foreign exchange rates	(5,588)	(70,297)	(75,885)
Balance on December 31, 2019	<u>\$ 298,855</u>	<u>2,110,083</u>	<u>2,408,938</u>
Depreciation and impairment loss:			
Balance on January 1, 2020	\$ -	76,599	76,599
Depreciation for the year	-	48,757	48,757
Effect of changes in foreign exchange rates	-	(3,616)	(3,616)
Balance on December 31, 2020	<u>\$ -</u>	<u>121,740</u>	<u>121,740</u>
Balance on January 1, 2019	\$ -	33,570	33,570
Depreciation for the year	-	44,236	44,236
Effect of changes in foreign exchange rates	-	(1,207)	(1,207)
Balance on December 31, 2019	<u>\$ -</u>	<u>76,599</u>	<u>76,599</u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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	Assets		Total
	Land	Buildings	
Carrying amount:			
Balance on December 31, 2020	\$ <u>291,051</u>	<u>1,890,164</u>	<u>2,181,215</u>
Balance on January 1, 2019	\$ <u>111,912</u>	<u>59,484</u>	<u>171,396</u>
Balance on December 31, 2019	\$ <u>298,855</u>	<u>2,033,484</u>	<u>2,332,339</u>
Fair value:			
Balance on December 31, 2020			\$ <u>2,455,214</u>
Balance on December 31, 2019			\$ <u>2,629,872</u>

- (i) The investment property contains commercial buildings and land held for leasing. Please refer to Note 6(p) for other related information (including rental income and direct operating expenses arising from investment property that generate rental income).
- (ii) The fair value of investment properties (as measured or disclosed in the financial statements) was based on (i) the actual selling price of the real estate transactions reported on the websites of the Ministry of the Interior, R.O.C. and estate agents, as well as (ii) a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being value. The inputs of levels of fair value hierarchy in determining the fair value had been classified to Level 3.
- (iii) Information for the aforesaid investment property pledged as collateral, please refer to Note 8.
- (k) Other current assets

	December 31, 2020	December 31, 2019
Construction deposits paid	\$ 129,291	48,954
Other current assets, others	110,231	103,422
Current incremental costs to obtaining a contract	<u>1,779</u>	<u>4,532</u>
	<u>\$ 241,301</u>	<u>156,908</u>

- (i) Construction deposits paid
- Construction deposits paid include construction deposit and green building deposit.
- (ii) Other current assets, others
- Other current assets, others include temporary payments and payments for other.
- (iii) Current incremental costs to obtaining a contract

The Group expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Group has therefore capitalized them as contract costs. Capitalized commission fees are amortized when the related revenues are recognized. For the years ended December 31, 2020 and 2019 the Group recognized \$38,210 thousand and \$75,029 thousand, respectively, of amortized expense.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Short-term loans

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 286,182	366,000
Secured bank loans	1,132,444	1,329,798
Total	\$ 1,418,626	1,695,798
Unused credit line	\$ 407,200	963,667
Range of interest rates	1.49%~4.39%	1.77%~4.88%

(i) Borrowing and repayment

The Group borrowed \$363,049 thousand and \$1,060,207 thousand of its short-term loans, for the years ended December 31, 2020 and 2019, respectively. In addition, the Group repaid \$602,735 thousand and \$1,908,149 thousand for the years ended December 31, 2020 and 2019, respectively.

(ii) Collateral for bank loans

The Group had pledged as the collateral for bank borrowings, please refer to Note 8.

(m) long-term loans

The details were as follows:

	December 31, 2020	December 31, 2019
Secured bank loans — Matured in August, 2026	\$ 1,108,660	1,346,546
Less: Current portion	(11,107)	-
Total	\$ 1,097,553	1,346,546
Unused credit line	\$ -	-
Range of interest rates	2.88%~4.6%	4.6%

(i) Borrowing and repayment

For the years ended December 31, 2020 and 2019, the Group borrowed the amounts of \$0 thousand and \$1,391,040 thousand, respectively, for its long-term loans. In addition, the Group repaid the amounts of \$176,914 thousand and \$2,633 thousand, respectively.

(ii) Collateral for bank loans

The Group had pledged as the collateral for bank borrowings, please refer to Note 8.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(n) Short-term notes and bills payable

December 31, 2020			
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Commercial paper payable	Shanghai Commercial & Savings Bank-Head Office	2.500%	\$ 35,000
	Far Eastern Commercial Bank Chung-Ching Branch	2.100%	20,000
			<u>55,000</u>
Less: Discount on short-term notes and bills payable			(66)
Total			<u><u>\$ 54,934</u></u>

December 31, 2019			
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Commercial paper payable	Shanghai Commercial & Savings Bank-Head Office	2.500%	\$ 35,000
	Far Eastern Commercial Bank Chung-Ching Branch	2.100%	20,000
			<u>55,000</u>
Less: Discount on short-term notes and bills payable			(101)
Total			<u><u>\$ 54,899</u></u>

The Group had pledged as collateral for short-term notes and bills payable, please refer to Note 8.

(o) Lease liabilities

The Group's lease liabilities were as follows :

	December 31, 2020	December 31, 2019
Current	<u><u>\$ 4,981</u></u>	<u><u>5,152</u></u>
Non-current	<u><u>\$ 4,016</u></u>	<u><u>3,719</u></u>

For the years ended December 31, 2020 and 2019, the Group recognized its lease liabilities amounting to \$8,808 thousand and \$5,867 thousand, respectively, each having an interest rate of 2.02%, with their maturities in October 2023 and June 2022, respectively.

Please refer to Note 6(x) for maturity analysis.

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The amounts recognized in profit or loss were as follows :

	For the year ended December 31	
	2020	2019
Interest on lease liabilities	\$ <u>192</u>	<u>177</u>
Expenses relating to short-term leases	\$ <u>299</u>	<u>2,470</u>

The amounts recognized in the statement of cash flows for the Group was as follows :

	For the years ended December 31	
	2020	2019
Total cash outflow for leases	\$ <u>5,770</u>	<u>7,085</u>

(i) Real estate leases

As of December 31, 2020 and 2019, the Group leases land and buildings for its office space. The leases of office space typically run for a period of 5 years.

(ii) Other leases

The Group leases vehicles, with lease terms of 3 years.

The Group also leases office equipment with contract terms of one to three years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Operating leases

Leases as lessor

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(j) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2020	December 31, 2019
Less than one year	\$ 69,606	73,869
Between one to five years	60,552	43,355
More than five years	<u>26,183</u>	<u>24,611</u>
	\$ <u>156,341</u>	<u>141,835</u>

(i) For the years ended December 31, 2020 and 2019, the property rental income were \$159,170 thousand and \$105,309 thousand, respectively.

(ii) For the years ended December 31, 2020 and 2019, the maintenance expenses for investment property were \$4,359 thousand and \$3,168 thousand, respectively.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Employee benefits

(i) Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and the fair value of plan assets as follows:

	December 31, 2020	December 31, 2019
Present value of benefit obligations	\$ 25,149	29,822
Fair value of plan assets	<u>23,091</u>	<u>21,589</u>
Recognized liabilities for defined benefit obligations	<u><u>\$ 2,058</u></u>	<u><u>8,233</u></u>

The Group's employee benefit liabilities were as follows:

	December 31, 2020	December 31, 2019
Short-term vacation liability	<u><u>\$ 100</u></u>	<u><u>100</u></u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provide pension benefits for its employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Group set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

As of the years ended December 31, 2020 and 2019, the Group's contributions to the pension funds were deposited with Bank of Taiwan, and the balance were \$23,091 thousand, and \$21,589 thousand, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31 2020	2019
Defined benefit obligation at January 1	\$ 29,822	30,638
Benefit paid under the plan	(5,759)	(2,783)
Current service costs and interest	361	368
Re-measurements of the net defined benefit liabilities	<u>725</u>	<u>1,599</u>
Defined benefit obligation at December 31	<u><u>\$ 25,149</u></u>	<u><u>29,822</u></u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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3) Movements in the fair value of plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31	
	2020	2019
Fair value of plan assets at January 1	\$ 21,589	21,934
Interests income	219	222
Re-measurements on the net defined benefit liabilities — Return on plan assets excluding interest income	679	546
Contributions made	604	589
Benefit paid under the plan	-	(1,702)
Fair value of plan assets at December 31	<u><u>\$ 23,091</u></u>	<u><u>21,589</u></u>

4) Expenses recognized in profit or loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	2019
Current service costs	\$ 63	62
Net interest of the net defined benefit liabilities	79	84
	<u><u>\$ 142</u></u>	<u><u>146</u></u>
Operating costs and expenses	<u><u>\$ 142</u></u>	<u><u>146</u></u>

5) Re-measurement on the net defined benefit liabilities recognized in other comprehensive income

The Group's remeasurement on the net defined benefit liabilities recognized in other comprehensive income as at December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	2019
Cumulative amount at January 1	\$ 2,213	3,266
Recognized during the period	(46)	(1,053)
Cumulative amount at December 31	<u><u>\$ 2,167</u></u>	<u><u>2,213</u></u>

6) Actuarial assumptions

The following are the Group's principal actuarial assumptions of the present value of the defined benefit obligations:

	December 31, 2020	December 31, 2019
Discount rates	0.80 %	1.00 %
Future salary increases	2.00 %	2.00 %

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For the years ended December 31, 2020, the Group is expected to make a contribution payment of \$604 thousand to the defined benefit plan for the one year period after the reporting date based on the actuarial report.

The weighted-average duration of the defined benefit plan is 8.5 years.

7) Sensitivity Analysis

As of December 31, 2020 and 2019, the changes in the principal actuarial assumptions will impact the present value of the defined benefit obligations as follows:

	Impact on the present value of defined benefit obligations	
	Increase	Decrease
December 31, 2020		
Discount rate was changed by 0.25%	(366)	376
Future salary increasing rate was changed by 1%	1,557	(1,409)
December 31, 2019		
Discount rate was changed by 0.25%	(381)	393
Future salary increasing rate was changed by 1%	1,636	(1,475)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Group's Taiwan subsidiaries allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were \$3,935 thousand and \$5,599 thousand for the years ended December 31, 2020 and 2019 respectively. Payment was made to the Bureau of Labor Insurance.

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(r) Income Tax

(i) Tax expense

The components of income tax were as follows:

	For the years ended December 31	
	2020	2019
Current tax expense		
Current period	\$ 21,429	5,540
Prior years income tax adjustment	(3,667)	-
Tax on undistributed surplus earnings	14,851	37,069
Land value increment tax	5,732	7,846
Tax expense	<u><u>\$ 38,345</u></u>	<u><u>50,455</u></u>

Reconciliations between income tax and profit before tax for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	2019
Profit (loss) before tax	<u>\$ 270,134</u>	<u>491,795</u>
Income tax using the Company's domestic tax rate	\$ 52,412	98,359
Exempt income from selling lands	(48,366)	(109,606)
Capitalized borrowing costs difference on tax and fiscal reporting	329	(628)
Temporary difference on tax and fiscal reporting of advertisement expense	(2)	(4)
Losses on valuation of financial assets	361	(1,061)
Changes on unrecognized temporary differences	7	986
Prior years income tax adjustment	(3,667)	-
Land value increment tax	5,732	7,846
Tax on undistributed surplus earnings	14,851	37,069
Others	16,688	17,494
Income tax expense	<u><u>\$ 38,345</u></u>	<u><u>50,455</u></u>

(ii) The amount of income tax recognized in other comprehensive income was as follow:

	For the years ended December 31	
	2020	2019
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u><u>\$ 22,226</u></u>	<u><u>10,895</u></u>

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(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	\$ 4,396	4,087
Tax losses	<u>8,329</u>	<u>8,843</u>
	<u>\$ 12,725</u>	<u>12,930</u>

The ROC Income Tax Act allows the carry forward of net losses, as assessed by the tax authorities, to offset against taxable income. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2020, the Group's unused prior years loss carry forward and the expiry years of the loss carry forward were as follows:

Year of loss	The subsidiaries' unutilized business loss	Expiry year
2012	\$ 735	2022
2013	1,296	2023
2014	1,168	2024
2015	18,793	2025
2016	816	2026
2018	13,473	2028
2019	<u>5,364</u>	2029
	<u>\$ 41,645</u>	

2) Recognized deferred tax assets

Changes in the amount of deferred tax assets for the years ended December 31, 2020 and 2019 were as follows:

	Exchange differences on translation of foreign financial statements
Deferred tax assets (liabilities)	
Balance on January 1, 2020	\$ 17,401
Recognized in comprehensive income	<u>22,226</u>
Balance on December 31, 2020	<u>\$ 39,627</u>
Balance on January 1, 2019	\$ 6,506
Recognized in comprehensive income	<u>10,895</u>
Balance on December 31, 2019	<u>\$ 17,401</u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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- (iv) The Corporation's income tax return for the year 2018 had been examined by the tax authority.
- (s) Capital and other equity
- (i) Ordinary shares

On of December 31, 2020 and 2019, the number of authorized ordinary shares were all 298,000 thousand shares, with a par value of \$10 per share. The total value of the authorized ordinary shares amounted to \$2,980,000; and the outstanding shares consisted of 224,551 thousand and 204,137 thousand common shares.

A resolution was approved during the shareholders' meeting held on June 9, 2020 for the Company to increase 50 shares for each thousand share from its retained earnings and additional paid in capital of \$102,069 thousand and \$102,068 thousand, respectively.

A resolution was approved during the shareholders' meeting held on June 25, 2019 for the Company to increase its capital by 80 and 100 shares through retained earnings and additional paid-in capital, of \$138,398 thousand and \$172,997 thousand, respectively, with the approval of the Financial Supervisory Commission R.O.C. (Taiwan) and the record date set at September 6, 2019. All related registration process had been completed.

- (ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2020	December 31, 2019
Additional paid-in capital arising from share	\$ 458,511	560,579
Treasury stock transactions	60,315	60,315
Other	128,732	127,774
	<u>\$ 647,558</u>	<u>748,668</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess the par value should not exceed 10% of the total common stock outstanding.

A resolution was approved during the general meeting of the shareholders held on June 9, 2020 and June 25, 2019, for the issuance of \$102,068 thousand and \$172,997 thousand stock dividends through capital surplus, respectively.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the remaining balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated according to the proposal presented in the annual shareholders' meeting by the board of directors.

The Company adopts the dividend policy determined by considering the budget for the coming year. The distribution ratios of cash may not be less than 10% of total dividends. When the debt ratio of the annual financial statements is higher than 50% or when the Company has major expenditure plan, which exceeds 10% of the amount of paid-in capital, the stock dividends has to be redistributed.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of the current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings Distribution

The earnings distribution for 2019 and 2018 were decided the resolutions adopted made during the general meeting of the shareholders held on June 9, 2020 and June 25, 2019, respectively, as follows:

	2019		2018	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.20	40,827	0.60	103,798
Shares	0.50	102,069	0.80	138,398
Total		<u>\$ 142,896</u>		<u>242,196</u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2020	\$ (69,605)	(41,542)	(111,147)
Exchange differences on foreign operations	(88,901)	-	(88,901)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	7,348	7,348
Balance on December 31, 2020	<u><u>\$ (158,506)</u></u>	<u><u>(34,194)</u></u>	<u><u>(192,700)</u></u>
Balance on January 1, 2019	\$ (26,026)	(60,908)	(86,934)
Exchange differences on foreign operations	(43,579)	-	(43,579)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	14,433	14,433
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	4,933	4,933
Balance on December 31, 2019	<u><u>\$ (69,605)</u></u>	<u><u>(41,542)</u></u>	<u><u>(111,147)</u></u>

(v) Non-controlling interests (net of tax)

	NCI
Balance on January 1, 2020	\$ 332,953
Profit attributable to non-controlling interests	(552)
Foreign currency translation differences— foreign operations (net of tax)	(14,320)
Changes in ownership interests in subsidiaries	(78)
Changes in non-controlling interests	(4,462)
Balance on December 31, 2020	<u><u>\$ 313,541</u></u>
Balance on January 1, 2019	\$ 200,991
Profit attributable to non-controlling interests	885
Foreign currency translation differences— foreign operations (net of tax)	(8,091)
Changes in non-controlling interests	139,168
Balance on December 31, 2019	<u><u>\$ 332,953</u></u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follows:

	For the years ended December 31	
	2020	2019
Basic earnings per share		
Profit (losses) attributable to ordinary shareholders of the Company	\$ <u>232,341</u>	<u>440,455</u>
Weighted-average number of ordinary shares	<u>224,551</u>	<u>224,551</u>
	\$ <u>1.03</u>	<u>1.96</u>
Diluted earnings per share		
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	\$ <u>232,341</u>	<u>440,455</u>
Weighted-average number of ordinary shares (diluted)	224,551	224,551
Effect of employee share bonus	313	476
Weighted-average number of ordinary shares (diluted)	<u>224,864</u>	<u>225,027</u>
	\$ <u>1.03</u>	<u>1.96</u>

(u) Revenue from contracts with customers

(i) Revenue from contracts with customers

For the years ended December 31, 2020				
	Construction Development Department	Construction Department	Other Department	Total
Primary geographical markets :				
Taiwan	\$ 1,143,128	-	46,609	1,189,737
America	<u>148,340</u>	<u>-</u>	<u>-</u>	<u>148,340</u>
	<u>\$ 1,291,468</u>	<u>-</u>	<u>46,609</u>	<u>1,338,077</u>
Major products/services lines :				
Sales of land and building	\$ 1,129,908	-	-	1,129,908
Rental of land and building	154,925	-	4,245	159,170
Service revenue	<u>6,635</u>	<u>-</u>	<u>42,364</u>	<u>48,999</u>
	<u>\$ 1,291,468</u>	<u>-</u>	<u>46,609</u>	<u>1,338,077</u>
For the years ended December 31, 2019				
	Construction Development Department	Construction Department	Other Department	Total
Primary geographical markets :				
Taiwan	\$ 1,515,847	72,464	46,697	1,635,008
America	<u>95,545</u>	<u>-</u>	<u>-</u>	<u>95,545</u>
	<u>\$ 1,611,392</u>	<u>72,464</u>	<u>46,697</u>	<u>1,730,553</u>
Major products/services lines :				
Sales of land and building	\$ 1,489,423	-	-	1,489,423
Construction	-	72,464	-	72,464
Rental of land and building	101,064	-	4,245	105,309
Service revenue	<u>20,905</u>	<u>-</u>	<u>42,452</u>	<u>63,357</u>
	<u>\$ 1,611,392</u>	<u>72,464</u>	<u>46,697</u>	<u>1,730,553</u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	\$ 23,073	116,713	171,689
Accounts receivable	57,444	35,930	273,767
Less: Allowance for impairment	(2,412)	(2,412)	(2,412)
Total	<u>\$ 78,105</u>	<u>150,231</u>	<u>443,044</u>
Contract assets-Construction	<u>\$ -</u>	<u>-</u>	<u>18,953</u>
Contract liabilities-Sales of land and building	\$ 20,875	22,120	394,596
Contract liabilities-Construction	-	-	886
Total	<u>\$ 20,875</u>	<u>22,120</u>	<u>395,482</u>

For details on accounts receivable and allowance for impairment, please refer to Note 6(d).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There are no significant changes for the years ended December 31, 2020 and 2019.

The aforementioned contract liabilities-sales of building and land include the advanced receipt of properties and land presale for Yun Feng, Wei Feng and Chain Qui Jia Yuan. The Group has not applied for presale of Bali Taipei Port Building as of December 31, 2020.

(v) Remuneration of employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration and a maximum of 5% will be allocated as directors' and supervisors' remuneration. Employees who entitled to receive the above mentioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

The distribution of remuneration to employees, directors and supervisors shall be determined by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors. The aforesaid distribution shall be submitted to the shareholders' meeting.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$4,293 thousand and \$7,753 thousand, respectively, and directors' and supervisors' remuneration amounting to \$11,448 thousand and \$20,676 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019.

There is no discrepancy under the circumstances of actual distribution. The information is available on the Market Observation Post System website.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2020	2019
Interest income from bank deposits	\$ 4,173	10,170
Other interest income	74	-
Total interest	<u>\$ 4,247</u>	<u>10,277</u>

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2020	2019
Dividend income	\$ 6,752	4,016
Income from counter-party default	10	56,054
Other income	12,967	30,128
	<u>\$ 19,729</u>	<u>90,198</u>

(iii) Other gains and losses

The details of other gain and losses were as follows:

	For the years ended December 31	
	2020	2019
Foreign exchange (losses) gains	\$ (2,008)	(664)
Gains (losses) on financial assets at fair value through profit or loss	(1,805)	5,303
Other expenses	(2,695)	(21,217)
	<u>\$ (6,508)</u>	<u>(16,578)</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest expense	\$ (81,569)	(77,212)

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amounts of financial assets and contract assets represented the maximum credit risk exposure of the Group.

2) Concentration of credit risk

Since the Group had a large number of unrelated customers, there were no concentration of credit risk.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to Note 6(d).

Other financial assets at amortized cost are other receivables, all of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the details of loss allowance for the years ended December 31, 2020 and 2019, please refer to Note 6(d) and (e).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, excluding the estimated interest payment and the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>
December 31, 2020							
Non-derivative financial liabilities							
Non-interest bearing liabilities	\$ 306,554	306,554	306,554	-	-	-	-
Lease liabilities	8,997	9,175	2,827	2,197	2,970	1,181	-
Floating rate liabilities	2,527,286	2,960,445	200,043	353,451	452,396	555,273	1,399,282
Fixed rate liabilities	54,934	55,000	55,000	-	-	-	-
	<u>\$ 2,897,771</u>	<u>3,331,174</u>	<u>564,424</u>	<u>355,648</u>	<u>455,366</u>	<u>556,454</u>	<u>1,399,282</u>
December 31, 2019							
Non-derivative financial liabilities							
Non-interest bearing liabilities	\$ 523,562	523,562	523,562	-	-	-	-
Lease liabilities	8,871	9,035	2,618	2,582	3,068	767	-
Floating rate liabilities	3,042,344	3,549,923	198,574	428,479	390,936	771,497	1,760,437
Fixed rate liabilities	54,899	55,000	55,000	-	-	-	-
	<u>\$ 3,629,676</u>	<u>4,137,520</u>	<u>779,754</u>	<u>431,061</u>	<u>394,004</u>	<u>772,264</u>	<u>1,760,437</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

1) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 50 basis points when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 50 basis points, with all other variable factors remaining constant, the Group's net income would have increased or decreased by \$10,109 thousand and \$12,169 thousand for the years ended December 31, 2020 and 2019. This is mainly due to the Group's borrowing at variable rates.

2) Other market price risk

	For the years ended December 31			
	2020		2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Price of securities at reporting date				
Increasing 10%	\$ <u>9,526</u>	<u>2,931</u>	<u>8,792</u>	<u>2,429</u>
Decreasing 10%	\$ <u>(9,526)</u>	<u>(2,931)</u>	<u>(8,792)</u>	<u>(2,429)</u>

(iv) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities were as follows (including the information on fair value hierarchy, but excluding the measurements that have similarities to fair value, and those fair value that cannot be reliably measured, or inputs that are unobservable in the active markets):

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ <u>119,761</u>	<u>119,761</u>	<u>-</u>	<u>-</u>	<u>119,761</u>
Financial assets at fair value through other comprehensive income					
Stock of exchange-listed and OTC-listed companies	\$ <u>95,263</u>	<u>95,263</u>	<u>-</u>	<u>-</u>	<u>95,263</u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,306,792	-	-	-	-
Notes and accounts receivable	78,105	-	-	-	-
Other receivables	28,655	-	-	-	-
Construction deposits paid	129,291	-	-	-	-
Other financial assets	<u>143,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,686,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,527,286	-	-	-	-
Short-term transaction instrument payables	54,934	-	-	-	-
Notes and accounts payable	187,905	-	-	-	-
Other payables	118,649	-	-	-	-
Lease liabilities	8,997	-	-	-	-
Guarantee deposits received	<u>5,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,903,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2019					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ <u>64,412</u>	<u>64,412</u>	<u>-</u>	<u>-</u>	<u>64,412</u>
Financial assets at fair value through other comprehensive income					
Stock of exchange-listed and OTC-listed companies	\$ <u>87,915</u>	<u>87,915</u>	<u>-</u>	<u>-</u>	<u>87,915</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,525,575	-	-	-	-
Notes and accounts receivable	150,231	-	-	-	-
Other receivables	51,904	-	-	-	-
Construction deposits paid	48,954	-	-	-	-
Other financial assets	<u>124,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,900,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,042,344	-	-	-	-
Short-term transaction instrument payables	54,899	-	-	-	-
Notes and accounts payable	318,870	-	-	-	-
Other payables	204,692	-	-	-	-
Lease liabilities	8,871	-	-	-	-
Guarantee deposits received	<u>6,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>3,636,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. Market prices quoted from main exchanges and over-the-counter are the basis of fair value of equity instruments and credit instrument traded in active markets.

If the quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

The Group's financial instruments, such as stock of listed companies and beneficiary certificates, are trade in active markets, and the fair value is based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using a valuation technique that can be extrapolated from either similar financial instrument, the discounted cash flow method, or other valuation techniques, including models, is calculated based on available market data at the reporting date.

If the financial instruments held by the Group have no active market, the fair value is estimated through the comparable market organization method. The main assumption behind this is that the estimated pre-tax, pre-depreciation, and pre-amortization earnings of the investee company is added to the earnings multiplier derived from the comparable quoted price of the listed company. The estimate has adjusted the lack of discount on the market liquidity of the equity securities.

- 3) There were no transfers from each level for the years ended December 31, 2020 and 2019.
- 4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "Financial assets measured at fair value through other comprehensive income—equity investments". The Group uses "Net asset value method" as the evaluation technique.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Financial risk management

(i) Overview

The Group have exposure to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees that management's supervision is in compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivable

The Risk Management Committee has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring the approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group expects the counterparties above to meet their obligations, hence, there is no significant credit risk arising from these counterparties.

3) Guarantee

In accordance with the Group's policy, the Company may act as a guarantor, if necessary, for its business operation. The Group no provided the external guarantees, as well as guarantees for its subsidiaries, with amounting to \$201,250 thousand and \$282,600 thousand, respectively, for the years ended December 31, 2020 and 2019.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliancy with the terms of the loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. For the years ended December 31, 2020 and 2019, the Group had unused short-term bank facilities of \$407,200 thousand and \$963,667 thousand, respectively.

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars and US Dollars (USD). The currencies used in these transactions are denominated in TWD and USD.

2) Interest rate risk

The Group's interest rate risk arises from short-term and long-term loans bearing floating interest rates. Future cash flow will be affected by changes in market interest rates. Please refer to Notes 6(x) for details.

3) Other market price risk

The Group is exposed to equity price risk due to investments in equity securities. Please refer to Notes 6(x) for details.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, non-redeemable preference shares and retained earnings. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders. The Group's debt to equity ratios at the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 2,993,557	3,756,235
Less: cash and cash equivalents	(2,306,792)	(2,525,575)
Net debt	\$ 686,765	1,230,660
Total equity	\$ 4,540,784	4,429,911
Total capital	\$ 5,227,549	5,660,571
Debt to equity ratios	13.14%	21.74%

Management believes that there were no changes in the Group's approach to capital management for the years ended December 31, 2020 and 2019.

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Chain-Chan Investment Co., Ltd.	The entity's chairman is the Company's director
Chain Qui Cultural & Educational Foundation	The entity's chairman is the First immediate family member of the chairman of the Company
Chain-I Investment Co., Ltd.	Same chairman with the Company
Global Industrial Co., Ltd.	Related Party
Chain-Da Investment Co., Ltd.	Related Party

(b) Significant transactions with related parties

(i) Lease

	For the years ended December 31	
Relationship	2020	2019
Other related parties	\$ 57	48

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Borrowings from Related Parties:

Relationship	Borrowings	
	December 31, 2020	December 31, 2019
Other related parties (Note)		
Chain-I Investment Co., Ltd.	\$ -	44,970
Chain-Chan Investment Co., Ltd.	-	59,960
	<u>\$ -</u>	<u>104,930</u>

Note: The unsecured loan principal of USD3,500 thousand was calculated based on the exchange rate of 3% on December 31, 2019. The above mentioned borrowings have been fully repaid as of December 31, 2020. For the year ended December 31, 2020, the interest expense for borrowings totaled \$334 thousand.

(c) Key management personnel compensation

	For the years ended December 31	
	2020	2019
Short-term employee benefits	<u>\$ 40,753</u>	<u>51,938</u>

(8) Pledged assets:

The carrying values of the Group's pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Restricted asset (recognized as other financial assets — current)	Short-term loans and trust account	\$ 43,109	23,719
Other financial assets — current and non-current	Guarantee deposits and bid bond	9,585	12,782
Construction deposit paid	Green building deposits	22,777	-
Financial assets at fair value through other comprehensive income — non-current	Short-term notes and bills payable	21,372	24,086
Properties and land held for sale	Short-term loans	198,370	484,535
Land held for development	Short-term loans	1,568,014	1,628,569
Construction-in-progress-land and projects	Short-term loans	70,286	417,466
Property, plant and equipment	Short-term loans	189,223	189,949
Investment properties	Short-term loans and long-term loans	2,181,215	2,332,339
		<u>\$ 4,303,951</u>	<u>5,113,445</u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(9) Commitments and contingencies:

(a) Major commitments and contingencies were as follows:

(i) As of December 31, 2020 and 2019, the total prices of property sale contracts were as follows:

	December 31, 2020	December 31, 2019
The contract prices (before tax)	\$ 92,924	255,588
The sum of the consideration received	\$ 20,450	22,120

(ii) As of December 31, 2020 and 2019, the refundable deposit notes the Group had issued for short-term loans, commercial papers payable and land development corporations were as follows:

	December 31, 2020	December 31, 2019
The refundable deposits notes	\$ 469,000	169,000

(iii) The price of construction contract and the unpriced project payments according to the contracting project between the Company and the vendor were as follow:

	December 31, 2020	December 31, 2019
The price of construction contract (before tax)	\$ -	250,175
The unpriced project payments	\$ -	108,208

(iv) In September 2016, the Group, as the Owner, signed the construction agreement with JTM Construction Group Inc., as the Construction Manager. The Construction Manager' fee shall be the sum equivalent to 3.25% of the actual cost of the work incurred by the Construction Manager plus subcontractor bond costs. The case was completed and concluded in September 2019, and the actual amount was USD49,823 thousand.

(v) The unrecognized contract commitment of obtaining inventories according to purchasing land held for development was as follow:

	December 31, 2020	December 31, 2019
Obtaining inventories (construction industry)	\$ 21,947	-

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(b) Other

As of December 31, 2020 and 2019, the refundable deposits paid, through cooperation with the land owners, amounted to \$106,514 thousand and \$48,954 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

The employee benefits, depreciation, depletion and amortization expenses, categorized by function, were as follows:

By function	For the years ended December 31					
	For the year ended 2020			For the year ended 2019		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
By item						
Employee benefit						
Salary	\$ 24,706	93,422	118,128	29,190	100,589	129,779
Health and labor insurance	431	7,601	8,032	753	7,333	8,086
Pension	249	3,698	3,947	369	5,286	5,655
Others	64	2,455	2,519	186	4,219	4,405
Depreciation	48,757	9,281	58,038	44,236	7,969	52,205
Amortization	-	93	93	-	48	48

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Chainqui Holding Co., Ltd. (SAMOA)	2	4,540,784	282,600	201,250	171,958	330,000	4.43 %	6,810,978	Y	N	N

Note a: In accordance with the Company's related regulations, the limit on endorsements and guarantees for any single entity is 50% of the Company's net worth based on the latest financial statement and the limit on accumulated amount of transactions of endorsements and guarantees is 150% of the Company's net worth based on the latest financial statements.

Note b: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (a) Having business relationship.
- (b) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (c) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (d) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
- (e) Mutual guarantee of the trade as required by the construction contract.
- (f) Due to joint venture, each shareholder provides endorsements/guarantees parent company in proportion to its ownership.
- (g) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest balance during the year Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Stock- Capital Securities Corporation	-	Non-current financial assets at fair value through other comprehensive income	4,969,171	67,332	- %	67,332	- %	-
"	Stock- Taiwan High Speed Rail Corporation	-	Non-current financial assets at fair value through other comprehensive income	200,000	6,340	- %	6,340	- %	-
"	Stock- Firich Enterprises Co.,Ltd.	-	Current financial assets at fair value through profit or loss	247,299	7,135	- %	7,135	- %	-
"	Stock- Hontai Finance Co., Ltd.	-	Current financial assets at fair value through profit or loss	250,000	20,150	- %	20,150	- %	-
"	Stock- Tiga Gaming Inc.	-	Current financial assets at fair value through profit or loss	1,000	14	- %	14	- %	-
"	Capital Money Market Fund	-	Current financial assets at fair value through profit or loss	5,560,916	90,450	- %	90,450	- %	-
"	Stock- Era Communications Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	16,545	-	0.01 %	-	0.01 %	-
"	Stock- Taiwan On Line Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	803,582	-	11.97 %	-	11.97 %	-
"	Stock- Spring House Entertainment Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	412,812	-	2.80 %	-	2.80 %	-
Pao-Shin Investment Co., Ltd.	Stock- O-Bank Co., Ltd.	-	Non-current available-for-sale financial assets, net	3,115,430	21,590	- %	21,591	- %	pledged 3,084,000 shares
"	Stock- Firich Enterprises Co.,Ltd.	-	Current financial assets at fair value through profit or loss	69,749	2,012	- %	2,012	- %	-
"	Stock- Lightware Link, Inc.	-	Non-current financial assets at cost, net	511,480	-	- %	-	- %	-
"	Stock- Era Communications Co., Ltd.	-	Non-current financial assets at cost, net	46,880	-	- %	-	- %	-
ZENITH GLOBAL CAPITAL S.A. (SAMOA)	GOER INTERNATIONAL CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	180,000	-	18.00 %	-	18.00 %	-

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: None

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Chia-Yuan Create Co., Ltd.	1	Accounts payable	4,750	The same as the term for other general trading partners	-%
1	Chia-Yuan Create Co., Ltd.	The Company	2	Notes receivable	4,750	The same as the term for other general trading partners	-%
1	Chia-Yuan Create Co., Ltd.	The Company	2	Construction revenue	81,426	The same as the term for other general trading partners	-%
1	Chia-Yuan Create Co., Ltd.	The Company	2	Construction cost	80,771	The same as the term for other general trading partners	-%
1	Chia-Yuan Create Co., Ltd.	Da-Ho Security Co., Ltd.	3	Other receivable	976	The same as the term for other general trading partners	-%

Note 1: The numbers denote the following:

- (1) 0 represents the Company.
- (2) 1 represents the Chia-Yuan Create Co., Ltd.

Note 2: Relationship with the listed companies:

- (1) The Company to subsidiary.
- (2) Subsidiary to the Company.
- (3) Subsidiary to subsidiary.

Note 3: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 :

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest balance during the year Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Chain-Hung Apartment Building Management and Maintenance Ltd.	Taiwan	Mansions management Services	10,000	10,000	999,996	99.99 %	12,889	99.99 %	2,746	2,994	
The Company	Pao-Shin Investment Co., Ltd.	Taiwan	Investing activities	164,640	124,640	17,999,991	99.99 %	142,647	99.99 %	(7,178)	(4,686)	
The Company	Chain-Shin-Hao Supermarket Ltd.	Taiwan	Conduct of supermarket	25,710	25,710	2,571,000	75.00 %	26,574	75.00 %	2,104	1,578	
The Company	Chain-Da Development Co., Ltd.	Taiwan	Constructing, selling, and leasing of residential and commercial buildings.	82,000	82,000	8,200,000	82.00 %	104,069	82.00 %	(553)	(454)	
The Company	CASTLE ROCK INVESTMENT S.A. (SAMOA)	SAMOA	Investing activities	508,229	508,229	16,206,000	100.00 %	475,169	100.00 %	1,706	1,706	
The Company	CHAINQUI HOLDING CO., LTD (SAMOA)	SAMOA	Investing activities	1,824,837	1,755,800	58,760,000	100.00 %	1,462,576	100.00 %	(56,110)	(56,110)	
The Company	CHAINQUI CONSTRUCTION CO., LTD (SAMOA)	SAMOA	Investing activities	170,242	170,242	5,500,000	100.00 %	155,111	100.00 %	(1,593)	(1,593)	
Pao-Shin Investment Co., Ltd.	MEN'S FOCUS COMPANY	Taiwan	Magazine distribution industry	10,000	10,000	1,000,000	43.48 %	-	43.48 %	-	-	
Pao-Shin Investment Co., Ltd.	Chia-Yuan Create Co., Ltd.	Taiwan	Constructing activities	98,879	58,879	11,500,000	100.00 %	120,212	100.00 %	(3,152)	-	
Pao-Shin Investment Co., Ltd.	Rich Key Asia LTD.	Hong Kong	Investing activities	988	988	-	100.00 %	-	100.00 %	-	-	
Pao-Shin Investment Co., Ltd.	Ever Easy Management	Hong Kong	Investing activities	745	745	-	100.00 %	-	100.00 %	-	-	

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Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest balance during the year Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
Pao-Shin Investment Co., Ltd.	New Momentum LTD.	SAMOA	Investing activities	382	382	-	100.00 %	-	100.00 %	(32)	-	
Pao-Shin Investment Co., Ltd.	Profit Asia LTD.	SAMOA	Investing activities	390	390	-	100.00 %	-	100.00 %	(42)	-	
CHIA-YUAN CREATE CO., LTD.	DAHO SECURITY CO., LTD.	Taiwan	Security services	40,000	-	4,000,000	100.00 %	39,861	100.00 %	(139)	-	
CASTLE ROCK INVESTMENT S.A. (SAMOA)	NOAH INVESTMENT CAPITAL LIMITED (SAMOA)	SAMOA	Investing activities	489,976	489,976	15,624,000	91.83 %	460,478	91.83 %	1,925	-	
NOAH INVESTMENT CAPITAL LIMITED (SAMOA)	ZENITH GLOBAL CAPITAL S.A. (SAMOA)	SAMOA	Investing activities	526,533	530,995	16,782,000	82.74 %	495,395	82.87 %	2,388	-	
ZENITH GLOBAL CAPITAL S.A. (SAMOA)	LEXY STAR INTERNATIONAL CO., LTD.	Malaysia	Investing activities	416,042	416,042	13,700,000	100.00 %	416,835	100.00 %	2,431	-	
CHAINQUI HOLDING CO., LTD (SAMOA)	CHAINQUI DEVELOPMENT USA LLC	U.S.A	Investing activities	1,973,803	1,886,888	63,685,000	100.00 %	1,621,391	100.00 %	(51,118)	-	
CHAINQUI DEVELOPMENT USA LLC	CHAINQUI DEVELOPMENT BELLTOWN LLC	U.S.A	Investing activities	1,115,238	1,040,310	36,410,000	100.00 %	914,817	100.00 %	(24,025)	-	
CHAINQUI DEVELOPMENT USA LLC	CHAINQUI DEVELOPMENT VIRGINIA, LLC	U.S.A	Constructing, selling, and leasing of residential and commercial buildings.	765,910	701,449	24,200,000	100.00 %	629,377	100.00 %	(21,643)	-	
CHAINQUI DEVELOPMENT USA LLC	CHAINQUI DEVELOPMENT ROOSEVELT, LLC	U.S.A	Constructing, selling, and leasing of residential and commercial buildings.	54,855	54,855	1,800,000	100.00 %	50,923	100.00 %	68	-	
CHAINQUI CONSTRUCTION CO., LTD(SAMOA)	GALORE DEVELOPMENT GROUP INC.	U.S.A	Investing activities	139,168	139,168	4,500,000	50.00 %	126,613	50.00 %	(3,107)	-	
GALORE DEVELOPMENT GROUP INC.	CHAINQUI DEVELOPMENT SEATTLE, LLC	U.S.A	Investing activities	269,878	269,878	8,800,000	100.00 %	247,948	100.00 %	(2,716)	-	
CHAINQUI DEVELOPMENT SEATTLE, LLC	CHAINQUI DEVELOPMENT WALLINGFORD, LLC	U.S.A	Constructing, selling, and leasing of residential and commercial buildings.	160,083	160,083	5,150,000	100.00 %	149,057	100.00 %	603	-	
CHAINQUI DEVELOPMENT SEATTLE, LLC	CHAINQUI DEVELOPMENT HARBORVIEW, LLC	U.S.A	Constructing, selling, and leasing of residential and commercial buildings.	106,982	106,982	3,550,000	100.00 %	96,643	100.00 %	(2,811)	-	

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chain-I Investment Co., Ltd.		27,981,661	12.46 %
Chain-Chan Investment Co., Ltd.		21,447,410	9.55 %
Chain-Da Investment Co., Ltd.		16,257,347	7.23 %
Tai You Investment Co., Ltd.		16,145,813	7.19 %
Chang Sheng International Investment Ltd.		15,803,717	7.03 %
Yu-Ching Construction Co., Ltd.		15,762,552	7.01 %
Lee Long-Kwang		14,255,555	6.34 %

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(14) Segment information:

(a) General Information

The Group's operating segments required to be disclosed are categorized as Real Estate Transaction Group and Construction Group. These two groups have different market and marketing strategy, which are described as follows:

- (i) Real Estate Transaction Group: commissioning contractor to construct commercial and residential buildings for leasing and sales.
- (ii) Construction Group: engaging in the business of construction and civil engineering.

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine its resource allocation and make a performance evaluation. The internal management report includes profit before taxation, (excluding any extraordinary activity and foreign exchange gain or losses,) since taxation, extraordinary activity and foreign exchange gains or losses are managed on a group basis, they cannot be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

The operating segment accounting policies are similar to that of described in Note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The Group treated intersegment sales and transfers as third-party transactions. They are measured at market prices.

The Group's operating segment information and reconciliation were as follows:

	For the years ended December 31, 2020				
	Real Estate Transaction	Construction	Other	Adjustment and eliminations	Total
Revenue :					
Revenue from external customers	\$ 1,291,468	-	46,609	-	1,338,077
Intersegment revenues	388	81,426	404	(82,218)	-
Interest revenues	1,580	107	2,560	-	4,247
Total revenue	<u>\$ 1,293,436</u>	<u>81,533</u>	<u>49,573</u>	<u>(82,218)</u>	<u>1,342,324</u>
Interest expense	80,922	-	647	-	81,569
Depreciation and amortization	57,252	9	870	-	58,131
Share of profit of associates and joint ventures accounted for using equity method	56,566	139	3,226	(59,931)	-
Reportable segment profit	<u>\$ 210,802</u>	<u>(3,157)</u>	<u>(108)</u>	<u>62,597</u>	<u>270,134</u>
Asset:					
Investments accounted for using equity method	\$ 2,379,035	39,861	120,212	(2,539,108)	-
Reportable segment asset	<u>\$ 9,338,974</u>	<u>138,414</u>	<u>911,993</u>	<u>(2,541,499)</u>	<u>7,847,882</u>
Reportable segment liability	<u>\$ 2,926,976</u>	<u>25,574</u>	<u>45,205</u>	<u>(4,198)</u>	<u>2,993,557</u>

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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	For the years ended December 31, 2019				
	Real Estate Transaction	Construction	Other	Adjustment and eliminations	Total
Revenue :					
Revenue from external customers	\$ 1,611,392	72,464	46,697	-	1,730,553
Intersegment revenues	1,791	91,793	2,575	(96,159)	-
Interest revenues	2,137	94	8,046	-	10,277
Total revenue	<u>\$ 1,615,320</u>	<u>164,351</u>	<u>57,318</u>	<u>(96,159)</u>	<u>1,740,830</u>
Interest expense	76,380	-	832	-	77,212
Depreciation and amortization	50,285	2	1,966	-	52,253
Share of profit of associates and joint ventures accounted for using equity method	99,692	-	(10,374)	(89,318)	-
Reportable segment profit	<u>\$ 374,751</u>	<u>12,618</u>	<u>15,597</u>	<u>88,829</u>	<u>491,795</u>
Asset:					
Investments accounted for using equity method	\$ 2,275,512	-	90,694	(2,366,206)	-
Reportable segment asset	<u>\$ 10,061,786</u>	<u>264,632</u>	<u>873,678</u>	<u>(2,680,997)</u>	<u>8,519,099</u>
Reportable segment liability	<u>\$ 3,677,069</u>	<u>181,310</u>	<u>48,768</u>	<u>(150,912)</u>	<u>3,756,235</u>

(c) Product and services information

Revenue from external customers of the Group was as follows:

Item	For the years ended December 31	
	2020	2019
Land and building sale revenue	\$ 1,129,908	1,489,423
Construction revenue	-	72,464
Rental revenue	159,170	105,309
Service revenue	48,999	63,357
	<u>\$ 1,338,077</u>	<u>1,730,553</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	For the years ended December 31	
	2020	2019
Revenue from external customers:		
Taiwan	\$ 1,189,737	1,635,008
United States	148,340	95,545
	<u>\$ 1,338,077</u>	<u>1,730,553</u>

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<u>Geographical information</u>	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Non-current assets:		
Taiwan	\$ 393,335	391,558
United States	1,936,596	2,082,186
Other	<u>68,352</u>	<u>71,952</u>
Total	<u>\$ 2,398,283</u>	<u>2,545,696</u>

Non-current assets include property, plant and equipment, Right-of-use assets, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets (non-current).