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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

2020 Annual Report

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(2)<http://www.gtg.com.tw/>

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IV. External accountants auditing the most recent financial reports

Names: CPA CHEN, CHUNG-CHE; CPA LAI, LI-CHEN

Name of the accounting firm: KPMG in Taiwan

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V. Name of any overseas exchange where the Company's marketable securities are traded and method to inquire about the marketable securities concerned: none

VI. Company's website: www.gtg.com.tw

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I. Letter to Shareholders

Dear Shareholders,

We are pleased to welcome every shareholder to our 2021 general shareholder meeting and would like to express our deepest gratitude for your enthusiastic support and care.

I. 2020 business report

(I) Results of the implementation of the business plan

Looking back on 2020, the government and the economy were stable, and the real estate market in Taiwan performed as anticipated (prices dropped slightly but soon stabilized, and the transaction volume increased). Due to the impact of [COVID-19], buying power slowed down, but in the second half of the year the domestic epidemic prevention was effective, with domestic consumption returning to normal and foreign capital returning, and domestic buying power and first-time buyers continuing to come into the market. Performance was not bad, which also drew the government's attention to reconsider reactivating housing policy, resulting in a slight cooling of the overall buying sentiment at the end of the year. Nevertheless, the overall development of the domestic housing market last year has moved in a positive direction.

In 2020, the Company mainly engaged in the sale of the remaining units of "Chainqui Top of the Cloud" on Huanhe South Road in Taipei, and "Chainqui Top of the Peak" on Guiyang Street in Taipei. Regarding new developments, there was also "Chainqui Sweet Home" in Bali District, New Taipei City, which was first built before been sold. Xinyi Sanxing, an urban redevelopment project led by the Taipei City Government, was approved as a business plan at the end of 2020. The Company also participated in a tender for an urban redevelopment project led by the Ministry of the Interior in Taipei's Jiaxing Street, which was awarded to the Company in 2020. In addition, the Company has also successfully signed a contract with the Mustard Seed Mission Xinzhuang and participated in a joint construction project with Chung Hsin Electric & Machinery Manufacturing and Hsing Ta Cement on Hengyang Road in Taipei. As for the project O2 in Seattle, USA, it has been successfully signing up tenants, with the occupancy rate having reached over 90%.

Although the world is still affected by [COVID-19] this year and global economic activities have not yet lifted lockdowns, the outlook for the domestic real estate market in 2021 continues to be positive, with domestic consumers' confidence and purchasing power continuing to grow, which is positive for the housing market. However, with the government re-initiating the House and Land Transactions Income Tax 2.0, and the market's lack of construction materials due to the shortage of labor and materials caused by the increase in construction prices and schedule control management problems, another wave that will impact the industry is certainly taking shape, and sale promotions this year must be carefully assessed and controlled depending on the market and economic situation, to ensure that the Company has even better room for profit.

The Company's revenue for 2021 will mainly be generated from the sale of the remaining units in the "Chainqui Top of the Peak" on Guiyang Street in Taipei, and the "Chainqui Sweet Home" in Bali District, New Taipei City. New projects such as the urban redevelopment of Xinyi Sanxing in Taipei, the Mustard Seed Mission Xinzhuang and the "Hengyang Street" joint construction project in Taipei are all preparing to go on sale depending on the progress of obtaining construction licenses. Other development projects in Taipei such as "Chongqing South Road", "Guiyang Street II", and "Jiaxing Street" are in progress, and the construction of the Port of Taipei joint project in Bali District, New Taipei City, has also started.

(II) Budget implementation

The Company did not have a financial forecast for 2020. The Company's operating income was NT\$1,338,077 thousand, operating profit was NT \$334,235 thousand, and net income after tax was NT\$231,789 thousand. .

(III) Balance sheet and profitability analysis

For 2020, the Company's net profit after tax was NT\$231,789 thousand and earnings per share were NT\$1.03. Operating revenue was recognized from the sale of units in the Top of the Peak and Chainqui Sweet Home and rent income from investment properties. Looking at the financial structure, overall assets in 2020 were NT\$7,847,882 thousand, a decrease of NT\$671,217 thousand compared to 2019, which was mainly due to the recognition of the completion of sale of the Top of the Peak and Chainqui Sweet Home.

(IV) Research and development

In response to the changing business environment, the Company has not only strengthened its financial structure and reduced operating costs, but also prioritized joint construction in investment development, carefully evaluated investment projects, and devoted itself to industry research and analysis to keep abreast of market dynamics and provide accurate decision-making information.

II. Summary of the business report for 2020

Looking at 2020, the Company was focused on the clearance of inventory houses. Also, the project on Zhongzhuang

Section, Bali, New Taipei City, was sold after obtaining the permit, and the Company also obtained the building permit and presale of the government-led urban renewal project on Sanxing, Xinyi District, Taipei City according the pre-order progress in Q3. The Company's capital has continued to recover, and the relevant land purchases, joint construction, and collaborative promotion projects between urban renewal and unsafe and old buildings are all ongoing. It is expected that in the next five years, 2 projects on Bali Section, New Taipei, will be completed and sold. The government-led urban renewal project on Sanxing, Xinyi and the urban renewal project on Guiyang Street and Chongqing South Road will also be launched and constructed according to the progress. Therefore, the medium and long-term revenues and incomes are undoubtedly secure. Seattle project [O2] also continues to contribute rental income from leasing.

The main business of the Company at the moment is construction. Products are all planned with a focus on sophisticated and high quality housing. In recent years, in addition to the acquisition of land and joint construction in the Greater Taipei area, we have also devoted considerable effort to the urban renewal of Taipei City and New Taipei City, and have received favorable responses from various parties.

(I) Management guidelines and vision

A: Persist in Chainqui's existing competitiveness

1. Research and develop innovative abilities
2. Create added value
3. Internationalization of the architectural team
4. Urban renewal promotion

B. Seek to be an effective team

1. Productivity
2. Dedication
3. Position
4. Common goals

C. Uphold the spirit of inheritance and learning

1. Various generations
2. The inheritance is not only professionalism, but should include emotionally intelligent management
3. Self-learning

(II) Expected sales

Construction business division: In 2020, there were three projects, Chainqui Top of the Peak, Zhongzhuang Section, Bali, and Xinyi Sanxing.

(III) Important production and marketing policies

1. Based on the management direction of the architects toward quality of life, the mid- and long-term goals will be to develop the metropolitan area of Greater Taipei, to constantly innovate architectural concepts and designs, to ensure the quality, progress and cost of building projects, and to build buildings that cater to the planning needs of different customer segments in order to increase the diversity of the Company's business projects and to achieve the Company's business objectives.
2. The Company will actively participate in urban renewal projects in Taipei County and City and establish a solid urban development team to beautify the city and create high profitability, so that a win-win situation can be achieved for the participants.
3. The Company will continue to develop in Seattle, USA, and find suitable land to develop condominiums and houses for sale.

III. The Company's future development strategy

The Company focuses on its core business of construction and is engaged in the simultaneous development of building its own buildings on its own land, co-construction and urban renewal, while also seeking foreign investments and other development projects.

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

The Company's expectation is self-development. Its products are designed to be unique and practical. The Company aims to develop and learn from others in the industry in a positive way. In addition, the Company is actively developing an international team and has made its products distinctive within the industry. Therefore, external competition should not have a significant impact. With respect to the regulatory environment, the Company has always complied with the requirements of relevant governmental laws and regulations, so there is also no significant impact.

The overall environment is hampered by the rise in international raw material prices. As for the financial environment, credit controls are released. However, the government has restrained the rapid rise of housing prices and increased the property tax. Moreover, the plummeting numbers of households and the aging population in the social environment may affect people's willingness to purchase and exchange homes, so the Company will develop policies to address this impact.

In the coming year, all of the Company's employees will do their part to the utmost of their ability in order to create the highest profit for the Company's shareholders. Again, Chainqui Construction thanks you for your support

and care.

Lastly, I wish all of our shareholders

good health and success in your careers.

Chairman : LEE, YUNG-I

II. Company Profile

I. Date of establishment: January 27, 1973

II. Company's history:

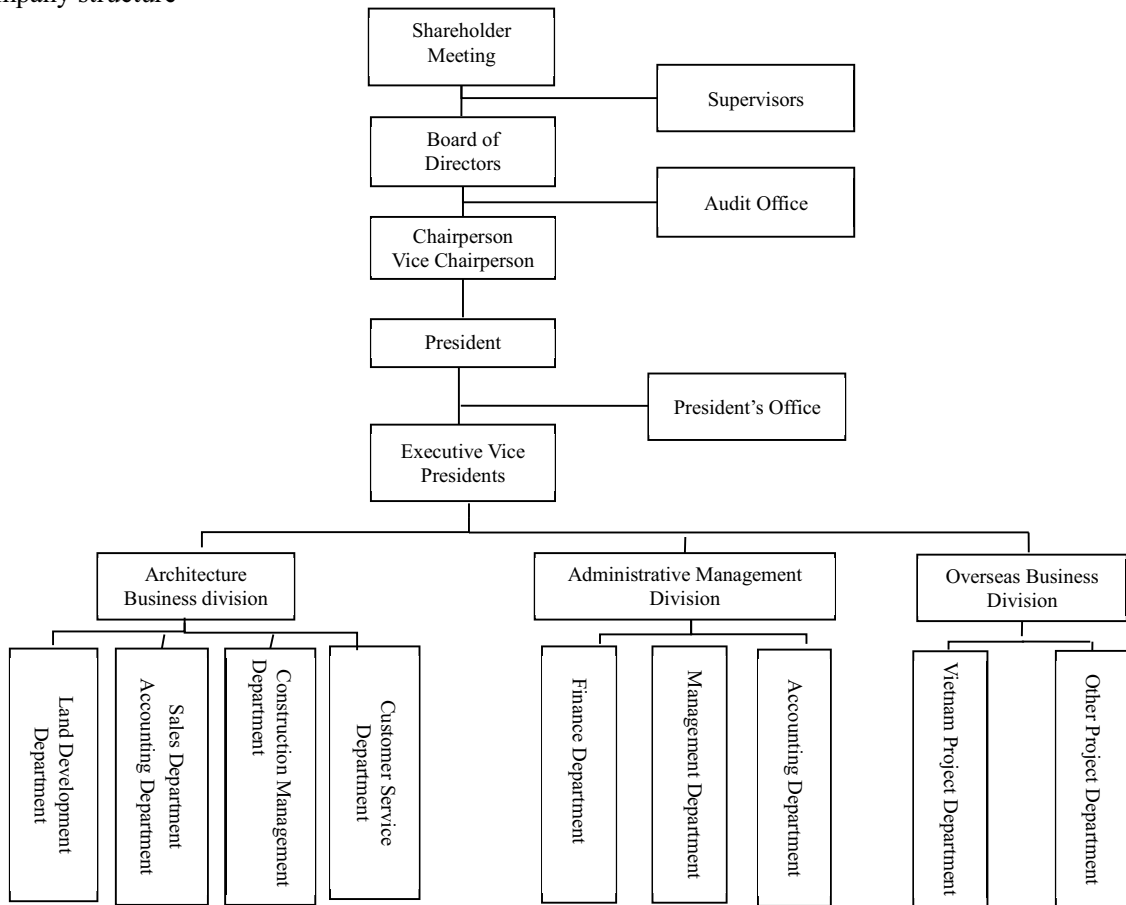
- 1972 The Company was established as "Baogu Architecture Development Co., Ltd." in Taipei and collected a capital of NT\$20 million on December 20, 1972.
- 1974 The Company reinvested and established "Dili Industrial Co., Ltd.", setting up a cement product factory producing prefabricated building panels in Daxi, Taoyuan, with the lofty ideal of promoting the industrialization of construction and to actively invest in manufacturing prestressed wire poles and prestressed piles. The precast wall panels produced by the Company have been used in the first 14-story pre-cast building in Taipei City, which is an honorable achievement.
- 1975 Capital was increased to NT\$25 million. By achieving excellent sales results and building dozens of high-rises in Taipei City, the Company has come to occupy a place within the construction industry.
- 1976 The Company was ranked as one of the top ten excellent construction companies in Taiwan and received the Golden Tripod Award.
- 1977 To strengthen the management functions and make sales and production work closely together, the formerly invested "Dili Industrial Co., Ltd." was acquired for merger, after which capital was increased to NT\$50 million. The new Company was named "Baogu Co., Ltd.", and its business activities included the construction of housing and the manufacturing of various cement products.
- 1982 Products have won international recognition, and all the piles used in Brunei's port construction projects were exported and supplied by the Company. In order to promote the cement products business in eastern Taiwan, the Company reinvested \$6 million to establish Dongtai Cement Products Co., Ltd. and set up a cement product manufacturing factory in Hualien.
- 1984 The Company increased its investment in Dongtai by \$22 million to expand the production capacity of its Hualien factory and develop diversified products and sales.
- 1987 The Company kept growing steadily, and capital was increased to NT\$199.6 million.
- 1988 After the Ministry of Finance had approved the stock listing, the Company expanded the scope of business to build residential buildings in Aozihdi, Kaohsiung City and Jingmei, Taipei. Furthermore, the Company started to expand its computer export business for diversification.
- 1990 Capital was increased to NT \$400 million
- 1991 In order to implement and get rooted in computer products and information technology, the Company set up an electronics factory in Xizhi to produce motherboards, personal computers and other products for sale on the international market, and the Securities and Futures Commission of the Ministry of Finance approved the capitalization of the earnings and additional paid-in capital, which increased the capital to NT\$460 million.
- 1992 The Company invested the German company Poko Computer GmbH to develop the computer product market in Germany and Europe in general. In order to cooperate with Dongtai Company's diversified business development and the government's policy of transporting sand and gravel from eastern Taiwan to northern Taiwan, the Company expanded its business in sand and gravel, construction, etc., and increased investment in Dongtai by another \$21.36 million, bringing its total capital to \$120 million. The Company's shareholding ratio increased to 55%, and it changed its name to "Dongtai Construction Co., Ltd." and added housing construction to its business scope.
- 1993 Additional paid-in capital of \$101.2 million was reclassified to capital, increasing the capital to \$56.12 million.
- 1994 Capital was increased by \$15.6 million in cash, increasing the capital to \$717.2 million. Earnings of \$78,892 thousand and additional paid-in capital of \$7,172 thousand, totaling \$150,612 thousand, were converted into capital, thereby increasing the capital amount to \$867,812 thousand.
- 1995 Earnings of \$69,424,960, employee bonus of \$2,228,000 and additional paid-in capital of \$104,137,440, totaling \$175,790,400, were converted into capital, thereby increasing the capital amount to \$1,043,602,400.
- 1996 Investment in Baogu Construction Development Co., Ltd. was increased by \$50,314,838, and the shareholding ratio was increased from 10% to 99.99% to expand the development of the foundation engineering business of pile foundations, production and sale of sheet piles and piling.
- 1997 The head office was moved from 4F.-2, No. 9, Sec. 2, Roosevelt Rd, Taipei City to 6F., No. 6, Sec. 3, Minquan E. Road, Taipei City. In November of the same year, approval was obtained to increase the capital by \$360 million in cash.
- 1998 The Company changed its name to "Chainqui Construction Co., Ltd."
- 1999 In June, approval was obtained to increase the capital by \$170,201,400 in cash. In the same year, the Company increased its capital by NT\$69.2 million from earnings and NT\$121.1 million from additional paid-in capital.
- 2000 Additional paid-in capital of NT\$96,015 thousand was converted to capital, and the paid-in capital was increased to NT\$2,016,315 thousand.
- 2001 Cash dividends of NT\$67,235,850 were paid and 3,879,000 shares of treasury stock were bought back and cancelled, the paid-in capital amounting to NT\$1,977,525,000.

- 2002 There were no changes in capital.
- 2003 The directors and supervisors were re-elected on April 29, but the management rights did not change.
- 2004 The Company reduced its capital to make up a loss of NT\$791,010,000 and cancelled its treasury shares by NT \$16,632,000. The paid in capital after the capital reduction was NT\$1,169,883,000.
- 2007 The Company increased its capital by 5,849,415 shares from earnings, and issued the first convertible guaranteed bonds of NT\$700 million in Taiwan. By the end of the year, 21,261,313 shares were converted and the capital had increased to NT\$1,440,990,280.
- 2008 The Company issued convertible bonds which were converted into common stock, and the capital increased to NT\$1,442,930,040.
- 2009 The Company issued convertible bonds which were converted into common stock, and the capital increased to NT\$1,500,384,540. In October of the year, the Company changed its name to “Chainqui Construction Development Co., Ltd.”
- 2010 The Company issued convertible bonds which were converted into common stock, and the capital increased by NT\$32,590,440. In addition, \$20,000,000 worth of treasury shares were written off, the paid-in capital was amounting to \$1,512,974,980.
- 2021 The Company issued convertible bonds which were converted into common stock, and the capital increased to NT\$1,517,520,420.
- 2018 In June, a capital increase of NT\$212,452,860 from earnings was approved, and the capital was increased to NT\$1,729,973,280.
- 2019 In June, a capital increase of NT\$311,395,180 from earnings and additional paid-in capital was approved, and the capital was increased to NT\$1,729,973,280.
- 2020 In June, approval of capitalization of earnings and capital surplus by NT\$204,136,840 to increase paid-in capital to NT\$2,245,505,300

III. Corporate Governance Report

I. Organizational system

1. Company structure



2. Function of each division:

Department	Major functions
Audit Office	Assessments, management, inspection, etc. of the Company's internal control system.
President's Office	Objective and strategic planning, performance management, business management, operation management, investment plan development and risk assessment, etc.
Land Development Department	Land development for each construction case.
Sales Department	Design for every architectural case, and sales and service of houses.
Construction Management Department	Engineering control, contractor management, and construction supervision of construction projects.
Customer Service Department	Customer and after-sales service, and handling of customer complaints.
Finance Department	Financial management matters such as property, cashier, and stock affairs.
Administration Department	Public relations, general affairs, personnel, clerical work, accounting, legal affairs, computer programming and system maintenance analysis.
Accounting Department	Accounting services such as bookkeeping, taxation and auditing.
Overseas Business Division	Responsible for the establishment of overseas companies, sales, engineering, management, financial accounting, and other business promotion.

II. Information on the directors, supervisors, president, vice presidents, deputy vice presidents, and the supervisors of all divisions and branch units:

1. Directors and supervisors:

Information on directors and supervisors														April 09, 2021						
Title	Nationality or place of registration	Name	Gender	Date elected	Term (years)	Date first elected	Shareholding on the date elected		Shares currently held		Shares held by spouses and minor children		Shares held under the names of other parties		Principal work experience and academic qualifications	Positions held concurrently in the Company and other companies	Other managers, directors and supervisors who are spouses or within second-degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Position	Name	Relation	
Chairperson	Republic of China	Yen Reed Investment Representative: LEE, YUNG-I	Male	2018-06-22	3	2012-06-22	4,525,699 3,539,722	2.62 2.05							Department of Finance, Bentley College, USA Chairperson of Yen Reed Investment	Chairperson of the Company	Director	Lee, Long-Kwang	Father-son	
Director	Republic of China	Representative: LIAO, SHUEN-HSIN	Male	2018-06-22	3	2000-04-21									Graduate School of Industrial Planning, Chinese Culture University Manager of Sansing Construction Co.	Consultant of the Company	-	-	-	
Director	Republic of China	Chain Da Investment Representative: LEE, LONG-KWANG	Male	2018-06-22	3	1997-05-23	10,986,774 9,702,377	6.35 5.61							Tung Hai Senior High School Chairperson of Chain Da Investment	Chairperson of Baoxin Investment Co., Ltd. Chairperson of Chain Da Construction	Director, supervisor	Lee, Yung-I, Lee, Hui-Chun	Father-son and father-daughter	
Director	Republic of China	Global Industrial Representative: CHIANG, CHING-FENG	Male	2018-06-22	3	2018-06-22	6,619,427	3.83							Department of Business Administration, Tunghai University Assistant Vice President of Chainqui Construction Development Co., Ltd.	President of the Company Chairperson of Chain Hung Apartment Building Management and Maintenance Co., Ltd.	-	-	-	
Director	Republic of China	Ci Yun International Ltd. Representative: CHEN, MING-ZHI	Male	2018.06.22	3	2018.06.22	579,000	0.33	2,132,847	0.95					Department of Business Administration, National Taiwan University Manager, KPMG Taiwan	Vice President, Taiyou Investment	-	-	-	Yang Rong-Tsung dismissed on September 1, 2020
Independent director	Republic of China	CHOU, CHE-NAN	Male	2018-06-22	3	2015-06-18									Double major in Information Management and Economics, University of Southern California, USA President of China Times Integrated Marketing Co. Ltd.	President of China Times Integrated Marketing Co. Ltd.	-	-	-	

Independent director	Republic of China	LIN, LI-YUN	Female	2018-06-22	3	2015-06-18	30,316	0.02	-	-	-	-	-	-	-	-	-	-
Supervisor	Republic of China	LEE, HUI-CHUN	Female	2018-06-22	3	2006-05-17	1,368,352	0.79	-	-	-	-	-	-	-	-	-	-
Supervisor	Republic of China	Shang Ying Investment Ltd. Representative: LEE, RUI-SHAN	Female	2018-06-22	3	2012-06-22	273,000 0	0.16 0.00	-	-	-	-	-	-	-	-	-	-

Note 1: If the shareholder is a representative of a juristic shareholder, the name of the juristic shareholder shall be indicated and the below form shall be filled in.

Note 2: The time when the person first became a director or supervisor; if there is any interruption, it should be explained in the notes.

Note 3: Experience relevant to the current position; if someone held a position at an accounting firm of a certified public accountant or at an affiliated enterprise in the aforesaid period, the name and position of the person shall be disclosed.

2. President, vice presidents, deputy vice presidents, and supervisors of all the divisions and branch units:

April 09, 2021

Title	Nationality	Name	Gender	Date elected (taken office)	Shareholding		Shares held by spouses and minor children		Shares held under the names of other parties		Principal work experience and academic qualifications	Positions held concurrently in other companies	Managers who are spouses or within second-degree of kinship		Employee stock options obtained by the manager	Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Position	Name		
President	Republic of China	CHIANG, CHING-FENG	Male	2018.06.01	0	0.00%	0	0.00%	-	-	Department of Business Administration, Tunghai University Assistant Vice President of Chainqui Construction Development Co., Ltd.	Chairperson of Chain Hung Apartment Building Management and Maintenance Co., Ltd	-	-		
Finance manager	Republic of China	HUNG HSIAO-HUI	Female	2012.07.02	13,621	0.01%	0	0.00%	-	-	Department of Accountancy, Cheng Kung University Assistant Manager of Chainqui Construction Development Co., Ltd.		-	-		
Accounting manager	Republic of China	WANG TENG-HSIEH	Female	2019.01.14	3	0.00%	0	0.00%	-	-	Department of Accounting, Taipei College of Business Assistant Manager of Chainqui Construction Development Co., Ltd.		-	-		

Note 1: Information on the president, vice presidents, deputy vice presidents, and the supervisors of all the divisions and branch units, and any position equivalent to that of president, vice president, deputy vice president, regardless of the title, shall all be disclosed.

Note 2: Experience relevant to the current position; if someone held a position at an accounting firm of a certified public accountant or at an affiliated enterprise in the aforesaid period, the name and position of the person shall be disclosed.

III. Remuneration paid to directors, supervisors, president and vice presidents in the most recent year:

(1) Remuneration paid to ordinary directors and independent directors

Position	Name	Remuneration to directors						Remuneration for concurrently serving as employee				Summation of A, B, C, D, E, F, and G as % of income after tax (Note 1)		Remuneration from non-consolidated affiliates or parent company								
		Remuneration (A)		Pensions (B)		Remuneration to directors (C)		Expenses related to business execution (D)		Summation of A, B, C, and D as % of income after tax		Salary, bonuses, and allowances (E)			Pensions (F)		Employee remuneration (G) (Note 1)					
		The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports		The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports				
Chairperson	Yen Reed Investment Representative LEE, YUNG-I	7,565	-	3,013	-	3,013	-	-	1,297%	-	-	-	-	-	-	-	-	1.297%	-	-	-	1.297%
Director	Yen Reed Investment Representative LIAO, SHUEN-HSIN	100	-	1,205	-	1,205	-	4,986	5.402%	-	-	-	-	-	-	-	-	5.402%	-	-	-	5.402%
Director	Chain Da Investment Representative LEE, LONG-KWANG	100	-	2,410	-	2,410	-	1,280	0.594%	-	-	-	-	-	-	-	-	0.519%	-	-	-	0.594%
Director	Global Industrial Representative: CHIANG, CHING-FENG	100	-	1,205	-	1,205	-	80	0.077%	-	-	-	-	-	-	-	-	0.077%	-	-	-	1.037%
Director	CiYun International Representative: YANG, JUNG-CHUNG	100	-	1,205	-	1,205	-	1,064	0.501%	-	-	-	-	-	-	-	-	0.519%	-	-	-	1.037%
Director	CiYun International Representative: CHEN, MING-ZHI	700	-	-	-	-	-	20	0.009%	-	-	-	-	-	-	-	-	0.009%	-	-	-	1.037%
Independent Director	CHOU, CHE-NAN	700	-	-	-	-	-	90	0.340%	-	-	-	-	-	-	-	-	0.340%	-	-	-	1.037%
Independent Director	LIN, LI-YUN	700	-	-	-	-	-	100	0.344%	-	-	-	-	-	-	-	-	0.344%	-	-	-	1.037%

* Other than disclosure in the above table, director remunerations in the most recent year earned by providing services to any companies listed in the financial reports (e.g. providing consulting services as a non-employee): 0

Note 1: The net income after tax refers to the net income after tax for the most recent year (2020), which was \$232,341 thousand for the Company.

Note 2: The actual payment of pensions was \$0.

Note 3: There were two drivers, and the wages were \$1,416 thousand.

Remuneration bracket

Brackets of remuneration paid to all the Company's directors	Names of directors			
	Total remuneration of the above four items (A+B+C+D)		Total remuneration of the above seven items (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial reports (G)	The Company	All companies listed in the financial reports (H)
Less than \$1,000,000	5 LEE, LONG-KWANG, YANG, JUNG-CHUNG, CHEN, MING-ZHI CHOU, CHE-NAN, LIN, LI-YUN	4 YANG, JUNG-CHUNG, CHEN, MING-ZHI CHOU, CHE-NAN, LIN, LI-YUN	5 LEE, LONG-KWANG, YANG, JUNG-CHUNG, CHEN, MING-ZHI CHOU, CHE-NAN, LIN, LI-YUN	4 YANG, JUNG-CHUNG, CHEN, MING-ZHI CHOU, CHE-NAN, LIN, LI-YUN
\$1,000,000 (inclusive) ~ \$2,000,000 (exclusive)	4 Global Industrial, Ci Yun International CHIANG, CHING-FENG, LIAO, SHUEN-HSIN	4 Global Industrial, Ci Yun International CHIANG, CHING-FENG, LIAO, SHUEN-HSIN	3 Global Industrial, Ci Yun International LIAO, SHUEN-HSIN	3 Global Industrial, Ci Yun International LIAO, SHUEN-HSIN
\$2,000,000 (inclusive) ~ \$3,500,000 (exclusive)	1 Chain Da Investment	1 Chain Da Investment	1 Chain Da Investment	1 Chain Da Investment
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)	1 Yen Reed Investment	1 Yen Reed Investment	2 Yen Reed Investment, CHIANG, CHING-FENG	2 Yen Reed Investment, CHIANG, CHING-FENG
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	0	1 LEE, LONG-KWANG	0	1 LEE, LONG-KWANG
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	1 LEE, YUNG-I	1 LEE, YUNG-I	1 LEE, YUNG-I	1 LEE, YUNG-I
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	0	0	0	0
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	0	0	0	0
\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	0	0	0	0
\$100,000,000 (inclusive) or more	0	0	0	0
Total	12	12	12	12

(2) Remuneration to supervisors

Position	Name	Remuneration to supervisors						Summation of A, B and C as % of income after tax		Remuneration from non-consolidated affiliates or parent company
		Remuneration (A)		Remuneration (B)		Expenses related to business execution (C)		The Company	All the companies listed in the financial reports	
		The Company	All the companies listed in the financial reports	The Company	All the companies listed in the financial reports	The Company	All the companies listed in the financial reports			
Supervisor	LEE, HUI-CHUN	100	100	1,205	1,205	70	70	0.592%	0.592%	None
Supervisor	Shang Ying Investment Ltd. Representative: LEE, RUI-SHAN	-	-	1,205	1,205	-	-	0.519%	0.519%	None
		100	100	-	-	80	80	0.077%	0.077%	None

Remuneration bracket

Brackets of remuneration paid to all the Company's supervisors	Name of supervisor	
	The Company	All companies listed in the financial reports (D)
Less than \$1,000,000	1 LEE, RUI-SHAN	1 LEE, RUI-SHAN
\$1,000,000 (inclusive) ~ \$2,000,000 (exclusive)	2 LEE, HUI-CHUN, Shangying Investment Co.	2 LEE, HUI-CHUN, Shangying Investment Co.
\$2,000,000 (inclusive) ~ \$3,500,000 (exclusive)	0	0
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)	0	0
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	0	0
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	0	0
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	0	0
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	0	0
\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	0	0
\$100,000,000 (inclusive) or more	0	0
Total	3	3

(3) Remuneration to president and vice president (with the names indicated for each remuneration range)

Position	Name	Salary (A)		Pensions (B)		Bonus and special allowances (C)		Employee amount (D)				Summation of A, B, C, and D as % of income after tax		Remuneration from non-consolidated affiliates or parent company	
		The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	Cash amount	Stock amount	Cash amount	Stock amount		The Company
President	CHIANG, CHING-FENG	2,875	2,875	-	-	549	549	299	-	299	-	-	1.602%	1.602%	None

Remuneration bracket

Bracket regarding the remuneration paid to all the Company's president and vice presidents	Names of president and vice presidents	
	The Company	All companies listed in the financial reports E
Less than \$1,000,000	0	0
\$1,000,000 (inclusive) ~ \$2,000,000 (exclusive)	0	0
\$2,000,000 (inclusive) ~ \$3,500,000 (exclusive)	0	0
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)	1 CHIANG, CHING-FENG	1 CHIANG, CHING-FENG
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	0	0
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	0	0
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	0	0
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	0	0
\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	0	0
\$100,000,000 or more	0	0
Total	1	1

Names of managers receiving remuneration to employees and allocation status

April 9, 2021

	Position	Name	Stock amount	Cash amount	Total	Ratio of total amount as % to income after tax(%)
Vice presidents	President	CHIANG, CHING-FENG				
	Manager of finance department	HUNG HSIAO-HUI	-	487	487	0.21%
	Manager of accounting department	WANG TENG-HSIEH				

(4) Remuneration of the top five highest paid managers of a listed company

Position	Name	Salary (A)		Pensions (B)		Bonus and special allowances (C)		Employee amount (D)				Summation of A, B, C, and D as % of income after tax		Remuneration from non-consolidated affiliates or parent company
		The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	Cash amount	Stock amount	Cash amount	Stock amount	The Company	
President	CHIANG, CHING-FENG	2,875	2,875	-	-	549	549	299	-	299	-	1.602%	1.602%	None
Finance manager	HUNG HSIAO-HUI	959	959	-	-	30	30	99	-	99	-	0.468%	0.468%	None
Accounting manager	WANG TENG-HSIEH	859	859	-	-	-	-	89	-	89	-	0.408%	0.408%	None

4. The total remuneration, as a percentage of net income stated in the parent company only financial reports, as paid by the Company and by every other company included in the consolidated financial statements during the past two years to directors, supervisors, president, and vice presidents, and an analysis and description of the remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) Analysis of ratio of the total remuneration, as paid by the Company and by each other company included in the consolidated financial statements during the past two years to directors, supervisors, president, and vice presidents, to net income after tax:

Item	Ratio of total remuneration to net income after tax (%)					
	2019			2020		
	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports	The Company	All of the companies listed in the financial reports
Position						
Director	7.96%	8.74%	11.22%	14.54%	+3.26%	+5.8%
Supervisors	1.06%	1.06%	1.18%	1.18%	+0.12%	+0.12%
President and vice presidents	0.78%	0.78%	1.60%	1.60%	+0.82%	+0.82%

(2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance:

- A. The remuneration to the directors and supervisors of the Company is in accordance with the Company's "Regulations Governing the Payment of Remuneration to Directors and Supervisors" and Article 24 of the Articles of Incorporation, which provides for the distribution of earnings. The Company shall distribute no more than 5% of its current year's earnings to its directors and supervisors and may pay transportation allowance according to the number of meetings attended by directors; independent directors may receive fixed monthly compensation, but they shall not participate in the distribution of director's remuneration.
- B. The remuneration paid by the Company to the president and vice presidents for the last two years is divided into salary, bonuses and employee remuneration from the earnings distribution. Salaries and bonuses are evaluated based on the degree of their participation in the Company's operations, the value of their contributions and the performance assessment, and it will be processed in accordance with the relevant provisions of the personnel regulations. The remuneration from earnings distribution to employees shall be made by the remuneration committee in accordance with the status of earnings for the year and Article 24 of the Company's Articles of Incorporation. The remuneration to employees shall be distributed at a rate of not less than 1% of the profit for the year, and shall be approved by the shareholder meeting after being submitted to the board of directors for resolution.
- C. The remuneration to directors, supervisors, president and vice presidents is based on the overall consideration on their participation in the Company's operations and the performance assessment, including their implementation of the Company's core values and operational management capabilities, financial and business performance, and other special contributions, as well as on the consideration of future operating risks and development prospects of the industry. The Company's operating performance and the future development of the industry have been fully considered.

IV. State of the implementation of corporate governance

1. State of the operations of the board of directors:

Information on the operations of the board of directors

There were 8 (A) meetings of the board of directors in the most recent year, and the attendance of directors and supervisors was as follows:

Position	Name (Note1)	Actual attendance (in non-voting capacity) B	Attendance by proxy	Actual attendance (in non-voting capacity) rate (%) [B/A] (Note 2)	Remarks
Chairperson	Representative of Yen Reed Investment: LEE, YUNG-I	8	-	100	Re-elected on 2018-06-22
Director	Representative of Yen Reed Investment: LIAO, SHUEN-HSIN	8	-	100	Re-elected on 2018-06-22
Director	Chain Da Investment Representative: LEE, LONG-KWANG	8	-	100	Re-elected on 2018-06-22
Director	Global Industrial Representative: CHIANG, CHING-FENG	8	-	100	Appointed and reelected on June 22, 2018
Director	Ci Yun International Representative: YANG, JUNG-CHUNG	4	-	80	Dismissed on September 9, 2020
Director	Ci Yun International Representative: CHEN, MING-ZHI	2	-	67	Appointed on September 1, 2020
Independent Director	CHOU, CHE-NAN	7	-	87	Re-elected on 2018-06-22
Independent Director	LIN, LI-YUN	8	-	100	Re-elected on 2018-06-22
Supervisors	LEE, HUI-CHUN	7	-	87	Re-elected on 2018-06-22
Supervisors	Shang Ying Investment Ltd. Representative: LEE, RUI-SHAN	8	-	100	Re-elected on 2018-06-22

Other matters to be recorded:

I. In the event of either of the following situations, dates, sessions, contents of resolutions of the board of directors, opinions from all independent directors, and the Company's responses to their opinions shall be noted:

(I) Matters listed by Article 14-3 of the Securities and Exchange Act:

Board meeting date	Session	Agenda and resolutions
2020.3.16	10th meeting of the 19th board	Joint guarantee to 100% owned subsidiary CHAINQUI HOLDING CO.,LTD to extend its credit facilities: approved as proposed
2020.11.9	16th meeting of the 19th board	Amendment of the sections on financing cycles; property, plant and equipment cycles; and wage cycles in the Company's Internal Control System and Detailed Implementation Rules on Internal Audits: approved as proposed

(II) In addition to the previous matters, other instances where an independent director expressed objections or reservations on record or through written opinions regarding proposals of the board of directors: None.

II. For avoidance of conflict of interest by directors, information including the directors' names, contents of the motions, reasons for avoidance, and participation in the voting shall be described: None.

III. TWSE/GTSM listed companies shall disclose information on the periodicity, duration, scope, method and content of the assessment of the self- (or peer) evaluation of the board of directors, and include the implementation of the evaluation of the board of directors.

Periodicity of evaluation	Period	Evaluation scope	Evaluation method	Evaluation content
Once per year	2020-01-01 ∫	Evaluation of the board of directors	Self-evaluation questionnaire of the board	Level of involvement in the Company's operations

	2020-12-31		of directors	Improvement of the quality of decision making of the board of director Composition and structure of the board of directors Election and continuing education of the directors Internal control
		Self-evaluation of the directors	Self-evaluation questionnaire of the directors	Grasp of the goals and mission of the Company Awareness of the duties of directors Level of involvement in the Company's operations Management of internal relationships and communication The director's professionalism and continuing education Internal control
		Evaluation of remuneration committee's performance	Self-evaluation questionnaire of the remuneration committee	Level of involvement in the Company's operations Awareness of the responsibilities of the audit committee Quality improvement of the decision making of the audit committee Composition of the audit committee and election of members Internal control
<p>2020 Result of Board Performance Assessments:</p> <p>The performance review on the board scored at 4.8 points, self-assessments by board members at 4.9 points, performance review on function committees at 4.83 points. The Company's board performance review for 2020 scored between 4 points (recognized) and 5 points (well-recognized). The score indicates that the board strongly acknowledged the achievements measured in most operational metrics and working of the board and function committees. This adheres with corporate governance requirements, effectively enhances the board's functioning and protects shareholders' equity. However, there was room for improvement regarding training and education of directors. Finance Department will from time to time provide information on relevant classes for the reference of directors.</p>				

IV. Objectives and implementation evaluation taken to strengthen the functionality of the board for the current and most recent year:

- The Company has established the Company's "Procedure for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for compliance. The attendance (in non-voting capacity) of directors and supervisors at board meetings is entered into the Market Observation Post System after each board meeting, and major resolutions of the meetings of the board of directors are disclosed on the Company's website.
- Members of the board of directors of the Company value diversity and have the knowledge, skills and education required for their duties. They regularly provide guidance and advice at meetings of the board of directors and maintain good communications with the management team to work together for the maximum benefit of shareholders. Directors who also serve as the Company's managers should not exceed one third of the board seats. To meet the requirement for the Company's operation model and development, board members should meet at least the following two criteria boards:
 - Basic conditions and values: sex, age, nationality and culture
 - Professional knowledge and competences: professional background (such as law, accounting, industry, finance, marketing and technology), professional skillsets and industry experience

Position	Name	Gender	Professional background	Business judgement	Operations management	Financial accounting analysis	Crisis management	Industry knowledge	International market knowledge.	Leadership abilities	Decision-making abilities
Director	LEE, YUNG-I	Male	Finance	V	V	V	V	V	V	V	V
	LIAO, SHUEN-HSIN	Male	Construction	V	V	*	V	V	V	V	V
	LEE, LONG-KWANG	Male	Business	V	V	*	V	V	V	V	V

	CHIANG, CHING-FENG	Male	Business management	V	V	*	V	V	V	V	V
	CHEN, MING-ZHI	Male	Financial accounting	V	V	V	V	V	V	V	V
Independent Director	CHOU, CHE-NAN	Male	Information	V	V	V	V	V	V	V	V
	LIN, LI-YUN	Female	Accounting	V	V	V	V	V	V	V	V
Supervisors	LEE, HUI-CHUN	Female	Business	V	V	V	V	V	V	V	V
	LEE, RUI-SHAN	Female	International Trade	V	V	V	V	V	V	*	*

* Means partially capable.

1. The Company has 7 directors, including 2 independent directors accounting for 29%, and the term of office of the independent directors is 6 years, of which 1 independent director is a woman accounting for 14% and has a financial accounting background in CPA firms; 1 executive director concurrently serves as president accounting for 20%, and the remaining 4 are non-executive directors; male directors account for 86% with an average age of 57.8 years old. The average age of all directors is 57.7 years old.
2. The board of directors is composed of members with extensive experience and expertise, such as in architecture, finance, marketing, management, etc., and their educational backgrounds include the finance department from Bentley College, USA; the graduate school of industrial planning from Chinese Culture University, the department of business administration from Tunghai University, and a double major in information management and economics from the University of Southern California, USA.

2. State of operations of the audit committee or the state of participation in board meetings by the supervisors:

State of participation in board meetings by the supervisors:

There were 8 (A) meetings of the board of directors in the most recent year, and the attendance in non-voting capacity was as follows:

Position	Name	Actual attendance in non-voting capacity (B)	Actual attendance in non-voting capacity rate (%) (B/A) (Note)	Remarks
Supervisors	LEE, HUI-CHUN	7	87	
Supervisors	Shang Ying Investment Ltd. Representative: LEE, RUI-SHAN	8	100	

Other matters to be recorded:

I. Composition and responsibilities of supervisors:

(I) Communication between supervisors and employees/shareholders: All the supervisors have the Company email accounts. When necessary, they can have two-way conversations with employees. Shareholders also communicate with supervisors at shareholders' meetings or via the Company.

(II) Communication between supervisors and internal audit managers and CPAs:

1. Audit managers submit audit reports each month and present audit results to supervisors/independent directors to communicate about implementation status.
2. In case of operational workflow defects identified by internal control but determined not to cause material abnormality in the Company's operations, emails will be sent to supervisors / independent directors at the end of each month regarding the functioning of audit operations and reports will be presented to board meetings. In event of material abnormality and operational disruptions, supervisors/ independent directors will be informed of the severity of matters and emergency meetings shall be convened for responses.

Date	Highlights of the communication	Results of the resolution
2020-01-06	Report on the implementation of the audit plan for the fourth quarter of 2019.	No objection was voiced and it was reported to the board of directors
2020-03-16	The report on the evaluation of the effectiveness of the internal control system of each department for 2020 was compiled, and the "Internal Control System Statement" was issued	After discussion at the board of directors meeting and approval by the resolution of all directors present at the meeting, it will be reported to the competent authorities.
2020-05-11	Report on the implementation of the audit plan for the first quarter of 2020.	No objection was voiced and it was reported to the board of directors
2020-08-12	Report on the implementation of the audit plan for the second quarter of 2020.	No objection was voiced and it was reported to the board of directors
2020-11-09	Report on the implementation of the audit plan and revision of the internal control system for the third quarter of 2020. Setting up the 2021 annual auditing plan.	After discussion at the board of directors meeting and approval by the resolution of all directors present at the meeting, it will be reported to the competent authorities.

3. The Company's CPAs report the results of the audit or review of the quarterly financial statements and other communications required by the relevant laws and regulations at each quarterly meeting of the board of directors. If there are any special circumstances, they will be reported to the supervisors immediately.

Date	Highlights of the communication	Suggestions and results
2020-03-16	The consolidated financial statements of the Company and its subsidiaries for 2019 and the parent company only financial statements of the Company for 2019.	No objection. The financial statements shall be submitted to the board of directors for discussion and shall be reported to the competent authorities after being approved by a resolution of all directors present at the meeting.
2020-05-11	The consolidated financial statements reviewed by certified public accountants for the second quarter of 2020	No objection. The financial statements shall be submitted to the board of directors for discussion and shall be reported to the competent authorities after being approved by a resolution of all directors present at the meeting.
2020-08-12	The financial reports of the Company and its subsidiaries for the first half of 2020.	No objection. The financial statements shall be submitted to the board of directors for discussion and shall be reported to the competent authorities after being approved by a resolution of all directors present at the meeting.
2020-11-09	The consolidated financial statements reviewed by certified public accountants for the third quarter of 2020	No objection. The financial statements shall be submitted to the board of directors for discussion

		and shall be reported to the competent authorities after being approved by a resolution of all directors present at the meeting.
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II. If a supervisor makes a statement at the meeting of the board of directors, the date and session of the board of directors' meeting, the content of the motion, the results of the board of directors' resolution and the Company's handling of the supervisor's statement shall be stated: None

3. Deviations between the status of the Company's corporate governance implementation and the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons:

Assessment item	Implementation status		Summary explanation	Deviation from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reason
	Y e s	N o		
I. Does the Company follow the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to establish and disclose its Corporate Governance Best Practice Principles?	✓		The Company follows the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to establish its "Corporate Governance Best Practice Principles" and has disclosed it on the Company's website.	None
II. The Company's shareholding structure and shareholders' equity				None
(I) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures?	✓		(I) The "Corporate Governance Best Practice Principles" provides for the protection of shareholders' rights and interests, and the Company has a spokesperson and a shareholder affairs unit to properly handle shareholders' suggestions or concerns.	
(II) Does the Company have a list of the substantial shareholders and the ultimate controlling parties of the substantial shareholders who actually control the Company?	✓		(II) Based on the shareholder list provided by the Company's stock service agent, the Company confirms the changes in shareholdings of directors, supervisors and other major shareholders on a monthly basis in order to keep track of their shareholdings.	
(III) Has the Company established risk management mechanisms and firewalls between itself and affiliated enterprises?	✓		(III) The Company has established regulations on the internal control system and the "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises", thereby establishing relevant risk controls and a firewall system.	
(IV) Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market?	✓		(IV) The Company has established the Procedures for the Prevention of Insider Trading and the Procedures for Ethical Management and Guidelines for Conduct, which prohibit insiders from trading marketable securities using unpublished information in the market.	

<p>III. Composition and responsibilities of the board of directors</p>			
<p>(I) Has the Company established a diversification policy for the composition of its board of directors and has it been implemented accordingly?</p>	✓	<p>(I) The Company's "Corporate Governance Best Practice Principles" and "Procedures for Election of Directors" stipulate that the composition of the board of directors should take diversified backgrounds into account and emphasize professional competence and experience.</p>	None
<p>(II) Has the Company voluntarily established other functional committees besides the remuneration committee and audit committee in accordance with the law?</p>	✓	<p>Currently, there are seven board members, including two independent directors (or 29%). The reelection in 2021 will add another independent director. The board composition will be more diverse and younger, by reaching out for suitable candidates with backgrounds in finance and economics and an international outlook. (Please refer the information on the diversity of the board of directors)</p>	It will be implemented in accordance with laws and regulations.
<p>(III) Has the Company established methodology for evaluating the performance of the board of directors on a regular annual basis, reporting the results of performance to the board of directors, and using the results as reference for directors' remuneration and renewal?</p>	✓	<p>(II) The Company has no plans to set up anything at the moment.</p>	None
<p>(III) Has the Company established methodology for evaluating the performance of the board of directors on a regular annual basis, reporting the results of performance to the board of directors, and using the results as reference for directors' remuneration and renewal?</p>	✓	<p>(III) The Company formulated on March 16, 2020 the Regulations Governing Self-Assessments or Peer Reviews of the Board of Directors. Starting in 2020, an internal performance review will be conducted once a year and an external assessment will be performed once every three years. The assessment results were submitted to the board on March 16, 2021, as a reference to nomination for reelection. (Please refer to page 17)</p>	None
<p>(IV) Does the Company regularly evaluate the independence of the CPAs?</p>	✓	<p>(IV) The accounting department of the Company evaluates the independence of the CPAs once a year, and the results were submitted to the board of directors for approval on November 9, 2020. The Company and the certified public accountants were assessed to have no financial interest, financing or warranty relationship other than the fees for audit and tax matters, and the "Statement of Independence of Certified Public Accountants" was obtained. The CPAs met the Company's independence evaluation criteria and are qualified to serve as the Company's external auditors.</p>	None
<p>IV. Does the listed company appoint competent and appropriate corporate governance personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors and supervisors in legal compliance, handling matters related to board meetings and shareholder meetings according to law, and taking minutes of board meetings and shareholder meetings)?</p>	✓	<p>(IV) The Company plans to establish Corporate Governance Officer in May 2021 by appointing Finance Manager HUNG HSIAO-HUI as Corporate Governance Officer to carry out matters in relation to corporate governance. Currently, dedicated financial personnel is responsible for matters in relation to board meetings and shareholders' meetings, as well as company registrations and change of registrations.</p>	It will be implemented in accordance with laws and regulations.
<p>V. Has the Company established a means of</p>	✓	<p>The Company has set up a customer service and stakeholder section on its website for investors,</p>	None

<p>communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a stakeholders section on the Company's website? Does the Company respond to stakeholders' questions on corporate social responsibility?</p>		<p>employees, customers, and suppliers. They can call, email, fax or come to the office in person, and each has a communication channel to respond to important issues that they are concerned about.</p>	
<p>VI. Has the Company appointed a professional stock service agent for its shareholder meetings?</p>	<p>✓</p>	<p>The Company's stock service agent is "Capital Securities Corp"</p>	<p>None</p>
<p>VII. Disclosure of information (I) Has the Company set up a website to disclose its financial operations and corporate governance information? (II) Has the Company adopted other measures for disclosing information (such as an English website, a designated person responsible for the collection and disclosure of information, implementation of a spokesperson system, webcasting investors conferences, etc.)? (III) Does the Company announce and report the first, second, and third quarter financial statements as well as the operating status of each month within two months after the end of the fiscal year?</p>	<p>✓ ✓ ✓</p>	<p>(I) The Company's address is: http://www.gtg.com.tw, which has an investor section to disclose information about financial reports, operations and corporate governance. (II) The Company has appointed a spokesperson and proxy spokespersons to speak on behalf of the Company to the public, and has assigned dedicated personnel to collect and disclose information to finances and investor conferences on the Company's website and the Market Observation Post System. (III) The Company has completed the announcement and reported financial reports and monthly operations as required by law.</p>	<p>None</p>
<p>VIII. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to the interests and rights of employees, care for employees, relations with investors, suppliers and interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?</p>	<p>✓</p>	<p>(1) The Company cares a lot about the lives and welfare of its employees. In addition to setting reasonable salaries and wages, the Company has also established rules for the distribution of year-end performance bonuses and employee bonuses, which provide rewards and bonuses based on annual operating performance. In terms of employee welfare, the Company has group insurance, provides winter and summer uniforms, and holds employee dinners from time to time to create bonds. The Company's employee welfare committee not only organizes domestic and overseas trips from time to time every year, but also gives out gifts during annual festivals, and provides subsidies or condolences for weddings, funerals, etc. The welfare system is excellent and employees can live stable lives. The Company has harmonious labor relations, and the employees and employers are working together for common prosperity. Furthermore, the Company's personnel management regulations and work manuals are based on the Labor Standards Act, and many of the provisions are more beneficial than the scope of the Act, and they are approved and recorded by the competent authority, so that all employees can comply with them as a whole. (2) Relationships with investors: The Company regularly announces various financial data and information. A barrier-free communication channel with investors has been set up through</p>	<p>None</p>

		<p>a spokesperson, and an investor section has been set up on the Company's website where investors can also communicate with the Company by phone, email, fax or visiting in person.</p> <p>(3) Relationships with suppliers: The Company conducts supplier satisfaction surveys from time to time to ensure the quality of supplies, and maintains harmonious relationships with suppliers; there are no defaults on any payments.</p> <p>(4) Rights of stakeholders: The Company complies with the relevant government regulations to protect the rights of stakeholders and has set up a stakeholder section on the Company's website and a contact email managed by dedicated staff to respond appropriately on all issues of concern to stakeholders.</p> <p>(5) Continuing education of directors: None.</p> <p>(6) Implementation of the execution of risk management policies and risk measuring standards: The Company's management not only regularly discloses and reports relevant information in accordance with the relevant laws and regulations, but also reviews the financial structure at any time to avoid excessive financial risks. In terms of internal control, auditors are set up to conduct regular and irregular audits on the Company's internal control system and make reports on them.</p> <p>(7) Implementation of customer policies: In order to implement the business procedures before, during and after each customer buys a home, the Company has established relevant operating procedures for sales and customer service. A customer service hotline and dedicated staff are available to handle customer service related issues.</p> <p>(8) The Company takes out liability insurance for its directors, supervisors and key managers every year and reports such insurance at the board of directors' meeting.</p>	
<p>IX. Please explain improvements made pursuant to the Taiwan Stock Exchange Corporation Corporate Governance Center's corporate governance assessment results issued in the most recent year, and explain any matters and measures to be strengthened as a first priority in areas where improvements have not yet been made.</p> <p>(I) Status of improvements already made:</p> <ol style="list-style-type: none"> 1. The dividends for 2020 are scheduled for distribution within 30 days after the ex-dividend date. 2. Starting in 2020, performance reviews will be conducted once a year on the board, individual directors, and function committees. 3. The implementation of board diversity is disclosed in annual reports and the Company's website. 4. Communication of the Company's independent directors with internal audit managers and external accountants is disclosed on the Company's website. <p>(II) Prioritized enhancements and measures.</p> <ol style="list-style-type: none"> 1. Offering of shareholders' meeting manuals and annual reports in English language 2. Deployment of English-language pages on the Company's website to provide business related information 3. Deployment of a dedicated corporate governance unit and Corporate Governance Officer 			

4.If the Company has a remuneration committee, its composition, duties and operations shall be disclosed:

(1) Information on the remuneration committee members

Identity (Note 1)	Name	Condition	Having at least five years of work experience and the following professional qualifications		Status of conformity with independence (Note 2)										Number of other public entities in which the committee member is also a committee member	Remarks (Note 3)	
			An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business	Having work experience in the field of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9			10
Independent Director	LIN, LI-YUN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Others	WANG, WEN-HSIAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Independent Director	CHOU, CHE-NAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

Note 1: Please indicate whether they are a director, independent director or other.

Note 2: For each member who has met the following criteria during the two years prior to and during their term of office, please tick “✓” in the space below each criteria code.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the Company or its affiliated companies (however, this does not apply to independent directors appointed in accordance with the laws of the local country by, and concurrently serving as such at, a company or its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
- (4) Not a manager listed in (1), a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of an employee listed in the preceding three paragraphs (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks among the top five in shareholdings, or has designated its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act (however, this does not apply to independent directors appointed in accordance with the laws of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent).
- (6) Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person (The same does not apply, however, to independent directors set up by the Company or its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (8) Not a director, supervisor, or manager, or shareholder holding at least 5% of shares of a specific company or institution that is financially or commercially related to the Company (The same does not apply, however, if the said specific company or institution holds at least 20% yet less than 50% of the circulating shares of the Company and to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the two most recent years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. However, this does not apply to members of the remuneration committee, tender offer review committee, or special committees for mergers and acquisitions which exercise authority under the Securities and Exchange Act and the Business Mergers And Acquisitions Act.
- (10) None of the circumstances described in each subparagraphs of Article 30 of the Company Act.

Note 3: If the member is a director, please state whether they meet the requirements of Article 6, Paragraph 5 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”.

(2) Information on the operation of the remuneration committee

I. There are three members on the remuneration committee of the Company.

II. The term of office of the current members: June 22, 2018, to June 21, 2021. There were 4 meetings held by the remuneration committee in the most recent year (A), and the qualifications and attendance of the members are as follows:

Position	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	LIN, LI-YUN	2	-	100	
Committee member	WANG, WEN-HSIAN	2	-	100	
Committee member	CHOU, CHE-NAN	2	-	100	

Other matters to be recorded:

1. Major resolutions of meetings of the remuneration committee in 2020:

Meeting date	Term	Contents and results of proposals	The Company's treatment of the remuneration committee's opinion
2020-03-05	4th term 6th meeting	1. Approval for the appropriation of the Company's 2019 remuneration for employees, directors and supervisors. 2. Approval for the retirement of the construction business division's vice president.	Approved by the board of directors with the consent of all directors present at the meeting
2020-07-30	4th term 7th meeting	Approval for the appropriation of the Company's 2019 remuneration for directors and supervisors.	Approved by the board of directors with the consent of all directors present at the meeting

5. Status of fulfilling social responsibility: In addition to maintaining regular operations and maximizing the interests of shareholders, the Company has established the Chainqui Construction Education and Culture Foundation to actively participate in environmental protection, community involvement, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility issues.

Status of fulfilling social responsibility

Assessment item	Implementation status		Summary explanation	Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Ye s	N o		
I. Has the Company formulated relevant risk management policies or strategies, based on the materiality principle, to assess risks pertaining to the environment, social and governance issues pertinent to the Company’s operations? (Note 3)	✓		The Company’s top-level risk management unit is the board of directors. The Company’s Practical Guides on Governance and Practical Guides on Corporate Social Responsibility have been put in place, for strategies pertinent to risk management. The Company’s business philosophy and corporate social responsibility are regularly advocated at monthly and other meetings.	No material difference
II. Has the Company established a full-time (part-time) unit driving corporate social responsibility and has the board authorized senior management for handling and reporting updates to the board?		✓	The Company has yet to set up a full-time (part-time) corporate social responsibility unit.	It will be implemented in accordance with laws and regulations.
III. Environmental issues				
(I) Has the Company established an environment management system suitable to the characteristics of the industry it operates in?	✓		(I) The company is committed to "green building" planning and design for all the construction projects. In order to conserve energy and reduce carbon and resources for subsequent use and maintenance, the Company uses environmentally friendly and energy-saving building materials and construction methods, such as low-e glass for exterior wall, self-cleaning titanium oxide tiles, and hollow-core roof slab. The company strives to reduce every construction project’s material consumption and waste to reduce the impact on the environment	No material difference
(II) Has the Company strived to enhance utilization efficiency of resources and use recycled materials with a lower environmental impact?	✓		(II) The Company strives to digitalize operational procedures to save paper consumption. Two-sided photocopying and paper recycling/reuse are encouraged. Construction wastes and general wastes are separated for processing. Wastes are classified for recycling, in order to reduce environmental pollutions and impacts.	
(III) Has the Company assessed its potential risks and opportunities now and the future regarding climate change, and adopted responding measures in climate change issues?	✓		(III) The Company’s property development projects are strategically designed to respond to climate change and environmental factors. To mitigate the effects of climate change, the Company seeks to promote the green environment and energy efficiency as advocated by the government.	
(IV) Has the Company tallied its greenhouse gas emissions, water consumption and waste emissions during the past two years, and formulated policies in energy	✓		(IV) The Company adjusts air-conditioning hours and temperatures on a timely basis for the offices. Air-conditioners are periodically cleaned and maintained. In 2020, a total of 200 fluorescent lights in the offices were replaced with energy-efficient LED panels, to save 21,000	

<p>efficiency, carbon and greenhouse gas emissions reduction, water consumption efficiency or waste management?</p> <p>(V) In the Company's contracts with main suppliers, is there a clause that allows the Company to terminate or cancel the contract at any time if the supplier breaches its corporate social responsibility policy and such breach has significant influence on the environment and the society?</p>	<p>✓</p>		<p>kilowatt hours per annum and 11 tons of carbon emissions. This is to reduce greenhouse gas emissions and pursue corporate sustainability.</p> <p>(V)The Company enters into contracts with main suppliers according to laws and regulations and may terminate or cancel the contract anytime in event of breach of corporate social responsibility policies and significant influence on the environment and the society.</p>	
<p>IV. Social issues</p> <p>(I) Did the Company comply with relevant laws and regulations, and the International Bill of Human Rights to formulate relevant management policies and procedures?</p> <p>(II) Has the Company formulated and implemented reasonable employee benefit policies (including wages, holidays and other benefits), and reflected operating performances or results in employees' wages?</p> <p>(III) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for them?</p> <p>(IV) Has the Company established an effective career development program for employees?</p> <p>(V) Has the Company observed relevant laws and international standards for products and services regarding the customers' health and safety, clients' privacy, marketing and labeling, and formulated policies and complaints procedures to protect the rights of consumers?</p> <p>(VI) Has the Company formulated a suppliers management policy by requiring suppliers to comply with the regulations governing environmental protection, occupational health and safety and workers and human rights?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company abides by all labor laws and respects international human right conventions. Work rules and relevant management guidelines are formulated to protect labor rights and legal right of employees.</p> <p>(II) The Company has established reasonable wages and benefits for employees. In addition to wages, the Company distributes remunerations to employees according to the Articles of Incorporation. Year-end bonuses are issued depending on operating performances of the year and performances of individual employees. Promotions or raises are given to best performing colleagues. Please refer to Labor Relations on page 36 for details.</p> <p>(III) The Company has set up a medical kit in the offices. Health checks were arranged for employees from March to June 2019, to remind employees to keep an eye on their own health. The Company organizes fire protection maintenance, drills or inspections for office buildings once a year. The air conditioner is maintained once a season. No smoking in the offices. Furthermore, the office environment is regularly cleaned and disinfected in order to provide a safe and healthy working environment for employees.</p> <p>(IV) The Company provides internal and external training and education based on annual training and education plans. Employees participate in external training programs, according to individual business requirements, to enhance competences and career developments.</p> <p>(V) The Company's products and services are rendered in adherence with standard form contracts published by the Executive Yuan and relevant regulations. There are a customer care hotline, dedicated personnel and an email address to handle consumer complaints and protect consumer rights in a fair and timely manner.</p> <p>(VI) The Company deals with main suppliers according to laws and regulations. Contract clauses contain relevant elements of the Occupational Safety and Health Act. It is not allowed to hire illegal labor or infringe intellectual properties. In case of breach or unsuitability on the supplier's part, the contract may be terminated or canceled anytime.</p>	<p>No material difference</p>

V. Has the Company prepared corporate social responsibility reports to disclose non-financial information with reference to internationally accepted principles or guidelines? Have the aforesaid reports obtained the certification or guarantee from third party verification organizations?		✓	V. The Company currently does not have plans for corporate social responsibility or corporate social responsibility reports.	It will be implemented in accordance with laws and regulations.
VI. Other important information to help understand the operation of corporate social responsibility:				
<ol style="list-style-type: none"> 1. The Company has donated \$10,000 per month for ten years to the scholarship fund for GUO, JUI-ZE, the son of departed commander GUO, EN-SHU of the fire department of the Taipei City Government. 2. The Company has donated to the Taishin International Bank Charitable Foundation for the 10th "Power of Love" activity to assist various small and medium-sized organizations in Taiwan to organize related social welfare activities. 3. Donations were made to the Hualien Mennonite Foundation, Charity of Taitung Christian Hospital, Taipei Pearl S. Buck Foundation, Chinese Taipei Volleyball Association and other social welfare organizations to provide care services for disadvantaged elderly people and families in rural areas, to provide home care services, and to fund cultural, educational and sports training for students in remote areas. 				
VII. If the Company's corporate social responsibility report has passed the verification standards of relevant verification organizations, it shall be stated clearly: None.				

6. Practices and actions taken by the Company for ethical corporate management:

Difference and the reason for such a difference between the fulfilment of ethical operations and the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Assessment item	Implementation status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary explanation	
I. Establishment of Ethical Corporate Management Policies and Programs				
(I) Did the Company formulate business ethics policies, approved by the board, and disclose its policy and practice of business ethics in charters and documents to external parties? Have the board and senior management proactively implemented these policies?	✓		(I) The Company has formulated and the board has approved the Principles of Ethical Businesses and Code of Moral Conduct. These are disclosed on the Company's website and the Market Observation Post System, so that the board, management and employees can implement and comply.	None
(II) Did the Company establish a risk assessment mechanism for unethical behaviors, conduct regular analysis and evaluation of the operating activities within the scope of business and with a higher level of risks for unethical behaviors, and refer to the findings for the structuring of action plans for prevention of unethical behaviors, by covering at least the preventive measures described in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(II) The Company has established an effective accounting system and internal control system for operating activities exposed to high risks of unethical behavior. Audit Office and external accountants regularly inspect the internal and operating activities. It is prohibited to act illegally such as bribery giving or acceptance, illegal political donations or trade secret infringements. A whistleblowing system has been put in place to prevent dishonest behavior.	None
(III) Did the company establish policies to prevent unethical conduct with clear	✓		(III) The Company has formulated "Procedures for Ethical Management and Guidelines for Conduct". These	None

statements regarding relevant procedures, guidelines for conduct, punishment for violation, rules of appeal, and implement the policies with commitment?			procedures define unethical behavior, stipulate disciplinary measures for rule breaches, and establish a complaint system. Periodical reviews and modifications are made. A whistleblowing and complaint channel at the Company's website is provided to report any improper behavior.	
II. Implement Ethical Corporate Management				
(I) Did the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(I) The Company's contract signing with external parties is reviewed and executed by legal personnel, in order to enhance clauses on business ethics. Contracts may be terminated or canceled anytime in case of any unethical behavior.	None
(II) Did the Company established a dedicated (or part-time) unit under the board to advocate business ethics, and report to the board regularly (at least once a year) regarding the implementation and supervision of business ethics policies and prevention of unethical behaviors?	✓		(II) Audit Office under the board and Administration Department work together to promote business ethics. Periodical inspections and monitoring are performed on internal and business activities. Relevant operations and oversight initiatives are reported to the board once per annum.	None
(III) Did the company establish a policy to prevent conflict of interest and provide appropriate channels for disclosure. If so, are they implemented?	✓		(III) The Company's Ethical Corporate Management Best Practice Principles and Regulations Governing Procedure for Board of Directors Meetings specify the policy of conflict of interest — all relevant personnel shall refrain from any conflict of interest with personal interests or those who may have an interest in the Company, and the Company shall establish channels for whistle-blowing and complaint to enforce their implementation.	None
(IV) Did the Company establish an effective accounting system and internal control system to implement business ethics, formulate audit plans according to the results of risk assessments conducted by internal auditors on unethical behavior risks, and refer to these plans as the basis for inspection and prevention of unethical behaviors or as the basis for audits by external accountants?	✓		(IV) The Company has established an effective accounting system and internal control system. Based on risk assessments, Audit Office sets up the annual audit plan for inspections. Inspection results are reported to the board for follow-ups and improvements. Self-assessments by different departments and audits by external accountants are conducted once a year. A statement for internal control is issued accordingly.	None
(V) Did the company regularly hold internal and external educational training on operational integrity?	✓		(V) The Company advocates from time to time at monthly or internal meetings and provides internal training so that employees understand the importance of code of conduct and business ethics.	None
III. Implementation Status of the Whistle-blowing system of the Company				
(I) Has the Company established a specific whistle-blowing and reward system, and set up a channel to facilitate whistle-blowing, and assigned appropriate staffs to deal with the object of whistle-blowing?	✓		(I) The Company has established a whistle-blowing and complaint system and channels in the "Procedures for Ethical Management and Guidelines for Conduct" and assigned the audit office to be responsible for them. Whistle-blowing email address: audit@mail.gtg.com.tw	None
(II) Has the Company formulated standard procedures for investigating of whistleblowers' reports, follow-ups and relevant confidentiality mechanisms after the completion of investigations?	✓		(II) The Company has established mechanisms for handling whistle-blowing, investigation procedures, examination and confidentiality in the "Procedures for Ethical Management and Guidelines for Conduct".	None
(III) Does the company take measures to protect the whistleblowers from improper treatment as a result of the whistleblowing?	✓		(III) The Company clearly regulates the protection mechanism and shall not dismiss, transfer or give any other unfavorable discipline for any whistle-blowing or grievance.	None

<p>IV. Enhance disclosure of corporate social responsibility information</p> <p>(I) Did the company disclose the content and effectiveness of implementing its Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?</p>	<p>✓</p>	<p>The Company discloses the information related to the Ethical Corporate Management Best Practice Principles on the Company's website and the Market Observation Post System</p>	<p>None</p>
<p>V. If the Company has established its Ethical Corporate Management Best Practice Principles based on “the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the Principles and their implementation: the Company's board of directors approved the amendments to the Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, etc., and their operations do not differ materially from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>			
<p>VI. Other important information to help understand the Company's ethical corporate management: (e.g., the status of the review and amendment of the Company's Ethical Corporate Management Best Practice Principles).</p> <ol style="list-style-type: none"> 1. The Company's Ethical Corporate Management Best Practice Principles was partly amended by resolution of the Board of Directors on 3.16.2021. The Company shall establish a mechanism to assess the risk of dishonest acts and regularly analyze and evaluate the operating activities within the scope of business that have a higher risk of dishonest acts. 2. The company has a channel for whistle-blowing and complaints. Anyone with dishonest behavior could be reported or complained through the Internet, telephone or in writing. 3. The Company's Audit Office establishes an annual audit plan to regularly review the Company's internal operations and report the performance to the Board of Directors on a regular basis. 			

7. If the Company has formulated Corporate Governance Principles and related regulations, it shall disclose how to access them: There is a “Corporate Governance” subsection in the “Investor” section on the Company’s website for investors to inquire and download the regulations related to corporate governance.

8. Other important information that would enhance the understanding of corporate governance operations may be disclosed together: None.

9. Implementation of the Company's internal control system

(I) Statement on internal control

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Statement on the internal control system

Date: March 16, 2021

Based on the results of the self-assessment of the Company's internal control system for 2020, the statement is as follows:

- I. The Company recognizes that the establishment, implementation and maintenance of an internal control system is the responsibility of the board of directors and the management of the Company and that the Company has established such a system. The purpose is to reasonably ensure the effectiveness and efficiency of operations (including profits, performance and safeguarding of asset security), and that the reliability, timeliness, transparency, and regulatory compliance of reporting are achieved.
- II. Internal control has its inherent limitations. No matter how well it is designed, an effective system of internal control can only provide reasonable assurance that the above three objectives are achieved; moreover, the effectiveness of the internal control system may change as circumstances and conditions change. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will correct it immediately.
- III. The Company determines the effectiveness of the design and implementation of the internal control system based on the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of the internal control system in the "Regulations" are based on the process of management control, dividing the internal control system into five constituent components: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. monitoring activities. Each constituent component also includes a number of items. Please refer to the "Regulations" for the aforementioned items.
- IV. The Company has adopted the above internal control system criteria to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Pursuant to the results of the above-mentioned evaluations, the Company is of the view that the design and implementation of its internal control system as of December 31, 2020 (including its supervision and management of subsidiaries), including its awareness of the extent by which the operating effects and efficiency goals are fulfilled, reliability of reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring that the aforementioned goals can be achieved.
- VI. This statement will be the main content of the Company's annual report and prospectus and will be made available to the public. If the above-mentioned public content has false or concealed illegalities, it will be subject to legal liability under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This statement was approved by the board of directors at the meeting held on March 16, 2021, and among the seven directors present at the meeting, none of them held an opposing view and all of them agreed to the contents of this statement.

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Chairperson: LEE, YUNG-I

President: CHIANG, CHING-FENG

(II) If a CPA has been appointed to audit the internal control system, the CPA's report shall be disclosed: None.

10. If there has been any legal penalty against the Company or its internal personnel or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system during the most recent year and up to the publication date of the annual report, the main shortcomings, and condition of improvement: None.

11. Major resolutions of the shareholder meeting or the board of directors meeting during the most recent year and up to the date of publication of the annual report.

(I) Resolutions of 2020 general shareholder meeting

Resolutions of the Company's general shareholder meeting held on June 9, 2020, and their execution status:

Major resolutions	Implementation status
Adoption of the 2019 financial reports and statements.	Announcement of resolutions in accordance with Article 230 of the Company Act.
Adoption of the 2019 earnings distribution statement.	September 2, 2020, was set as the ex-dividend date and September 30, 2020, was set as the cash dividend payment date, with a cash dividend of NT\$0.2 per share. September 30, 2020, was the issuance date of new stock for capital increase. Stock dividends of NT\$0.5 per share were distributed in accordance with the resolution of the board of directors.
Amendment of part of the Company's Articles of Incorporation.	The change of registration was approved by the competent authority on September 16, 2020, and executed in accordance with the revised operating procedures. .
Amendment to the Rules of Procedure for Shareholder Meetings of the Company	Executed as the revised operating procedures.
Issuance of new shares through conversion of surplus and additional paid-in capital for 2019.	September 30, 2020, was the issuance date of new stock for capital increase. Stock dividends of NT\$0.5 per share were distributed in accordance with the resolution of the general shareholder meeting.

(II) Major resolutions of meetings of the board of directors in 2020

1. Approval for the Company's 2020 operating budget (2020-01-06)
2. Approval for the Company's 2018 remuneration to employees and 2019 year-end bonuses (remuneration). (2020-01-06)
3. Approval to provide joint guarantee by the parent company to the Company's 100%-owned subsidiary Chainqui Holding Co.,Ltd., which extended the credit line. (2020-03-16)
4. Approval for the Company's 2019 internal control system self-assessment (2020-03-16)
5. Approval for amendment to the Company's "Rules of Procedure for Shareholder Meetings". (2020-03-16)
6. Approval for the amendments to the Company's "Articles of Incorporation". (2020-03-16)
7. Amendment to the Company's "Ethical Corporate Management Best Practice Principles" and the "Ethical Management and Guidelines for Conduct". (2020-03-16)
8. Approval for the Company's "Self-Evaluation or Peer Evaluation of the Board of Directors". (2020-03-16)
9. Approval for the Company's 2019 distribution of remuneration to employees, directors, and supervisors. (2020-03-16)
10. Approval of the retirement of CHI, JUNG-TSUN, Vice President, Construction Business Division. (2020-03-16)
11. Approval of matters related to the Company's 2020 general shareholder meeting. (2020-03-16)
12. Approval for the Company to implement the enhancements to the financial reporting capabilities of listed companies in accordance with official document Tai-Zheng-Shang-Yi-Zi No. 1080021452. (2020-03-16)
13. Approval to change the Company's depreciation method of property, plant and equipment and investment property from the depreciation-fixed percentage of diminishing value method to straight-line method starting from 2020. (2020-03-16)
14. Approval of the Company's 2019 financial reports and statements. (2020-03-16)
15. Approval of the Company's 2019 earnings distribution statement. (2020-03-16)
16. Approval for the Company's proposal to issue new shares through conversion of additional paid-in capital in 2019. (2020-03-16)
17. Approval for the Company's consolidated financial statements for the first quarter of 2020. (2020-05-11)
18. Approval for the development of seven joint construction projects including No. 583, 2nd Subsection,

- Chengzhong Section, Zhongzheng District, Taipei City. (2020-05-25)
19. Approval for the development of 6 joint construction projects at Nos. 474, 474-1, 474-2, 474-4, 478-7, and 479-1 on Zhongxiao Section, Xinzhuang District, New Taipei City (2020-06-30)
 20. Approval for the increase of investment in the US by the foreign subsidiary in the amount of US\$3 million. (2020-08-12)
 21. Approval for the distribution of remuneration to directors and supervisors of NT\$20,675,889 for 2019. (2020-08-12)
 22. Approval for the Company's ex-dividend date and other related matters. (2020-08-12)
 23. Approval for the Company's consolidated financial statements for the second quarter of 2020. (2020-08-12)
 24. Approval for the government-led urban renewal project for 28 lots (1 commercial and 3 residential, 5120 m2) at No. 61, 4th Subsection, Xinhai Section, Daan District, Taipei. (2020-10-29)
 25. Approval for the Company's "2021 Internal Audit Control System Plan". (2020-11-09)
 26. Approval for the Company's "Internal Control System" and the "Financing Cycle", "Property, Plant and Equipment Cycle" and "Payroll and Personnel Cycle" of the "Rules of Internal Auditing" (2020-11-09).
 27. Approval for the Company's periodic evaluation of the independence of the certified public accountants. (2020-11-09)
 28. Approval for the Company's consolidated financial statements for the third quarter of 2020. (2020-11-09)
- (III) Important resolutions of the board of directors in 2021 up to the date of publication of the annual report
1. Approval for the Company's 2021 operating budget. (2021-01-25)
 2. Approval for the new construction project contract for "Zhongxiao Section 474 and 6 other projects" in Xinzhuang District. (2021-01-25)
 3. Approval for the Company's 2019 remuneration to employees and 2020 year-end bonuses (remuneration). (2021-01-25)
 4. Approval for the Company's 2019 remuneration to employees and 2020 year-end bonuses (remuneration). (2021-01-25)
 5. Approval for the amendments to the Company's "Articles of Incorporation". (2021-03-16)
 6. Approval for the amendments to the Company's "Ethical Corporate Management Best Practice Principles". (2021-03-16)
 7. Approval for the amendments to the Company's "Procedures for Ethical Management and Guidelines for Conduct". (2021-03-16)
 8. Approval for the amendments to the Company's "Rules of Procedure for Shareholder Meetings". (2021-03-16)
 9. Approval for the amendments of the Company's "Procedures for Election of Directors" (2021-03-16)
 10. Approval for the amendments to the Company's "Audit Committee Charter". (2021-03-16)
 11. Approval for the amendments to the Company's "Loaning of Funds and Making of Endorsements/Guarantees". (2021-03-16)
 12. Approval for the amendment to the Company's "Acquisition and Disposal of Assets". (2021-03-16)
 13. Approval for the Company's 2020 distribution of remuneration to employees, directors, and supervisors. (2021-03-16)
 14. Approval of matters related to the Company's 2021 general shareholder meeting. (2021-03-16)
 15. Approval for the election of directors of the Company. (2021-03-16)
 16. Approval of the Company's 2020 financial reports and statements. (2021-03-16)

12. Where, during the most recent year and up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration: None.

13. A summary of resignations and dismissals during the most recent year and up to the date of publication of the annual report of the Company's chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Summary of resignations and dismissals of relevant persons of the Company
April 9, 2020

Position	Name	Start date	End date	Reasons for resignation or dismissal
None				

Note: The term “relevant persons of the Company” refers to the chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief research and development officer, etc.

V. Information on the Company’s audit fees

Information on the Company’s audit fees

Name of CPA firm	Name of CPA		Period covered by CPA’s audit	Remarks
KPMG Taiwan	CHEN, CHUNG-CHE	LAI, LI-CHEN	2020-01-01 – 2020-12-31	

Fee bracket		Fee items	Audit fee	Non-audit fee	Total
1	Less than \$2,000 thousand				
2	\$2,000 thousand (inclusive) ~ \$4,000 thousand		v		v
3	\$4,000 thousand (inclusive) ~ \$6,000 thousand				
4	\$6,000 thousand (inclusive) ~ \$8,000 thousand				
5	\$8,000 thousand (inclusive) ~ \$10,000 thousand				
6	\$100,000,000 (inclusive) or more				

- (I) When non-audit fees paid to the certified public accountants, to the accounting firm of the certified public accountant, and to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto: Not applicable.
- (II) When the Company changed its accounting firm and the audit fees paid for the year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.
- (III) When the audit fees paid for the current year are lower than those for the previous year by 15 percent or more: Not applicable.
- (IV) Amount and nature of non-audit fees: None.

The Company’s regular evaluation of the external auditor’s independence:

Item	Assessment item	Compliant		
		Yes	No	N/A
1	There is no direct or material indirect financial interest with the client that affects the independence.	V		
2	The auditors have not served as directors or supervisors of the client and its affiliates, or held other positions that directly and materially affected the audit case, currently or within the last two years.	V		
3	There are no circumstances in which advocacy of the opinions of the client and the standpoint of its related parties could lead to doubts about the independence.	V		
4	There is no close relationships with the client and its related parties, directors, supervisors and managers that could be an excessive concern with or sympathy to the interests of the client.	V		
5	No intimidation from the client has been experienced or felt, which may lead to an inability to maintain objectivity and clarify professional skepticism.	V		
6	There were no non-audit services provided to the client from the beginning of the financial statement period of 2020 to the date of acceptance of the assignment that could affect the independence.	V		
7	There were no other circumstances that may affect the independence.	V		
(Conclusion) CPAs CHEN, CHUNG-CHE and LAI, LI-CHEN of KPMG Taiwan have both met the Company’s independence evaluation standards and are qualified to act as the Company’s certified public accountants				

VI. Information on replacement of certified public accountant: Not applicable.

VII. Where the Company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of the Company's certified public accountant or at an affiliated enterprise of such accounting firm:
None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent year and up to the date of publication of the annual report:

Changes in shareholding of directors, supervisors, managers and major shareholders

Position	Name	2020		As of April 9, 2021	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares held
Chairperson	Yen Reed Investment	616,860	0		0
	Representative: LEE, YUNG-I	476,163	1,000,000	0	3,800,000
	Representative: LIAO, SHUEN-HSIN	0	0	0	0
Director	Chain Da Investment	1,477,940	1,000,000	0	0
	Representative: LEE, LONG-KWANG	1,295,959	4,500,000	0	0
Director	Global Industrial	890,445	0	132,000	0
	Representative: CHIANG, CHING-FENG	0	0	0	0
Director	Ci Yun International	226,531	0	(350,000)	0
	Representative: CHEN, MING-ZHI	0	0	0	0
Independent Director	CHOU, CHE-NAN	0	0	0	0
Independent Director	LIN, LI-YUN	4,078	0	0	0
Supervisors	LEE, HUI-CHUN	184,070	0	0	0
Supervisors	Shang Ying Investment Ltd.	36,723	0	0	0
	Representative: LEE, RUI-SHAN	0	0	0	0
Major shareholders	Chain-I Investment	2,543,787	2,600,000	482,000	0
President	CHIANG, CHING-FENG	0	0	0	0
Finance manager	HUNG HSIAO-HUI	1,362	0	0	0
Accounting manager	WANG TENG-HSIEH	0	0	0	0

Transfer of shareholding

Name (Note1)	Reasons for share transfer (Note 2)	Transaction date	Trading counterparty	Relationship between the transaction counterparty and the Company, directors, supervisors, managers and shareholders holding more	Number of shares	Transaction price
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				than 10 percent of the shares		
No transfers with related parties.						

Note 1: Referring to the names of directors, supervisors, managers and shareholders holding more than 10% of the shares.

Note 2: Referring to acquisition or disposal.

Equity pledge information

Name (Note1)	Reasons for change of pledge (Note 2)	Date of change	Trading counterparty	Relationship between the transaction counterparty and the Company, directors, supervisors, managers and shareholders holding more than 10 percent of the shares	Number of shares	Share holding ratio	Pledge ratio	Pledge (redemption) amount
No pledging by related parties.								

Note 1: Referring to the names of directors, supervisors, managers and shareholders holding more than 10% of the shares.

Note 2: Referring to pledge or redemption

IX. Relationship information, if among the Company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Relationship information among the Company's ten largest shareholders

April 9, 2021; Unit: Shares

Name (Note 1)	Shares held by the party		Shares held by spouses and minor children		Shares held under the names of other parties		Names and relationship information, if among the Company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Chain-I Investment	28,463,661	12.46%	-	-	-	-	-	-	
Responsible Person: LEE, YUNG-I	5,237,796	2.33%	202,488	0.09%	-	-	LEE, LONG- KWANG	Father-son	
Chain chan Investment	21,447,410	9.55%	-	-	-	-	Chain Da Investment	Same responsible person	
							Global Industrial	Same responsible person	
Representative: LEE, LONG-KWANG	14,255,555	6.35%	342,884	0.15%	-	-	LEE, YUNG-I	Father-son	
Chain Da Investment	16,257,347	7.24%	-	-	-	-	Chain chan Investment	Same responsible person	
							Global Industrial	Same responsible person	
Representative: LEE, LONG-KWANG	14,255,555	6.35%	342,884	0.15%	-	-	LEE, YUNG-I	Father-son	
Yu Jing Construction Co., Ltd.	15,762,552	7.02%	-	-	-	-	-	-	
LEE, LONG-KWANG	14,255,555	6.35%	342,884	0.15%	-	-	LEE, YUNG-I	Father-son	
Global Industrial	9,926,897	4.42%	-	-	-	-	Chain Da Investment	Same responsible person	
							Chain chan Investment	Same responsible person	
Representative: CHIANG, CHING-FENG	-	-	-	-	-	-	-	-	
Yen Reed Investment	6,785,029	3.02%	-	-	-	-	-	-	
Representative: LEE, YUNG-I	5,237,796	2.33%	202,488	0.09%	-	-	LEE, LONG- KWANG	Father-son	
Representative: LIAO, SHUEN-HSIN	-	-	-	-	-	-	-	-	
LEE, YUNG-I	5,237,796	2.33%	202,488	0.09%	-	-	LEE, LONG- KWANG	Father-son	
WU, SHEN-HUANG	3,727,994	1.66%							
Yong Chen Investment Co., Ltd.	3,715,371	1.65%							

Note 1: The names of shareholders should be listed separately (juristic shareholders shall list the names of juristic shareholders and their representatives separately)

Note 2: The calculation of the percentage of shareholding shall be the total number of shares held by the holder in their own name, spouse or minor children, or in the name of others.

Note 3: The shareholder is an external party who is not a director or supervisor of the Company and no relevant information is available.

10. The shares and consolidated shareholding ratios of the same investees held by the Company, the Company's directors, supervisors, managers, and the entities under the Company's direct or indirect control :

Investee companies	The Company's investment		Investment by directors, supervisors, managers and entities directly or indirectly controlled by the Company		Comprehensive investment	
	Number of shares	Shares ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shares ratio (%)
Taiwan on Line Co., Ltd.	803,582	11.97	861,382	12.83	1,664,964	24.80

IV. Information on Capital Raising Activities

I. Capital and shares

(I) Source of capital

Year Month	Issued price (\$)	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (\$ thousand)	Number of shares (thousand shares)	Amount (\$ thousand)	Source of capital (\$ thousand)	Capital increased by assets other than cash	Others
January 2008	10	298,000,000	2,980,000,000	144,099,028	1,440,990,280	Capital increase of \$83,846,900 by conversion of corporate bonds January 1, 2008, Jing-Shou-Shang-Zi No. 09701012580	-	
April 2008	10	298,000,000	2,980,000,000	144,285,087	1,442,850,870	Capital increase of \$1,860,590 by conversion of corporate bonds. April 18, 2008, Jing-Shou-Shang-Zi No. 09701090550	-	
July 2008	10	298,000,000	2,980,000,000	144,293,004	1,442,930,040	Capital increase by \$79,170 by conversion of corporate bonds July 24, 2008, Jing-Shou-Shang-Zi No.09701185110	-	
July 2009	10	298,000,000	2,980,000,000	144,492,026	1,444,920,260	Capital increase of \$1,990,220 by conversion of corporate bonds July 17, 2009, Jing-Shou-Shang-Zi No.09801158460	-	
October 2009	10	298,000,000	2,980,000,000	144,604,902	1,446,049,020	Capital increase of \$1,128,760 by conversion of corporate bonds October 16, 2009, Jing-Shou-Shang-Zi No.09801239170	-	
January 2010	10	298,000,000	2,980,000,000	150,038,454	1,500,384,540	Capital increase of \$54,335,520 by conversion of corporate bonds January 20, 2010, Jing-Shou-Shang-Zi No.09901011790	-	
April 2010	10	298,000,000	2,980,000,000	151,572,571	1,515,725,710	Capital increase of \$15,341,170 by conversion of corporate bonds on April 20, 2010, Jing-Shou-Shang-Zi	-	-
July 2010	10	298,000,000	2,980,000,000	151,664,925	1,516,649,250	Capital increase by \$923,540 by conversion of corporate bonds April 20, 2010, Jing-Shou-Shang-Zi No.9901077670	-	
January 2011	10	298,000,000	2,980,000,000	149,664,925	1,496,649,250	Retirement of treasury shares of \$20,000,000 January 1, 2011, Jing-Shou-Shang-Zi No. 10001000180	-	
January 2011	10	298,000,000	2,980,000,000	151,297,498	1,512,974,980	Capital increased of \$16,325,730 by conversion of corporate bonds January 19, 2011, Jing-Shou-Shang-Zi No. 10001010940	-	

April 2011	10	298,000,000	2,980,000,000	151,752,042	1,517,520,420	Capital increase of \$4,545,440 by conversion of corporate bonds April 19, 2011, Jing-Shou-Shang-Zi No. 10001076300	-	
September 2018	10	298,000,000	2,980,000,000	172,997,328	1,729,973,280	Capital increase of \$212,452,860 by issuance of stock from earnings Approval date: July 27, 2018, document number: 10701092680	-	
September 2019	10	298,000,000	2,980,000,000	204,136,846	2,041,368,460	Capital increase from earnings and additional paid-in capital of \$311,395,180 Approval date: July 7, 2019, document number: 10801129700	-	
September 2020	10	298,000,000	2,980,000,000	224,550,300	2,245,505,300	Capital increase from earnings and additional paid-in capital of \$204,136,840 Approval date: July 27, 2020, document number: 10907270002	-	

Note 1: The above information is the information on changes that have been registered up to the publication date of the annual report.

Note 2: The capital increase section should be annotated with the effective (approval) date and document number.

Note 3: If a share is issued at a price lower than the par value, such fact shall be clearly indicated.

Note 4: If equity is contributed in the form of monetary credit, property or technical know-how, it shall be specified, and the type and amount of the contribution should be noted.

Note 5: In case of private placement, such fact shall be clearly indicated.

April 9, 2021

Shares Type	Authorized capital				Remarks
	Outstanding shares		Unissued Shares	Total	
Registered common stock	224,550,300	-	224,550,300	73,449,700	298,000,000

Information on shelf registration

Types of marketable securities	Shares and amount to be issued		Issued shares and amount		The purpose and expected benefits of the issued part	Expected issuance period of the unissued part	Remarks
	Total shares	Approved amount	Number of shares	Price			
None							

(II) Shareholder structure:

Shareholder structure

April 09, 2021

Shareholder structure	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and individuals	Total
Quantity						
Number of persons	0	0	34	9,527	44	9,605
Number of shares held	0	0	134,886,400	66,153,548	3,096,898	204,136,846
Shares ratio	0	0.00	66.09	32.40	1.51	100

(III) Distribution of equity holdings:

Distribution of equity holdings

Par value of \$10 per share / April 09, 2021

Shareholding range	Number of shareholders	Number of shares held	Shares ratio
1 to 999	5,183	1,426,694	0.64
1,000 to 5,000	8,589	18,043,712	8.04
5,001 to 10,000	1,274	9,794,205	4.36
10,001 to 15,000	400	5,162,186	2.3
15,001 to 20,000	212	3,875,779	1.73
20,001 to 30,000	182	4,714,214	2.1
30,001 to 40,000	88	3,100,576	1.38
40,001 to 50,000	53	2,481,990	1.11
50,001 to 100,000	92	6,783,260	3.02
100,001 to 200,000	44	5,957,248	2.65
200,001 to 400,000	22	6,124,047	2.73
400,001 to 600,000	6	2,928,735	1.3
600,001 to 800,000	1	720,393	0.32
800,001 to 1,000,000	1	980,426	0.44
\$1,000,001 or more	23	152,457,065	67.89
Total	16,170	224,550,530	100.00

(IV) Name list of major shareholders:

Name list of major shareholders

Name of major shareholder	Number of shares held	Shares ratio
Chain-I Investment	28,463,661	12.68%
Chain chan Investment	21,447,410	9.55%
Chain Da Investment	16,257,347	7.24%
Yu Jing Construction Co., Ltd.	15,762,552	7.02%
LEE, LONG-KWANG	14,255,555	6.35%
Global Industrial	9,926,897	4.42%
Yen Reed Investment	6,785,029	3.02%
LEE, YUNG-I	5,237,796	2.33%
WU, SHEN-HUANG	3,727,994	1.66%
Yong Chen Investment Co., Ltd.	3,715,371	1.65%

(V) Market price, net worth, earnings, dividends per share, and related information over the past two years:

Item	Fiscal year		
	2019	2020	Up to March 31, 2021
Market value per share (Note 1)	Maximum	31.50	
	Minimum	22.50	
	Average	27.28	

Net asset value per share (Note 2)	Before distribution		21.70	N/A
	After distribution		21.70	
Earnings per share	Weighted-average shares (thousand shares)		204,136	
	Earnings per share (Note 3)	Before adjustment	1.96	
		After adjustment	1.96	
Dividend per share	Cash dividends		0.2	
	Capital surplus cash payment			
	Stock dividend at no cost	Stock dividend from retained earnings	0.5	
		Stock dividend from additional paid-in capital	0.5	
	Accumulated dividend		-	
Analysis of return on investment	Price-to-earning ratio (Note 5)		12.63	
	Ratio of dividend (Note 6)			Note
	Dividend yield (Note 7)			Note

Note: The proposal for the 2020 stock dividend from retained earnings has not yet been approved by the shareholder meeting.

(VI) The Company's dividend policy and implementation status:

1. Dividend policy:

The Company is in the construction industry and is currently in a mature stage. It will continue to invest in business development activities and seek new opportunities to transform the Company in order to ensure its competitiveness in the market. The Company's dividend policy at this stage is based on the Company's future capital budget plan, which will be used to measure the capital requirements for the coming years, then appropriately distribute stock dividends or cash dividends to shareholders. If the cash dividends are not less than 10% of the total amount distributed to shareholders but the debt ratio in the annual financial statements exceeds 50% or the Company has significant operating expenses that exceed 10% of the paid-in capital, the Company may reduce the percentage of the cash dividends or issue stock dividends instead.

2. Dividend distribution proposed at the shareholder meeting:

The dividend distribution proposed at the shareholder meeting was \$1.5 per share.

3. Expected material change in dividend policy: None.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the shareholder meeting:

The Company has not announced its financial forecast for 2020, so it is not applicable.

(VIII) Remuneration for employees, directors and supervisors:

1. The percentages or ranges with respect to the remuneration of employees, directors and supervisors, as set forth in the Company's Articles of Incorporation:

A. In accordance with Article 22 of the Company's Articles of Incorporation, the Company shall first pay taxes and cover losses, then set aside 10% of its annual surplus as legal reserve, except when the accumulated legal reserve has reached the Company's total capital, and shall set aside or reverse the special reserve in accordance with the law, and the remaining amount, together with the accumulated undistributed earnings of previous years, shall be distributed after the board of directors prepares a motion for distribution and submits it to the shareholders meeting for resolution:

B. The Company shall distribute no less than 1% of the earnings of the current year to its employees, and shall distribute no more than 5% of the earnings of the current year to its directors and supervisors. However, if the Company still has accumulated losses, these shall be made up. Earnings for the current year referred to in the preceding paragraph represent earnings before income taxes for the year, before the distribution to employees, directors and supervisors. The distribution of remuneration to employees, directors and supervisors shall be made by a resolution of the board of directors with two-thirds of the directors present and a majority of the directors agreeing to the motion, and reported to the shareholder meeting. The earnings distribution to employees may be in the form of stock or cash, and the target includes employees of subordinate companies under certain conditions.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of discrepancies, if any, between the actual distributed amount and the estimated figure, for the current period: None.

3. Information on the approval by the board of directors for the distribution of remuneration:

(1) Cash or stock remuneration to employees and remuneration to directors and supervisors:

Distributable items	Amount of distribution proposed by the board of directors (A)	Estimated amount for the year the expenses are recognized (B)	Discrepancy (A-B)	The discrepancy, its cause, and the status of treatment
Remuneration to employees	4,292,996	4,292,996	0	None
Remuneration to directors and supervisors	11,447,989	11,447,989	0	

(2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the net income after tax stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration : None.

4. The actual distribution of the remuneration for employees, directors, and supervisors for the previous fiscal year:

Distributable items	Actual amount distributed (A)	Estimated amount for the year the expenses are recognized (B)	Discrepancy (A-B)	The discrepancy, its cause, and the status of treatment
Remuneration to employees	7,753,458	7,753,458	0	None
Remuneration to directors and supervisors	20,675,889	20,675,889	0	

(IX) Status of the Company repurchasing its own shares: None.

II. Status of corporate bonds : None.

III. Status of preferred shares : None.

IV. Status of global depository receipts: None.

V. Status of employee stock warrants: None.

VI. Status of restricted employee shares: None.

VII. Status of issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Implementation of capital allocation plans: Up to the quarter before the date of publication(April 9, 2021) of the annual report, the Company did not have uncompleted fundraising activities or projects with no significant benefits.

V. Overview of operations

I. Business content

(I) Scope of business

The Company's principal business is mainly the sale of building construction. Relative weight of business:

Lines of business	Relative weight (%)	
	2019	2020
Construction and sale of various commercial buildings and public housing	96.34	96.38
Others	3.66	3.62

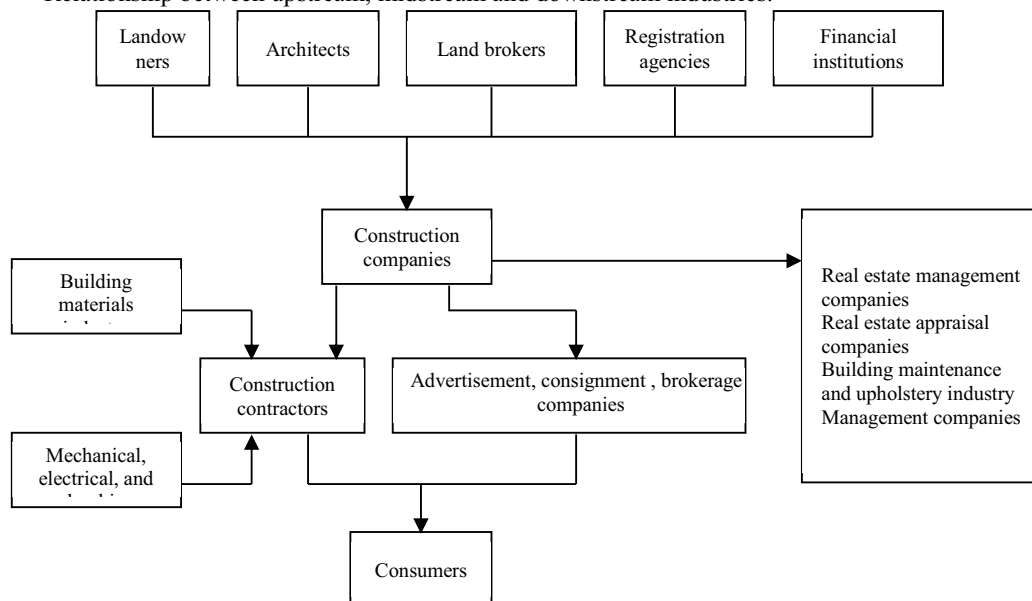
- The Company's current products (services): The Company is in the construction industry and is mainly engaged in commissioning construction contractors to build commercial buildings and public housing in order to conduct leasing and sales business.
- New products (services) planned for development: Currently, the Company is improving new housing construction techniques with a focus on humanization.

(II) Overview of the industry:

- Current status and development of the industry:

The construction industry provides funds and land to commission construction contractors to build public housing or commercial office buildings, and then sell or lease them to consumers after completion. The real estate industry has been considered as the "the locomotive of industries" for two reasons: First, it is believed that the real estate industry has a great "backward linkage" effect. In the whole process of construction, a lot of labor, financial and material resources are needed, and it takes a long time to complete projects, which involves a lot of upstream and downstream industries, such as construction contractors, building materials suppliers, registration agencies, MEP, architects, financial institutions, and related real estate services, etc. This means that when the real estate industry is booming, it can boost the growth of related industries such as those of construction materials, cement, steel, decoration, transportation, finance, brokerage, land registration agencies and others; On the other hand, since the real estate industry has the function of driving overall economic growth, it also means that real estate industry activities have the characteristic of leading the overall economy and being the leading indicator of overall economic performance, so the future growth of the construction industry is closely related to the overall economic environment, national income, government policies and population.

- Relationship between upstream, midstream and downstream industries:



- Product development trends:

- (1) Building evaluation and certification system to enhance the quality of housing
- (2) Green building is becoming a trend
- (3) The completion of MRT and other major transportation construction drives the construction of suburban housing
- (4) Product design is becoming more diversified
 - a. Combination of leisure and housing
 - b. Land purchase costs rise, effects of luxury housing are growing

- c. MRT residences
- d. Extremely tall high-rise residential buildings
- e. Low-priced industrial residences
- Product competition:

Due to the large scope of the real estate market, the wide geographical coverage, and the differences in products based on location and region, the market is less competitive than other industries where there is rivalry between companies. Competition among regional projects is more obvious, and since there are many companies, the market share and changes therein are less relevant to the Company's future performance than the sales of its projects.

House buyers are becoming more and more critical of the quality and safety of the exterior design, interior layout, building materials and equipment, and public facilities planning of their homes. People are becoming more and more concerned about the quality of living. The planning of building products and the utilization of space have become major considerations for house buyers when they are choosing a home, and the quality of construction is the key to build a reputation. In the future, the competitive advantage of housing products will be in how to improve the refinement and practicality of hardware and software such as health, technology, environmental protection, leisure, safety and comfort functions. In addition, due to the increasingly fierce competition in the real estate industry, customer satisfaction has also become an important indicator of a company's ability to compete. For the Company, it is important to keep an eye on consumer demand and market changes in order to adopt appropriate and effective sales strategies.

In recent years, the Company has been deeply engaged in the real estate market in the Greater Taipei area, and the future supply and growth of this market is dominated by the products in the following areas and locations:

- The area around the MRT and residential areas only one bridge away from Taipei City: The main supply areas are Sanchong, Luzhou, Xinzhuang, Banqiao, and Xindian, which are general products for first-time buyers and can attract customers who have moved out of the Taipei City.
- In Taipei City, relatively low-priced areas include Wenshan, Datong, and Wanhua, where products for home exchangers and two- and three-bedroom products for first-time buyers are the new focus of promotion in Taipei City.
- Redevelopment zones in Taipei: New redevelopment zones in New Taipei City such as Xinzhuang, Sanchong, Wugu, Bali, Banqiao, and other public and private redevelopment areas have a future potential for growth and can offer two- to four-bedroom apartments for first-time buyers and home exchangers.
- Promoting urban renewal projects in Taipei City.

In addition to the existing urban renewal projects, the Company will continue to launch projects in excellent locations and products in the suburbs of Taipei City in the future, and the Company's business development plan is in line with the development trends of the real estate market in the Greater Taipei area.

The Company is focusing on promoting projects in the Greater Taipei area, and the products are designed to meet the needs of all levels of customers. Whether they are older home exchangers or young first-time buyers, the Company provides exquisite and cost-effective products to distinguish its products from other ordinary products in the market. Due to the good reputation of the construction projects that the Company has been offering for a long time, and with the obvious recent high prices and fast sale speeds, and even projects in New Taipei City that have set the highest price in the area, the Company has acquired a definite market position in the Greater Taipei area. In addition, the Company has a set of standard operating procedures for land development, product planning, sales of construction projects, planning and design, construction management, transaction security and after-sales services. Products have been planned and designed by the sales department through comprehensive market analysis, and with rich sales experience, construction quality control and strict management policies, all the projects launched by the Company have achieved good sales figures, which shows that the Company's competitive ability is well recognized by house buyers. The Company sticks to its long-standing management policy of "effective resource integration, an ability to strengthen operations, active diversified development, and the establishment of a high-quality corporate image". With flexible sales techniques to attract customers of all levels of consumer segments, the Company has established a good reputation and brand image in the market, and maintained a definite scale of project volume and sales in the market.

(III) Overview of technologies and research and development:

The Company is in the construction industry and is not allowed to engage in construction work according to construction regulations. The Company does not engage in the construction work itself, as construction work is contracted to qualified construction contractors. Therefore, the Company does not have a department dedicated to the research and development of production technology and product functions, and does not invest in research and development, but only engages in the development of land, product planning and sales, which is different from the general manufacturing industry. Nevertheless, the Company has a land development department which is engaged in the development of land for construction projects, appraisal and purchase management, a business department responsible for planning and design, and a construction management department responsible for engineering

control and the quality management of construction projects. Regarding patent rights, since the design planning of the Company's products is mainly entrusted to external design teams (e.g. architects, landscape, lighting or special professional consultants, etc.) and construction work is contracted to construction contractors, no relevant patent protection is applicable to the Company's products.

The Company's land development is based on market forecasts and the Company's actual operational needs, and the direction of land development is drawn up with emphasis on the diversification of land sources. The Company focuses on the future development potential of acquired land, and plans construction projects to meet the needs of different customers in order to diversify construction projects. Regarding building planning and design, the Company carefully assesses the location for products, the feature of the neighboring environment, and the needs of consumers, and cooperates with external design teams to plan and design the best quality products to satisfy the increasingly innovative market needs. In terms of sales, the sales department conducts market analysis in response to changes in the real estate consumer market, understands market trends and customer needs, accurately grasps changes in the real estate market, actively collects various real estate market information and promotions in the industry, discusses and analyzes them, thereby establishing product positions and superior marketing strategies to strengthen marketing capabilities. As for construction management, the Company strictly controls construction costs, supervises the progress of construction, and strengthens construction quality inspection in order to implement the Company's policy of "effective resource integration, an ability to strengthen operations, active diversified development, and the establishment of a high-quality corporate image".

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

(1) Short-term business development plans

High-priced products will gradually recede, and the market will be dominated by products for home exchangers and affordable general housing. The Company continues to focus on the promotion of general products in the redevelopment areas of New Taipei City and the suburbs of Taipei City.

(2) Long-term business development plans

In the long term, joint development projects in old communities in Taipei City and New Taipei City and the new area in Taoyuan City are key development areas. In addition, overseas business expansion will gradually be increased. At present, the Company has long-term development plans for Vietnam and Seattle, USA.

II. Overview of market, production and sales:

(I) Market analysis

1. Main products are residential and business studios

- (1) "Sweet Home" and "Chainqui Taipei Port Project" in Bali Section, New Taipei City (build before sale)
"Mustard Seed Mission Foundation" project in Xinzhuang District, New Taipei City (pre-sale project)
- (2) Inventory houses of "ChainGui Top of the Peak" on Guiyang Street, Wanhua District, Taipei City
- (3) "Hengyang Street Project" in Zhongzheng District, Taipei City (pre-sale project), "Xinyi Sanxing Project" in Xinyi District, Taipei City (pre-sale project)

2. Market share

Due to the large scope of the real estate market, the wide geographical coverage, and the differences in products based on location and region, the market is less competitive than in other industries where there is rivalry between companies. The competition among regional projects is more obvious, and since there are many companies, the market share and changes therein are less relevant to the Company's future performance than the sales of its projects. The sales price of the Company's projects is significantly higher and the sales speed is faster than that of the regional competitors. For example, "Chainqui Zun Fong" in Wugu has a 10% higher price than local projects. In the midst of the recession, "Chainqui Top of the Peak" has also achieved very good sales results, and recently "Chainqui Sweet Home" in Bali District, New Taipei City, has also achieved good results and brand recognition in the market.

3. Future supply and demand conditions and growth of the market

- (1) Residential housing for first-time buyers around the MRT in New Taipei City: Including housing for first-time buyers in Sanchong, Luzhou, Xinzhuang, and Wugu, as well as relatively low-priced new redevelopment areas in Taishan and Bali, to attract the general customers moving out of Taipei city.
- (2) In Taipei City, relatively low-priced areas include Wenshan, Datong and Wanhua, where products for home exchangers, two- and three-bedroom products for first-time buyers, and joint construction or urban renewal projects in the city center are the new focus of promotion in Taipei City.

4. Competitive niche

- (1) Acute land development ability and excellent mastery of the market.
- (2) Urban renewal expertise and experience, and strong capacity for development of urban renewal cases.
- (3) Professional planning and design and the ability to create added value.
- (4) Accurate control of project quality, progress and cost.
- (5) Financial soundness and good credibility.

- (6) Excellent management team, and persisting in the core business.
- (7) Professional after-sales service, trusted and approved by customers.

5. Positive and negative factors for future development

Positive factors:

- (1) Interest rates stay low, less government control on the housing market, the central bank deregulated the credit control, and general demand for first-time buyers is ongoing. Therefore, the purchase of property and exchange of high priced houses revive.
- (2) The new government’s “Special Act for Forward-Looking Infrastructure” to increase public construction is very favorable, and there are new policies to fight for the economy, which is beneficial to improving income.

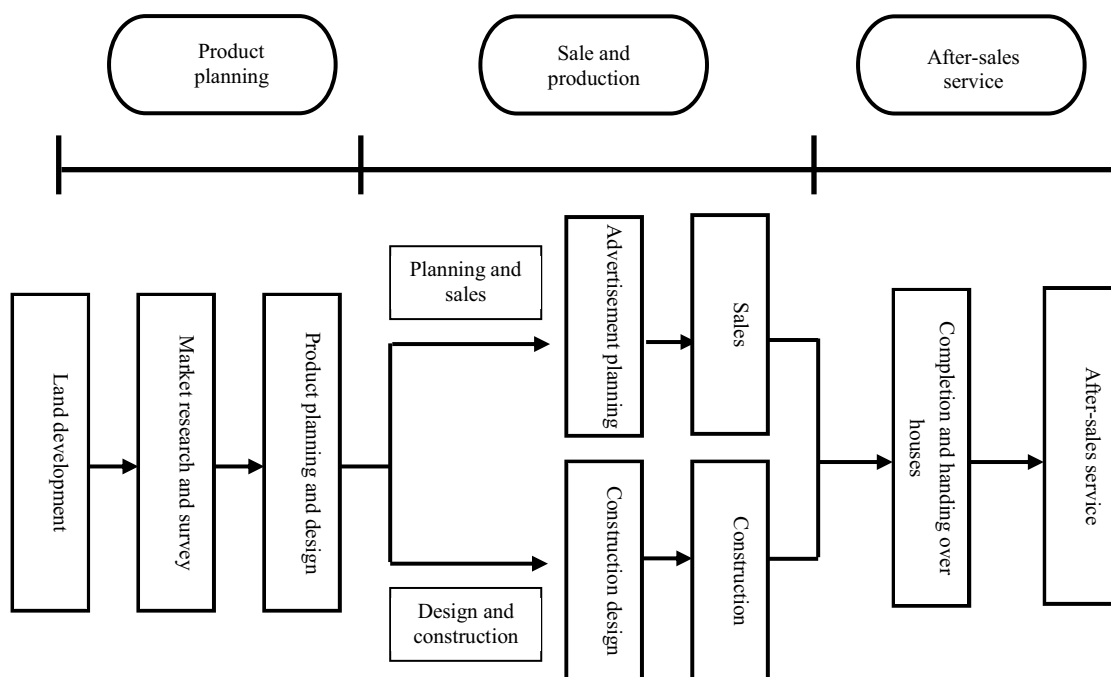
Negative factors:

- (1) The global economy is in recession, the domestic economy is still sluggish, the government’s industrial policy is unclear, and domestic investment is still depressed.
- (2) Property tax and transaction tax have increased and the number of investors have plummeted.
- (3) US-China trade war and cross-strait tensions.
- (4) The impact of the global [COVID-19] pandemic.
- (5) Construction costs keep rising and the shortage of labor and materials is still unsolved.

(II) Important applications and production processes of major products:

A: Important applications of the main products: Construction and sale of residential or commercial buildings.

B. Production processes:



(III) Supply situation of major raw materials:

The Company is in the construction industry and the major goods purchased include land for construction and the contracting of construction work.

(1) Land for construction

The Company has a land development department. In addition to the proactive search for suitable land by the development office, land agents also introduce suitable land to them. The source of the land acquired in the last three years is mainly from individuals. In addition, the Company also cooperates with landowners to develop construction according to the actual needs. Therefore, the supply of land for construction is stable.

(2) Building construction

The Company’s projects are carefully and rigorously evaluated, and each construction project is put out to public tender according to the project budget, and the best and most stable construction is chosen to cooperate with.

(IV) Any clients accounting for 10 percent or more of the Company’s total procurement (sales) amount in either of the two most recent years, the amounts bought from (sold to) each and the percentage of total procurement (sales) accounted for by each:

Main suppliers in either of the two most recent years

Unit: NT\$ thousand

Item	2019				2020				Up to the previous quarter in the year			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases up to the previous quarter in the year (%)	Relationship with the issuer
1	WHL	145,488	14.60%	None	Mustard	45,500	12.49%		N/A			
2	Others	850,762	85.40%	None	Others	318,888	87.51%					
		996,250	100%			364,388	100%					

Note 1: The total of net purchase is the increase of cost of land and engineering of each construction in every year.

Explanation of the reasons for increase or decrease:

The Company is in the construction industry and the major goods purchased include land and contracted work, the growth of which varies mainly with the Company's promotion, progress of work and the Company's overall business strategy. In addition to actively seeking suitable land by the development department, the Company also acquires land through land agents. In the last two years, land was mainly acquired from individuals. Moreover, because the area of promotion projects varies, it is reasonable that the ranking also varies depending on whom the land is acquired from.

As for contracting, the Company contracts to construction manufacturers through contracts for labor and materials and on turnkey basis, and the major contractors with whom the Company has cooperated in the past two years have not changed much. However, with different projects and the differences in size and completion progress of each project, the ranking of the relevant suppliers changes, which is reasonable.

Main customers in either of the two most recent years

Since the construction department of the Company is not able to categorize and rank the top ten customers, and sales are made to general individuals, the relevant information is not listed.

Explanation of the reasons for increase or decrease:

The Company's operating revenues are mainly from construction revenue, rental revenue and service revenue, of which more than 90% is from construction revenue, and most of the sales are to unspecified individuals. Therefore, it is not possible to count the top ten customers in terms of construction revenue for each year. For the last two years, among the top ten customers in terms of contract value for the Company's major sales projects, no single customer exceeded 10%.

In general, there was no repetition of major contracted customers for each of the Company's construction revenue in the two most recent years.

(V) Indication of the production volume for the two most recent years

Unit: NT\$ thousand

Production volume Main product (Or department)	Year	2019			2020		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Property (\$ thousand)				996,250			784,709
Total				996,250			784,709

(VI) Indication of the volume of units sold in the two most recent years

Unit: NT\$ thousand

Production volume Main product (or department)	Year	2019				2020			
		Domestic sales		Export		Domestic sales		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Real estate		-	1,489,423	0	0	-	1,129,908	0	0
Others		-	241,130	0	0	-	208,169	0	0
Total		-	1,730,553	0	0	-	1,338,077	0	0

III. The number of employees employed for the two most recent years and up to the date of publication of the annual report:

Unit: people; year; %

Fiscal year		2019	2020	April 09, 2021
Number of employees (people)	48	50	55	57
	-	-	-	-
	48	50	55	57
Average age (years)		45.4	45.2	45.8
Average length of service (years)		11.85	11.17	11.42
Education levels (%)	6%	14%	7%	9%
	82%	76%	82%	80%
	10%	8%	9%	9%
	2%	2%	2%	2%

IV. Disbursements for environmental protection

The Company's business scope includes real estate investment and the construction of buildings, and construction works are contracted to construction contractors. The contractors are responsible for the maintenance of the site environment and the disposal of waste, and the Company is responsible for supervising it. At present, the Company has set up protective fences around the construction site of each project to prevent the scattering of gravel and dust, and to minimize noise and vibration during construction. The Company also sends supervisors to inspect contractors' implementation. Therefore, there are no significant environmental expenditures expected for the future.

V. Labor-capital relations

1. The Company's employee welfare plans, continuing education, training, retirement systems, and their implementation status, and the status of labor-capital agreements and measures for preserving the rights and interests of employees: The Company is committed to providing employees with a competitive remuneration and welfare system, upholding the concept of sharing profits with employees, and attracting, developing and motivating talented people from every field, to encourage employees to work with the Company to innovate operational performance and achieve the goal of sustainable management.

(1) Employee remuneration and welfare plans and their implementation status

A. Salary system: The salaries of the Company's employees are paid reasonably according to their position, work experience, education, professional knowledge and skills, and do not vary by gender, age or race. The Company participates in an inter-industry salary survey every year and promotes or adjusts employee salaries according to the market salary level, price fluctuations, the Company's overall operations and individual performance.

In 2020, some employees received one salary increase. The average salary adjustment for employees was 1.53%, and the maximum salary increase for individuals was 12%.

B. Employee remuneration: In accordance with the Company's Articles of Incorporation, employee remuneration shall be distributed at a rate of not less than 1% of the current year's profit, and the amount and method of distribution shall be submitted by the remuneration committee to the board of directors for resolution and shall be reported to the shareholder meeting. Payments will be paid according to the duties, contributions and performance of the employee.

C. Year-end bonus, performance bonus: Remuneration will be distributed based on the evaluation of the Company's overall operating performance and the performance of each employee.

D. Employee welfare: The Company provides employees with winter and summer uniforms, parking spaces, health checkups, group insurance (life insurance, accident insurance, hospitalization insurance), year-end banquet, festivals, family days, and other activities, and parties for all employees and departments from time to time. A budget is also set aside each year for departments to plan their own departmental or interdepartmental activities in order to let them share their feelings and improve communication among colleagues.

The Company's employee welfare committee organizes domestic and overseas trips every year from time

to time, and regularly gives out annual gifts and benefits for weddings, child births, funerals, clubs and other subsidies for celebrations or condolences. The welfare system is excellent and employees can live stable lives.

(2) Continuing education, training and their implementation status

In order to implement the Company's business policy and philosophy and to improve the performance and quality of the work of employees, and to progress and develop both the Company and the employees, the Company may organize the following training according to the work demands and development of the employees.

A. Orientation training for new employees.

B. Professional knowledge and skills training for current employees.

C. Management knowledge and skills training for current managers.

(3) Retirement rules and their implementation status

In order to stabilize the retirement life of employees, the Company has established a labor pension mechanism in accordance with the law and established the labor pension reserve supervisory committee, which is responsible for the management of the labor pension reserve.

The Company's workers may apply for or be compelled to retire if they meet the conditions stipulated in Article 53 and Article 54 of the Labor Standards Act.

A. For workers who choose to be subject to the old system since the implementation of the "Labor Standards Act" and the "Labor Pension Act", the average monthly salary for the six months preceding the approved retirement date is deemed to be the base of their pension. Upon approval of their retirement, they will be given two base points for each year of their years of service. However, for each year of service in excess of 15 years (30 base points), only one base point will be given for each year, and the maximum is 45 base points. If the period is less than half a year, the period will be counted as half a year. If the period is longer than half a year, the period will be counted as a year. Under these retirement regulations, the Company shall pay the entire pension, and the Company shall transfer 2% of the total monthly salary to the Bank of Taiwan's pension account to protect the rights and interests of the employees.

B. From July 1, 2005, employees who have chosen to be subject to the Labor Pension Act or who have joined the Company after the implementation of the new system will be subject to the defined contribution plan. The Company deposits 6% of the employee's monthly salary into the employee's individual pension account, and deducts the amount from the employee's monthly salary for the individual pension account of the Bureau of Labor Insurance according to the voluntary deposit rate.

(4) Labor-capital agreements

The Company's personnel management regulations and work manuals are based on the Labor Standards Act, and many of the provisions are more beneficial than the scope of the Act, and they are approved and recorded by the competent authority, so that all employees can comply with them as a whole.

The Company holds regular monthly meetings with the entire staff to listen directly to their views and suggestions on the Company's innovations, to promote the Company's various systems and policies, to improve the quality of performance, and to review administrative affairs. Regular quarterly labor-capital meetings are held to communicate and coordinate the Company's operations, employee benefits and work environment improvements, etc. The communication channel between labor and capital is very good so that a harmonious relationship is maintained.

(5) Measures for preserving the rights and interests of employees

The Company has always emphasized employee welfare policies and reviews and improves them at any time in response to changes in the social and economic environment. Any new or amended measures regarding labor relations are made after communication between employees and employers in order to protect the rights and interests of employees.

2. List any losses suffered by the Company in the most recent year and up to the annual report publication date due to labor disputes, and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts why it cannot be made shall be provided:

The Company's labor-capital relations are harmonious, and labor and capital share the same prosperity. There have been no major labor disputes, nor have any losses been suffered due to labor disputes. Therefore, the possibility of future losses arising from labor disputes is estimated to be extremely low.

VI. Important contracts

Important contracts which are currently in force and which expired in the latest year, including sales and supply, technical cooperation, engineering, long-term loan contracts and other contracts that are significant enough to affect the interests of investors:

Nature of the contract	Parties involved	Start date and end date of the contract	Main content of the contract	Restrictive covenants
Loan agreement	Taiwan Business Bank	2021-05-19 – 2021-05-19	Short-term secured loan - 1-2F., No. 110 and 1-3F., No. 112, Jixian Rd., Sanchong Dist., New Taipei City	None
Loan agreement	Cathay United Bank	2021-01-10 – 2022-01-10	Short-term secured loan - Xinhua Office	
Loan agreement	Cathay United Bank	2019-03-04 – 2022-09-04	Credit - construction financing	
Loan agreement	Cathay United Bank	2019-03-04 – 2022-09-04	Medium-term loan	
Loan agreement	Hua Nan Commercial Bank (Ximen Branch)	2020-11-24 – 2021-11-24	Credit	
Loan agreement	Taiwan Cooperative Bank	2020-08-18 – 2021-08-18	Credit	
Loan agreement	Far Eastern International Bank	2020-07-16 – 2021-07-16	Credit	
Loan agreement	Shin Kong Commercial Bank	2020-06-04 – 2021-06-04	Short-term secured loans - 1F., Jixian Road	
Loan agreement	Hwatai Bank	2020-01-07 – 2021-01-07	Credit	
Loan agreement	Shanghai Commercial Bank	2021-03-01 – 2021-03-01	Credit	
Loan agreement	Taichung Commercial Bank	2014-09-29 – 2021-09-29	Jin Tai Section	
Loan agreement	Taichung Commercial Bank	2019-10-23 – 2022-10-23	Credit	
Loan agreement	Taichung Commercial Bank	2019-11-20 – 2022-11-20	Credit	
Construction contract	Yi Dong Construction Co., Ltd.	1095 calendar days from start date	Chainqui Wei Feng Construction Co., Ltd.	
Construction contract	Chia Yuan Create	1590 calendar days from the date of approval and inspection	Construction on Zhongzhuang Section, Bali	Each project shall be completed in accordance with the Company's requirements upon the agreement of both parties, whether in advance or in extension.
Construction contract	Chia Yuan Create	817 calendar days from start date	Construction on Taipei Port Section, Bali	Each project shall be completed in accordance with the Company's requirements upon the agreement of both parties, whether in advance or in extension.

VI. Overview of Financial Status

I. Condensed balance sheets and statements of comprehensive income for the five most recent years, showing the name of the certified public accountant and the audit opinion:

(1) Consolidated condensed balance sheets and statements of comprehensive income

Condensed balance sheet

Unit: NT\$ thousand

Item	Fiscal year	Financial information for the last five years (Note1)					Financial information up to month day year of this year (Note3)
		2016	2017	2018	2019	2020	
Current assets		7,241,191	7,396,776	8,202,088	5,783,105	5,221,780	N/A
Property, plant and equipment (Note 2)		200,404	198,366	204,909	196,863	200,231	
Intangible assets		122	147	105	310	541	
Other assets (Note 2)		369,162	349,543	352,905	2,538,821	2,425,330	
Total assets		7,810,879	7,989,832	8,760,007	8,519,099	7,847,882	
Current liabilities	Before distribution	4,149,810	4,593,658	4,385,820	2,391,367	1,884,395	
	After distribution	4,149,810	4,593,658	4,385,820	2,391,367		
Non-current liabilities		77,694	63,355	50,627	1,364,868	1,109,162	
Total liabilities	Before distribution	4,227,504	4,657,013	4,436,447	3,756,235	2,993,557	
	After distribution	4,227,504	4,657,013	4,436,447	3,756,235		
Equity attributed to owners of the parent company		3,334,907	3,100,268	4,122,569	4,429,911	4,540,784	
Capital		1,517,520	1,517,520	1,729,973	2,041,368	2,245,505	
Additional paid-in capital		919,948	919,948	920,781	748,668	647,558	
Retained earnings	Before distribution	921,595	769,382	4,558,749	1,751,022	1,840,421	
	After distribution	921,595	769,382	4,558,749	1,751,022		
Other equity		(24,156)	(106,582)	(86,934)	(111,147)	(192,700)	
Treasury stocks		-	-	-	-	-	
Non-controlling interests		248,468	232,551	200,991	332,953	313,541	
Total equity	Before distribution	3,583,375	3,332,819	4,323,560	4,762,864	4,854,325	
	After distribution	3,583,375	3,332,819	4,323,560	4,762,864		

Note 1: Assets have not been revalued.

Note 2: Listed companies or companies of which stocks are traded on the Taipei Exchange shall present it up to the quarter prior to the publication date of the annual report. Additionally, whether the financial information has been either reviewed or audited by certified public accountants or not shall be specified.

Note 3: The above-mentioned figures after distribution shall be stated in accordance with the resolution of the shareholder meeting of the following year.

Note 4: If the Company was notified by the competent authority that it should correct or restate the financial information, it should state the corrected or restated figures and indicate the circumstances and reasons.

Note 5: The proposal for the 2020 earnings distribution statement has not yet been approved by the shareholder meeting.

Condensed statement of comprehensive income

Unit: NT\$ thousand

Item	Year	Financial information for the last five years (Note1)					Financial information up to month day year of this year (Note3)
		2016	2017	2018	2019	2020	
Operating income		589,909	1,136,535	3,950,639	1,730,553	1,338,077	N/A
Gross profit		204,958	288,655	1,531,124	762,485	784,710	
Operating profit or loss		34,477	114,654	1,142,853	485,110	334,235	
Non-operating income and expense		(40,088)	(45,083)	(53,803)	6,685	(64,101)	
Profit (loss) before tax		(5,611)	69,571	1,089,050	491,795	270,134	
Current net profit (loss) from continuing operations		(51,298)	28,928	986,870	441,340	231,789	
Loss of discontinuing operations		-	-	-	-	-	
Current profit (loss)		(51,298)	28,928	986,870	441,340	231,789	
Other comprehensive income of the current period (net amount after tax)		(7,204)	(94,799)	34,044	(38,290)	(95,919)	
Total comprehensive income in the current period		(7,204)	(65,871)	1,020,914	403,050	135,870	
Net income attributed to owners of the parent company		(56,016)	29,557	986,001	440,455	232,341	
Net income attributed to non-controlling interests		4,718	(629)	869	885	(552)	
Total comprehensive income attributed to owners of the parent company		(59,995)	(52,536)	1,016,474	410,256	150,742	
Total comprehensive income attributed to non-controlling interests		1,493	(13,335)	4,440	(7,206)	(14,872)	
Earnings per share		(0.37)	0.19	5.7	2.16	1.03	

(2) Condensed parent company only balance sheet and statement of comprehensive income

Condensed balance sheet

Unit: NT\$ thousand

Item	Fiscal year	Financial information for the last five years (Note1)					Financial information up to month day year of this year (Note3)
		2016	2017	2018	2019	2020	
Current assets		4,609,826	4,293,546	4,060,771	2,907,056	2,713,508	N/A
Property, plant and equipment (Note 2)		195,854	193,943	192,078	190,452	190,016	
Intangible assets		122	147	105	310	541	
Other assets (Note 2)		2,133,460	2,385,489	2,264,423	2,727,241	2,693,861	
Total assets		6,939,262	6,873,125	6,517,377	5,825,059	5,597,926	
Current liabilities	Before distribution		3,711,834	2,346,564	1,381,631	1,049,468	
	After distribution	3,529,768	3,711,834	2,346,564	1,381,631	Note 5	
Non-current liabilities		74,587	61,023	48,244	13,517	7,674	
Total liabilities	Before distribution		3,772,857	2,394,808	1,395,148	1,057,142	
	After distribution	3,604,355	3,772,857	2,394,808	1,395,148	Note 5	
Capital		1,517,520	1,517,520	1,729,973	2,041,368	2,245,505	
Additional paid-in capital		919,902	919,948	920,781	748,668	647,558	
Retained earnings	Before distribution		769,832	1,558,749	1,751,022	1,840,421	
	After distribution	1,216,122	769,832	1,558,749	1,751,022	Note 5	
Other equity		(24,156)	(106,582)	(86,934)	(111,147)	(192,700)	
Treasury stocks		-					
Total equity	Before distribution		3,100,268	4,122,569	4,429,911	4,540,784	
	After distribution	3,334,907	3,100,268	4,122,569	4,429,911	Note 5	

Note 1: Assets have not been revalued.

Note 2: Listed companies or companies of which stocks are traded on the Taipei Exchange shall present it up to the quarter prior to the publication date of the annual report. Additionally, whether the financial information has been either reviewed or audited by certified public accountants or not shall be specified.

Note 3: The above-mentioned figures after distribution shall be stated in accordance with the resolution of the shareholder meeting of the following year.

Note 4: If the Company was notified by the competent authority that it should correct or restate the financial information, it should state the corrected or restated figures and indicate the circumstances and reasons.

Note 5: The 2020 earnings distribution statement has not yet been approved by the shareholder meeting.

Condensed statement of comprehensive income

Unit: NT\$ thousand

Item	Year	Financial information for the last five years (Note1)					Financial information up to month day year of this year (Note3)
		2016	2017	2018	2019	2020	
Operating income		306,678	815,990	3,658,506	1,495,022	1,143,516	N/A
Gross profit		132,833	267,548	1,492,670	745,187	478,725	
Operating profit or loss		5,211	136,575	1,166,428	540,309	334,009	
Non-operating income and expense		(16,227)	(66,946)	(78,620)	(51,841)	(63,550)	
Profit (loss) before tax		(11,016)	69,629	1,087,808	488,468	270,459	
Current net profit (loss) from continuing operations		(11,016)	69,629	1,087,808	488,468	270,459	
Loss of discontinuing operations		-	-	-	-	-	
Current profit (loss)		(56,016)	29,557	986,001	440,455	232,341	
Other comprehensive income of the current period (net amount after tax)		(3,979)	(82,093)	30,473	(30,199)	(81,599)	
Total comprehensive income in the current period		(59,995)	(52,536)	1,016,474	410,256	150,742	
Earnings per share		(0.37)	0.19	5.7	2.16	1.03	

Name of CPAs and audit opinions for the five most recent years

Fiscal year	Name of firm	Name of CPA	Audit opinion	Description
2016	KPMG Taiwan	LAI, LI-CHEN, CHIEN, TI-NUAN	Unqualified opinion	
2017	KPMG Taiwan	CHEN, CHUNG-CHE, LAI, LI-CHEN	Unqualified opinion	
2018	KPMG Taiwan	CHEN, CHUNG-CHE, LAI, LI-CHEN	Unqualified opinion	
2019	KPMG Taiwan	CHEN, CHUNG-CHE, LAI, LI-CHEN	Unqualified opinion	
2020	KPMG Taiwan	CHEN, CHUNG-CHE, LAI, LI-CHEN	Unqualified opinion	

II. Financial analysis for the most recent five years

(1) Consolidated financial analysis

Distributable items		Year (Note 1)	Financial analysis for the last five years					Financial information up to Month day, year, of this year (Note 2)
		2016	2017	2018	2019	2020		
Financial structure (%)	Debt to asset ratio	54.12	58.29	50.64	44.09	38.14	N/A	
	Ratio of long-term capital to property, plant and equipment	1788.08	1680.14	2109.99	3103.38	2972.51		
Solvency (%)	Current ratio	174.49	161.02	187.01	241.83	277.11		
	Quick ratio	33.76	34.28	63.53	116.76	134.44		
	Times interest earned ratio	0.91	2.06	15.97	7.37	4.31		
Operation capacity	Receivables turnover rate (times)	7.90	16.07	15.17	5.83	11.72		
	Average collection days of receivables	46.21	22.71	24.06	62.57	31.14		
	Inventory turnover rate (times)	0.08	0.16	0.47	0.25	0.31		
	Receivables turnover rate (times)	0.87	2.41	4.40	2.04	1.35		
	Average days of inventory sales	4775.40	2255.67	783.37	1476.10	1194.26		
	Property, plant and equipment turnover rate (times)	2.92	5.7	19.59	8.61	6.74		
Profitability	Total assets turnover rate (times)	0.08	0.14	0.45	0.20	0.16		
	Return on assets (%)	(0.01)	1.05	12.48	5.82	3.63		
	Return on equity (%)	(1.35)	0.84	25.78	9.71	4.82		
	Ratio of net income before tax to paid-in capital (%)	(0.37)	7.56	62.95	23.76	12.03		
	Profit margin (%)	(8.70)	4.58	24.98	24.09	17.32		
Cash flow	Earnings per share (\$)	(0.37)	2.55	5.7	2.16	1.03		
	Cash flow ratio (%)	-	0.19	28.05	-8.07	21.14		
	Cash flow adequacy ratio (%)	-	-41.16	1.07	-619.16	553.44		
Degree of leverage	Cash re-investment ratio (%)	-	-16.06	28.17	-7.92	9.59		
	Degree of operating leverage	1.18	1.05	1.00	1.11	1.17		
	Degree of financial leverage	(1.33)	2.33	1.07	1.19	1.32		
<p>1. The decrease in times interest earned ratio was mainly due to the decrease in net income before tax</p> <p>2. The decrease in receivables turnover rate was mainly due to the decrease in net sales</p> <p>3. The increase in average collection days of receivables was mainly due to the decrease in inventory turnover</p> <p>2. The decrease in total asset turnover rate was mainly due to the decrease in net sales</p> <p>5. The decrease in return on assets was mainly due to the decrease in net income after tax</p> <p>6. The decrease in return on equity was mainly due to the decrease in net income after tax</p> <p>7. The decrease in the ratio of net income before tax to paid-in capital was mainly due to the decrease in net income before tax</p> <p>8. The decrease in earnings per share was mainly due to the recognition of revenue from the inventory houses of Top of the Peak in 2020</p> <p>9. The increase in cash flow ratio was mainly due to the increase of cash inflow from operating activities</p> <p>10. The increase in cash adequacy flow ratio was mainly due to the increase of cash inflow from operating activities</p> <p>11. The increase in cash re-investment ratio was mainly due to the increase of cash inflow from operating activities</p>								

(2) Parent company only financial analysis

Analysis item		Financial analysis for the five most recent years					Financial information up to Month day, year, of this year (Note 2)
		2016	2017	2018	2019	2020	
Financial structure (%)	Debt to asset ratio	51.94	54.89	36.74	23.95	18.88	
	Ratio of long-term capital to property, plant and equipment	1702.75	1598.54	2146.3	2326.0	2389.69	
Solvency (%)	Current ratio	130.60	115.67	173.05	210.41	258.56	
	Quick ratio	8.71	12.98	78.94	100.96	137.04	
	Times interest earned ratio	0.73	2.58	30.27	40.86	29.17	
Operation capacity	Receivables turnover rate (times)	6.73	13.51	16.50	6.92	19.01	
	Average collection days of receivables	54.21	27.02	22.12	52.78	19.20	
	Inventory turnover rate (times)	0.05	0.1597	0.7984	0.4402	0.5324	
	Receivables turnover rate (times)	3.35	2.28	2.41	0.92	1.69	
	Average days of inventory sales	6860.7	2285.07	457.14	829.17	685.57	
	Property, plant and equipment turnover rate (times)	1.56	4.19	18.95	7.82	6.01	
	Total assets turnover rate (times)	0.04	0.1182	0.5464	0.2423	0.2002	
Profitability	Return on assets (%)	(0.32)	0.96	15.17	7.30	4.20	
	Return on equity (%)	(1.61)	0.92	27.30	10.30	5.18	
	Ratio of net income before tax to paid-in capital (%)	(0.73)	4.59	62.88	23.93	12.04	
	Profit margin (%)	(18.27)	3.62	26.95	29.46	20.32	
	Earnings per share (\$)	(0.37)	0.19	5.7	2.16	1.03	
Cash flow	Cash flow ratio (%)	-	4.21	99.43	32.31	40.35	
	Cash flow adequacy ratio (%)	107.32	-17.05	56.54	94.10	145.83	
	Cash re-investment ratio (%)	-	-0.82	56.21	8.10	8.84	
Degree of leverage	Degree of operating leverage	1.74	1.02	1.00	1.02	1.02	
	Degree of financial leverage	(0.14)	1.47	1.03	1.02	1.03	
<p>1. The decrease in debt to asset ratio was mainly due to the decrease in the current liabilities</p> <p>2. The increase in current ratio was mainly due to the decrease in current liabilities</p> <p>3. The increase in quick ratio was mainly due to the decrease in inventory</p> <p>4. The decrease in times interest earned ratio was mainly due to the decrease in net income before tax</p> <p>5. The increase in receivables turnover rate was mainly due to the decrease in receivables</p> <p>6. The increase in average collection days of receivables was mainly due to the decrease in inventory turnover</p> <p>7. The decrease in property, plant and equipment turnover rate was mainly due to the decrease in net sales</p> <p>8. The decrease in total asset turnover rate was mainly due to the decrease in net sales</p> <p>9. The decrease in return on assets was mainly due to the decrease in net income after tax</p> <p>10. The decrease in return on equity was mainly due to the decrease in net income after tax</p> <p>11. The decrease in the ratio of net income before tax to paid-in capital was mainly due to the decrease in net income before tax</p> <p>12. The decrease in earnings per share was mainly due to the recognition of revenue from the inventory houses of Top of the Peak in 2020</p> <p>13. The increase in cash flow ratio was mainly due to the increase of cash inflow from operating activities</p> <p>10. The increase in cash adequacy flow ratio was mainly due to the increase of cash inflow from operating activities in the five most recent years</p>							

Note 1: If there are years that have not been audited by CPAs, it shall be noted.

Note 2: Listed companies or companies of which stocks are traded on the Taipei Exchange shall incorporate the financial information up to the quarter preceding the date of publication of the annual report into the analysis.

Note 3: At the end of the annual report, the following formula shall be indicated:

III. Supervisors' review of the financial statements for 2020

Supervisors' review report of Chainqui Construction Development Co., Ltd.

The board of directors of the Company has submitted the financial statements and the consolidated financial statements for the year ended December 31, 2020, together with the business report and the earnings distribution proposal for the year ended December 31, 2020, which have been audited by KPMG. The supervisors found no discrepancies and report that the above is in accordance with Article 219 of the Company Act.

Sincerely

The Company's 2020 general shareholder meeting

Chainqui Construction Development Co., Ltd.

Supervisor: LEE, HUI-CHUN

Supervisor: Shang Ying Investment Ltd.

Representative: LEE, RUI-SHAN

March 16, 2021

IV. The financial reports for the most recent year

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 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	\$ 135,870	10	403,050	24
	Profit (loss), attributable to:				
8610	Owners of parent	\$ 232,341	17	440,455	26
8620	Non-controlling interests	(552)	-	885	-
		\$ 231,789	17	441,340	26
	Comprehensive (loss) income attributable to:				
8710	Owners of parent	\$ 150,742	11	410,256	24
8720	Non-controlling interests	(14,872)	(1)	(7,206)	-
		\$ 135,870	10	403,050	24
	Earnings per share (Note 6(t))				
9750	Basic earnings per share	\$ 1.03		1.96	
9850	Diluted earnings per share	\$ 1.03		1.96	

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					Total other equity interest					Total equity	
	Retained earnings					Unrealized						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	\$ 1,729,973	920,781	368,322	106,582	1,083,845	1,558,749	(26,026)	(60,208)	(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)

	2020	2019
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)	131,343	110,753
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	251,051	605,186
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	(128,486)	(1,282,591)
Total changes in operating assets and liabilities	122,565	(677,405)
Total adjustments	253,908	(566,652)
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	398,309	(192,891)

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)

	<u>2020</u>	<u>2019</u>
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	<u>1,680</u>	<u>(10,059)</u>
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	<u>(573,017)</u>	<u>635,513</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(45,755)</u>	<u>(27,742)</u>
Net increase (decrease) in cash and cash equivalents	(218,783)	404,821
Cash and cash equivalents at beginning of period	<u>2,525,575</u>	<u>2,120,754</u>
Cash and cash equivalents at end of period	<u>\$ 2,306,792</u>	<u>2,525,575</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

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”

(Continued)

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 Construction 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 %	

(Continued)

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 %	

(Continued)

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

Notes to the Consolidated Financial Statements

- 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.

(Continued)

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
Notes to the Consolidated Financial Statements

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
Notes to the Consolidated Financial Statements

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
Notes to the Consolidated Financial Statements

(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.

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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
Notes to the Consolidated Financial Statements

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
Notes to the Consolidated Financial Statements

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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(Continued)

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

- 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

Notes to the Consolidated Financial Statements

(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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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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	120,000	140,384
Cash and cash equivalents	\$ 2,306,792	2,525,575

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	90,450	40,126
	\$ 119,761	64,412

(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
Notes to the Consolidated Financial Statements

(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.	21,591	24,332
Total	\$ 95,263	87,915

- (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	(2,412)	(2,412)
	\$ 78,105	150,231

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
Notes to the Consolidated Financial Statements

(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 %

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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>\$ 126,914</u>	<u>127,467</u>
Non-controlling interest	<u>\$ 22,845</u>	<u>22,944</u>
	For the years ended December 31	
	2020	2019
Sales revenue	\$ -	22,617
Net loss	\$ (553)	(7,152)
Other comprehensive income	-	-
Comprehensive income	<u>\$ (553)</u>	<u>(7,152)</u>
Net income attribute to non-controlling interest	<u>\$ (100)</u>	<u>(1,287)</u>
Comprehensive income attribute to non-controlling interest	<u>\$ (100)</u>	<u>(1,287)</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>\$ (41,892)</u>	<u>(11,688)</u>
Dividends to NCI	<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>\$ 598,737</u>	<u>632,345</u>
Non-controlling interest	<u>\$ 103,342</u>	<u>108,321</u>
	For the years ended December 31	
	2020	2019
Sales revenue	\$ -	-
Net income	\$ 2,388	7,792
Other comprehensive income	-	-
Comprehensive income	<u>\$ 2,388</u>	<u>7,792</u>
Net income attribute to non-controlling interest	<u>\$ 412</u>	<u>1,335</u>
Comprehensive income attribute to non-controlling interest	<u>\$ 412</u>	<u>1,335</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,	December 31,
	2020	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:

	Other				
	Land	Buildings	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	<u>(47)</u>	<u>(3,424)</u>	<u>(3,471)</u>
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	<u>36</u>	<u>4,290</u>	<u>4,326</u>
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>Total</u>
	<u>Land</u>	<u>Buildings</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	<u>(7,804)</u>	<u>(98,179)</u>	<u>(105,983)</u>
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	<u>(5,588)</u>	<u>(70,297)</u>	<u>(75,885)</u>
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	<u>-</u>	<u>(3,616)</u>	<u>(3,616)</u>
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	<u>-</u>	<u>(1,207)</u>	<u>(1,207)</u>
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
			55,000
Less: Discount on short-term notes and bills payable			(66)
Total			\$ 54,934

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
			55,000
Less: Discount on short-term notes and bills payable			(101)
Total			\$ 54,899

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	\$ 4,981	5,152
Non-current	\$ 4,016	3,719

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	\$ 192	177
Expenses relating to short-term leases	\$ 299	2,470

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	\$ 5,770	7,085

(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	26,183	24,611
	\$ 156,341	141,835

(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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(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	23,091	21,589
Recognized liabilities for defined benefit obligations	\$ 2,058	8,233

The Group's employee benefit liabilities were as follows:

	December 31, 2020	December 31, 2019
Short-term vacation liability	\$ 100	100

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	725	1,599
Defined benefit obligation at December 31	\$ 25,149	29,822

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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	\$ 23,091	21,589

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
	\$ 142	146
Operating costs and expenses	\$ 142	146

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	\$ 2,167	2,213

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>\$ 38,345</u>	<u>50,455</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	\$ 270,134	491,795
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>\$ 38,345</u>	<u>50,455</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>\$ 22,226</u>	<u>10,895</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	8,329	8,843
	\$ 12,725	12,930

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	5,364	2029
	\$ 41,645	

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	22,226
Balance on December 31, 2020	\$ 39,627
Balance on January 1, 2019	\$ 6,506
Recognized in comprehensive income	10,895
Balance on December 31, 2019	\$ 17,401

(Continued)

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

- (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	<u>128,732</u>	<u>127,774</u>
	<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		102,069	0.80	138,398
Total		\$ 142,896		242,196

(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>\$ (158,506)</u>	<u>(34,194)</u>	<u>(192,700)</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>\$ (69,605)</u>	<u>(41,542)</u>	<u>(111,147)</u>

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

	<u>NCI</u>
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>\$ 313,541</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>\$ 332,953</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	148,340	-	-	148,340
	<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	6,635	-	42,364	48,999
	<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	95,545	-	-	95,545
	<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	20,905	-	42,452	63,357
	<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

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>January 1,</u> <u>2019</u>
Notes receivable	\$ 23,073	116,713	171,689
Accounts receivable	57,444	35,930	273,767
Less: Allowance for impairment	<u>(2,412)</u>	<u>(2,412)</u>	<u>(2,412)</u>
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	<u>-</u>	<u>-</u>	<u>886</u>
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.

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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	\$ 4,247	10,277

(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
	\$ 19,729	90,198

(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)
	\$ (6,508)	(16,578)

(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)

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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	<u>54,934</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<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	<u>54,899</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<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%	\$ 9,526	2,931	8,792	2,429
Decreasing 10%	\$ (9,526)	(2,931)	(8,792)	(2,429)

(iv) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarch

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	\$ 119,761	119,761	-	-	119,761
Financial assets at fair value through other comprehensive income					
Stock of exchange-listed and OTC-listed companies	\$ 95,263	95,263	-	-	95,263

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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		December 31, 2020			
		Fair Value			
Book Value	Level 1	Level 2	Level 3	Total	
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>	-	-	-	-
Subtotal	<u>2,686,357</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>	-	-	-	-
Subtotal	<u>2,903,306</u>	-	-	-	-
		December 31, 2019			
		Fair Value			
Book Value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss					
	<u>\$ 64,412</u>	<u>64,412</u>	-	-	<u>64,412</u>
Financial assets at fair value through other comprehensive income					
Stock of exchange-listed and OTC-listed companies	\$ 87,915	<u>87,915</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>	-	-	-	-
Subtotal	<u>2,900,879</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>	-	-	-	-
Subtotal	<u>3,636,046</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.

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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

Relationship	For the years ended December 31	
	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
	\$ -	104,930

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	\$ 40,753	51,938

(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
		\$ 4,303,951	5,113,445

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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	-

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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

(Continued)

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.

(Continued)

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

(Continued)

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 %	-	-	

(Continued)

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

Notes to the Consolidated Financial Statements

(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>

(Continued)

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

	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>

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

<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).

Independent Auditors' Report

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

Opinion

We have audited the parent company only financial statements of Chainqui Construction Development Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only 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 parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and 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 parent company only Financial Statements section of our report. We are independent of the Company 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 for our opinion.

Emphasis of Matter Paragraph-Basic Accounting Principles

As disclosure in Note 4(t) of the independent 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 Company 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to notes 4(o) and 6(t) of the notes to the parent company only 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. Inspecting 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(g), 5(a) and 6(f) of the notes to the parent company only 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 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 investments accounted for using the equity method in the Company, some of the financial statements have not been audited by us. 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 investments accounted for using the equity method, is based solely on the reports of another auditor. The investments accounted for using the equity method constituting 28% and 26% of total assets at December 31, 2020 and 2019, and the share of profit (loss) of associates and joint ventures accounted for using the equity method constituting (17)% and (20)% of total profit before tax for the years then ended.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company’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 Company 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 Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 based on these parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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 parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (Note 6(a))	\$ 1,235,520	22	1,212,078	21
1110 Current financial assets at fair value through profit or loss (Notes 6(b) and 6(w))	117,749	2	62,008	1
1150 Notes receivable and account receivable, net (Notes 6(d) and 6(t))	55,265	1	65,042	1
1200 Other receivables, net (Notes 6(e))	29,631	1	48,635	1
1212 Other non-operating receivables due from related parties, others (Notes 6(e) and 7)	-	-	7,121	-
1320 Inventories (for construction business), net (Notes 6(f) · 8 and 9)	1,065,957	19	1,431,352	25
1410 Prepayments	32,380	1	1,170	-
1476 Other current financial assets (Notes 8)	23,732	-	23,719	-
1478 Construction deposits paid (Note 6(k) and 9)	129,291	2	48,954	1
1479 Other current assets (Note 6(k))	22,204	1	2,445	-
1480 Current assets recognized as incremental costs to obtain contract with customers (Note 6(k))	1,779	-	4,532	-
	<u>2,713,508</u>	<u>49</u>	<u>2,907,056</u>	<u>50</u>
Non-current assets:				
1517 Non-current financial assets at fair value through other comprehensive income (Notes 6(c) and 6(w))	73,672	1	63,583	1
1550 Investments accounted for using equity method (Notes 6(g))	2,379,035	43	2,440,409	43
1600 Property, plant and equipment (Note 6(h) and 8)	190,016	3	190,452	3
1755 Right-of-use assets (Notes 6(i))	8,924	-	8,730	-
1760 Investment property, net (Notes 6(j) and 8)	183,487	3	185,121	3
1780 Intangible assets	541	-	310	-
1840 Deferred tax assets (Notes 6(q))	39,627	1	17,401	-
1980 Other non-current financial assets (Notes 8 and 9)	9,116	-	11,997	-
	<u>2,884,418</u>	<u>51</u>	<u>2,918,003</u>	<u>50</u>
Total non-current assets	<u>5,597,926</u>	<u>100</u>	<u>5,825,059</u>	<u>100</u>
Total assets				
	<u>\$ 8,311,434</u>	<u>100</u>	<u>\$ 8,732,115</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
Short-term borrowings (Notes 6(l) and 6(w))	\$ 666,182	12	912,636	16
Short-term notes and bills payable (Notes 6(m) and 6(w))	54,934	1	54,899	1
Current contract liabilities (Note 6(t))	20,478	-	22,120	-
Notes payable (Note 6(w))	21,418	-	34,721	1
Notes payable to related parties (Note 6(w) and 7)	-	-	1,695	-
Accounts payable (Note 6(w))	107,489	2	184,925	3
Accounts payable to related parties (Note 6(w) and 7)	4,750	-	-	-
Other payables (Note 6(p) and 6(w))	103,567	2	80,261	1
Current tax liabilities	36,171	1	40,076	1
Current lease liabilities (Note 6(n) and 6(w))	4,981	-	5,116	-
Other current liabilities, others	29,498	1	45,182	1
	<u>1,049,468</u>	<u>19</u>	<u>1,381,631</u>	<u>24</u>
Non-current liabilities:				
Non-current lease liabilities (Note 6(n) and 6(w))	4,016	-	3,684	-
Net defined benefit liability, non-current (Note 6(p))	2,058	-	8,233	-
Guarantee deposits received	1,600	-	1,600	-
	<u>7,674</u>	<u>-</u>	<u>13,517</u>	<u>-</u>
	<u>1,057,142</u>	<u>19</u>	<u>1,395,148</u>	<u>24</u>
Total liabilities				
	<u>2,106,610</u>	<u>38</u>	<u>2,779,296</u>	<u>38</u>
Equity attributable to owners of parent (Note 6(r)):				
Share capital	2,245,505	40	2,041,368	35
Capital surplus	647,558	11	748,668	13
Retained earnings	1,840,421	33	1,751,022	30
Other equity	(192,700)	(3)	(111,147)	(2)
	<u>4,540,784</u>	<u>81</u>	<u>4,429,911</u>	<u>76</u>
Total equity	<u>5,597,926</u>	<u>100</u>	<u>5,825,059</u>	<u>100</u>
Total liabilities and equity				
	<u>\$ 8,311,434</u>	<u>100</u>	<u>\$ 8,732,115</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

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)

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6(o) 、6(t) and 7)	\$ 1,143,516	100	1,495,022	100
5000	Operating costs (Note 6(f) and 7)	<u>664,791</u>	<u>58</u>	<u>749,835</u>	<u>50</u>
	Gross profit from operations	<u>478,725</u>	<u>42</u>	<u>745,187</u>	<u>50</u>
	Operating expenses (Notes 6(p) 、6(u) and 7):				
6100	Selling expenses	72,664	6	112,443	8
6200	Administrative expenses	<u>72,052</u>	<u>6</u>	<u>92,435</u>	<u>6</u>
	Total operating expenses	<u>144,716</u>	<u>12</u>	<u>204,878</u>	<u>14</u>
	Net operating income	<u>334,009</u>	<u>30</u>	<u>540,309</u>	<u>36</u>
	Non-operating income and expenses (Note 6(v)):				
7100	Interest income	663	-	1,046	-
7010	Other income	5,945	1	60,796	4
7020	Other gains and losses, net	(3,991)	-	(1,735)	-
7050	Finance costs, net (Note 6(f))	(9,602)	(1)	(12,255)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	<u>(56,565)</u>	<u>(5)</u>	<u>(99,693)</u>	<u>(7)</u>
	Total non-operating income and expenses	<u>(63,550)</u>	<u>(5)</u>	<u>(51,841)</u>	<u>(4)</u>
	Profit (loss) from continuing operations before tax	<u>270,459</u>	<u>25</u>	<u>488,468</u>	<u>32</u>
7951	Less: Income tax expenses (Note 6(q))	<u>38,118</u>	<u>3</u>	<u>48,013</u>	<u>3</u>
	Profit (loss)	<u>232,341</u>	<u>22</u>	<u>440,455</u>	<u>29</u>
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(p))	(46)	-	(1,053)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	10,089	1	14,993	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(2,741)	-	(560)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>7,302</u>	<u>1</u>	<u>13,380</u>	<u>1</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(111,127)	(10)	(54,474)	(4)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(q))	<u>(22,226)</u>	<u>(2)</u>	<u>(10,895)</u>	<u>(1)</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(88,901)</u>	<u>(8)</u>	<u>(43,579)</u>	<u>(3)</u>
8300	Other comprehensive income	<u>(81,599)</u>	<u>(7)</u>	<u>(30,199)</u>	<u>(2)</u>
8510	Comprehensive income	<u>\$ 150,742</u>	<u>15</u>	<u>410,256</u>	<u>27</u>
	Earnings per share (Note 6(s))				
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 parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest			Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2019	\$ 1,729,973	920,781	368,322	106,582	1,083,845	1,558,749	(26,026)	(60,908)	4,122,569
Profit (loss)	-	-	-	-	440,455	440,455	-	-	440,455
Other comprehensive income	-	-	-	-	(1,053)	(1,053)	(43,579)	14,433	(30,199)
Total comprehensive income	-	-	-	-	439,402	439,402	(43,579)	14,433	(29,146)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	98,600	-	(98,600)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(103,798)	(103,798)	-	-	(103,798)
Stock dividends of ordinary share	138,398	-	-	-	(138,398)	(138,398)	-	-	-
Reversal of special reserve	-	-	-	(19,648)	19,648	-	-	-	-
Other changes in capital surplus:									
Stock dividends from capital surplus	172,997	(172,997)	-	-	-	-	-	-	-
Other changes in capital surplus	-	884	-	-	-	-	-	-	884
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(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)	4,429,911
Profit (loss)	-	-	-	-	232,341	232,341	-	-	232,341
Other comprehensive income	-	-	-	-	(46)	(46)	(88,901)	7,348	(81,599)
Total comprehensive income	-	-	-	-	232,295	232,295	(88,901)	7,348	(81,553)
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)
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
Changes in ownership interests in subsidiaries	-	78	-	-	-	-	-	-	78
Balance at December 31, 2020	\$ 2,245,505	647,558	510,968	111,147	1,218,306	1,840,421	(158,506)	(34,194)	4,540,784

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 270,459	488,468
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	8,141	8,608
Amortization expense	93	48
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,413	(5,338)
Interest expense	9,602	12,255
Interest income	(663)	(1,046)
Dividend income	(5,486)	(3,951)
Share of loss (profit) of associates and joint ventures accounted for using equity method	56,565	99,693
Other revenue, overdue dividends and compensation of board and directors	880	884
Loss (gain) on fair value adjustment of investment property	(43)	-
Total adjustments to reconcile profit (loss)	70,502	111,153
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 notes receivable	52,059	86,608
Decrease (increase) in accounts receivable	(42,282)	215,663
Decrease (increase) in other receivable	19,011	51,303
Decrease (increase) in other receivable due from related parties	7,121	(7,121)
Decrease (increase) in inventories	380,276	529,591
Decrease (increase) in prepayments	(40,140)	11,387
Decrease (increase) in other current assets	(19,759)	8,737
Decrease (increase) in other financial assets	(13)	(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	221,535	933,653
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(1,642)	(373,895)
Increase (decrease) in notes payable	(13,303)	17,693
Increase (decrease) in notes payable to related parties	(1,695)	(2,976)
Increase (decrease) in accounts payable	(77,436)	(126,866)
Increase (decrease) in accounts payable to related parties	4,750	(15,835)
Increase (decrease) in other payable	23,490	(467,149)
Increase (decrease) in other current liabilities	(15,684)	(95,322)
Increase (decrease) in net defined benefit liability	(6,221)	(1,524)
Total changes in operating liabilities	(87,741)	(1,065,874)
Total changes in operating assets and liabilities	133,794	(132,221)
Total adjustments	204,296	(21,068)
Cash inflow (outflow) generated from operations	474,755	467,400
Interest received	663	1,046
Dividends received	5,486	3,951
Interest paid	(15,470)	(18,124)
Income taxes refund (paid)	(42,023)	(7,833)
Net cash flows from (used in) operating activities	423,411	446,440

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

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	-	10,944
Acquisition of investments accounted for using equity method	(109,037)	(508,202)
Increase in prepayments for investments	56	1,195
Acquisition of property, plant and equipment	(746)	(302)
Acquisition of intangible assets	(324)	(253)
Decrease (increase) in other financial non-current assets	2,881	(3,560)
Net cash flows from (used in) investing activities	(107,170)	(500,178)
Cash flows from (used in) financing activities:		
Increase in short-term loans	150,000	746,000
Decrease in short-term loans	(396,454)	(625,321)
Increase in short-term notes and bills payable	75,000	-
Decrease in short-term notes and bills payable	(75,239)	-
Decrease in guarantee deposits received	-	(37,940)
Payment of lease liabilities	(5,279)	(4,220)
Cash dividends paid	(40,827)	(103,798)
Net cash flows from (used in) financing activities	(292,799)	(25,279)
Net increase (decrease) in cash and cash equivalents	23,442	(79,017)
Cash and cash equivalents at beginning of period	1,212,078	1,291,095
Cash and cash equivalents at end of period	\$ 1,235,520	1,212,078

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only 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.

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

The parent company only 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company 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 parent company only 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”

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.
Notes to the Parent Company only Financial Statements

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

The Company 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 parent company only financial statements:

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

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

These 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”).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the parent company only 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).

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The parent company only 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.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company 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.

(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 Company 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 Company 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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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.

(d) 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
- (iv) The Company 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.

(e) 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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(f) 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 Company 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 Company 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.

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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

On initial recognition of an equity investment that is not held for trading, the Company 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 Company'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 Company 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.

4) Impairment of financial assets

The Company 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 Company 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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

The Company 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 Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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;
- 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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

For individual customers, the Company 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 Company 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 Company 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 Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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 Company 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.

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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company 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 Company 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.

(g) 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 Company'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.

(h) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only 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 Company.

(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.

Notes to the Parent Company only Financial Statements

(k) Leased

(i) Identifying a lease

At inception of a contract, the Company 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 Company 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 Company 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.

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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 Company'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 Company 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 Company 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 Company 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 Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

For sale-and-leaseback transactions, the Company 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 Company 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 Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company 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 Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(iii) As a lessor

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company 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 Company 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 Company 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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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 Company 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 Company 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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

1) Land development and sale of real estate

The Company 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 Company 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) 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 Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset.

3) 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 Company 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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

4) Financing components

The Company 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 Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company 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 Company 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.

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 Company 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 Company can specifically identify;
- b) The costs generate or enhance resources of the Company 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 Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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 Company'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 Company, 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 Company 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.

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 Company 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 Company 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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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 Company 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 Company 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
 - 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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(r) Earnings per share

The Company 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

Please refer to the consolidated financial report of Chainqui Construction Development Co., LTD. for the years ended December 31, 2020 and 2019 for operating segments 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 Company 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 Company's financial position, financial performance, or cash flows. The change in accounting estimate would decrease the depreciation expense by \$2,772 thousand and increase the profit by \$2,218 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.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the 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 (g) for the method used in determining the net value of the net realization; also, please refer to note 6(f) for inventory evaluation.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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

The Company'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 Company 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(w), Financial instruments

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 280	374
Checking accounts	73,180	3,969
Demand deposits	1,149,486	1,195,517
Foreign currency deposits	<u>12,574</u>	<u>12,218</u>
Cash and cash equivalents	<u>\$ 1,235,520</u>	<u>1,212,078</u>

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

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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	\$ 27,285	21,861
Stock of emerging-listed companies	14	21
Monetary fund	90,450	40,126
	\$ 117,749	62,008

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

(iii) The Company 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 Company does not have the right to vote. The Company earned the total amounts of \$173 thousand and \$29 thousand in 2020 and 2019, respectively. 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 Company had not pledged as collateral.

(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
Total	\$ 73,672	63,583

(i) The Company 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 Company sold the shares amounting to \$10,944 thousand as fair value, \$4,965 thousand as disposal profit which had been transferred from other equity to retained earnings.

(iii) Please refer to Note 6(w) for credit and market risk information.

(iv) The above financial assets were not pledged as collateral for long-term borrowings and financial guarantee.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(d) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 12,983	65,042
Accounts receivable	44,694	2,412
Less: Loss allowance	<u>(2,412)</u>	<u>(2,412)</u>
	<u><u>\$ 55,265</u></u>	<u><u>65,042</u></u>

The Company 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:

	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 55,265	0%	-
More than 365 days	<u>2,412</u>	100%	<u>2,412</u>
	<u><u>\$ 57,677</u></u>		<u><u>2,412</u></u>
	<u>December 31, 2019</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 65,042	0%	-
More than 365 days	<u>2,412</u>	100%	<u>2,412</u>
	<u><u>\$ 67,454</u></u>		<u><u>2,412</u></u>

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

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

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

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(e) Other receivables

	December 31, 2020	December 31, 2019
Other receivables (include related parties)	\$ 58,855	84,980
Less: Loss allowance	<u>(29,224)</u>	<u>(29,224)</u>
	<u>\$ 29,631</u>	<u>55,756</u>

As of December 31, 2020, and 2019 the movement in the allowance for other receivables was as follows:

	For the years ended December 31	
	2020	2019
Beginning balance (as ending balance)	<u>\$ 29,224</u>	<u>29,224</u>

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

(f) Inventories

	December 31, 2020	December 31, 2019
Prepayments for land	\$ 12,906	1,589
Land held for development	354,900	344,887
Construction-in-progress-land and projects	208,664	471,664
Properties and land held for sale	<u>489,487</u>	<u>613,212</u>
	<u>\$ 1,065,957</u>	<u>1,431,352</u>

(i) There was no write-downs of inventories to net realizable value for the years ended December 31, 2020 and 2019.

(ii) The information of capitalized interests was as follows:

	For the years ended December 31	
	2020	2019
Interest expenses	\$ 15,560	17,485
Capitalized interest	5,958	5,230
Capitalized interest rate	1.70%~2.09%	1.84%~2.13%

(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>\$ 576,470</u>	<u>818,140</u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(v) For the years ended December 31, 2019, the Company has changed the usage of partial assets, and reclassified inventory to investment property according to definition. Please refer to Note 6(j).

(g) Investments accounted for using equity method

	December 31, 2020	December 31, 2019
Subsidiary	<u>\$ 2,379,035</u>	<u>2,440,409</u>

(i) Subsidiaries

Please refer to the consolidated financial statement of 2020.

(ii) Please refer to Note 13(b) for the original investment amount change of investments in 2020.

(h) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Other facilities</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2020	\$ 163,919	63,600	6,201	233,720
Additions	<u>-</u>	<u>200</u>	<u>546</u>	<u>746</u>
Balance on December 31, 2020	<u>\$ 163,919</u>	<u>63,800</u>	<u>6,747</u>	<u>234,466</u>
Balance on January 1, 2019	\$ 163,919	63,600	5,946	233,465
Additions	-	-	302	302
Disposals	<u>-</u>	<u>-</u>	<u>(47)</u>	<u>(47)</u>
Balance on December 31, 2019	<u>\$ 163,919</u>	<u>63,600</u>	<u>6,201</u>	<u>233,720</u>
Depreciation and impairment loss:				
Balance on January 1, 2020	\$ -	37,570	5,698	43,268
Depreciation for the year	<u>-</u>	<u>925</u>	<u>257</u>	<u>1,182</u>
Balance on December 31, 2020	<u>\$ -</u>	<u>38,495</u>	<u>5,955</u>	<u>44,450</u>
Balance on January 1, 2019	\$ -	35,901	5,486	41,387
Depreciation for the year	-	1,669	259	1,928
Disposals	<u>-</u>	<u>-</u>	<u>(47)</u>	<u>(47)</u>
Balance on December 31, 2019	<u>\$ -</u>	<u>37,570</u>	<u>5,698</u>	<u>43,268</u>
Carrying amounts:				
Balance on December 31, 2020	<u>\$ 163,919</u>	<u>25,305</u>	<u>792</u>	<u>190,016</u>
Balance on January 1, 2019	<u>\$ 163,919</u>	<u>27,699</u>	<u>460</u>	<u>192,078</u>
Balance on December 31, 2019	<u>\$ 163,919</u>	<u>26,030</u>	<u>503</u>	<u>190,452</u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.
Notes to the Parent Company only Financial Statements

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

(i) Right-of-use assets

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

	Vehicles
Cost:	
Balance on January 1, 2020	\$ 13,020
Additions	8,808
Disposals	(6,713)
Balance on December 31, 2020	\$ 15,115
Balance on January 1, 2019	\$ 7,153
Additions	5,867
Balance on December 31, 2019	\$ 13,020
Accumulated depreciation and impairment losses:	
Balance on January 1, 2020	\$ 4,290
Depreciation for the year	5,325
Disposals	(3,424)
Balance on December 31, 2020	\$ 6,191
Balance as of January 1 2019	\$ -
Depreciation for the year	4,290
Balance on December 31, 2019	\$ 4,290
Carrying amount:	
Balance on December 31, 2020	\$ 8,924
Balance on January 1, 2019	\$ 7,153
Balance on December 31, 2019	\$ 8,730

(j) Investment property

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

	Land	Buildings	Total
Cost or deemed cost:			
Balance on January 1, 2020	\$ 113,700	87,357	201,057
Balance on December 31, 2020	\$ 113,700	87,357	201,057

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance on January 1, 2019	\$ 82,743	32,620	115,363
Reclassification from inventories to investment properties	<u>30,957</u>	<u>54,737</u>	<u>85,694</u>
Balance on December 31, 2019	<u>\$ 113,700</u>	<u>87,357</u>	<u>201,057</u>
Depreciation and impairment loss:			
Balance on January 1, 2020	\$ -	15,936	15,936
Depreciation for the year	<u>-</u>	<u>1,634</u>	<u>1,634</u>
Balance on December 31, 2020	<u>\$ -</u>	<u>17,570</u>	<u>17,570</u>
Balance on January 1, 2019	\$ -	13,546	13,546
Depreciation for the year	<u>-</u>	<u>2,390</u>	<u>2,390</u>
Balance on December 31, 2019	<u>\$ -</u>	<u>15,936</u>	<u>15,936</u>
Carrying amount:			
Balance on December 31, 2020	<u>\$ 113,700</u>	<u>69,787</u>	<u>183,487</u>
Balance on January 1, 2019	<u>\$ 82,743</u>	<u>19,074</u>	<u>101,817</u>
Balance on December 31, 2019	<u>\$ 113,700</u>	<u>71,421</u>	<u>185,121</u>
Fair value:			
Balance on December 31, 2020			<u>\$ 398,495</u>
Balance on January 1, 2019			<u>\$ 258,485</u>
Balance on December 31, 2019			<u>\$ 355,964</u>

- (i) The investment property contains commercial buildings and land held for leasing. Please refer to Note 6(o) 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 the actual selling price of the real estate transactions reported on the websites of the Ministry of the Interior R.O.C.. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.
- (iii) Information for the aforesaid investment property pledged as collateral, please refer to Note 8.

(k) Other current assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Construction deposits paid	\$ 129,291	48,954
Other current assets, others	22,204	2,445
Current incremental costs to obtaining a contract	<u>1,779</u>	<u>4,532</u>
	<u>\$ 153,274</u>	<u>55,931</u>

(i) Construction deposits paid

Construction deposits paid include construction deposit and green building deposit.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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 Company expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Company 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 Company recognized \$38,210 thousand and \$75,029 thousand, respectively, of amortized expense.

(l) Short-term loans

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Unsecured bank loans	\$ 286,182	366,000
Secured bank loans	380,000	546,636
Total	<u>\$ 666,182</u>	<u>912,636</u>
Unused credit line	<u>\$ 326,000</u>	<u>878,871</u>
Range of interest rates	<u>1.55%~1.99%</u>	<u>1.80%~2.70%</u>

(i) Borrowing and repayment

The Company borrowed \$150,000 thousand and \$746,000 thousand of its short-term loans, for the years ended December 31, 2020 and 2019, respectively. In addition, the Company repaid \$396,454 thousand and \$625,321 thousand for the years ended December 31, 2020 and 2019, respectively.

(ii) Collateral for bank loans

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

(m) Short-term notes and bills payable

	<u>December 31, 2020</u>		
	<u>Guarantee or acceptance</u> <u>institution</u>	<u>Range of interest</u> <u>rates (%)</u>	<u>Amount</u>
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>\$ 54,934</u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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>

(n) Lease liabilities

The Company's lease liabilities were as follows :

	December 31, 2020	December 31, 2019
Current	<u>\$ 4,981</u>	<u>5,116</u>
Non-current	<u>\$ 4,016</u>	<u>3,684</u>

For the years ended December 31, 2020 and 2019, the Company 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(w) for maturity analysis.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2020	2019
Interest on lease liabilities	<u>\$ 191</u>	<u>176</u>
Expenses relating to short-term leases	<u>\$ 299</u>	<u>2,074</u>

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

	For the years ended December 31	
	2020	2019
Total cash outflow for leases	<u>\$ 5,769</u>	<u>6,470</u>

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

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

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(o) Operating leases

Leases as lessor

The Company leases out its investment property. The Company 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	\$ 7,001	6,920
Between one to five years	27,229	25,689
More than five years	<u>4,696</u>	<u>14,756</u>
Unrealized lease liabilities	<u>\$ 38,926</u>	<u>47,365</u>

(i) For the years ended December 31, 2020 and 2019, the property rental income were \$6,973 thousand and \$5,891 thousand, respectively.

(ii) For the years ended December 31, 2020 and 2019, the maintenance expenses for investment property were \$286 thousand and \$15 thousand, respectively.

(p) Employee benefits

(i) Defined benefit plans

The Company 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>\$ 2,058</u>	<u>8,233</u>

The Company's employee benefit liabilities were as follows:

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

The Company 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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

1) Composition of plan assets

The Company 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 Company'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 Company 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	725	1,599
Defined benefit obligation at December 31	\$ 25,149	29,822

3) Movements in the fair value of plan assets

The movements in the present value of the defined benefit plan assets for the Company 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	\$ 23,091	21,589

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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
	\$ 142	146
Operating costs and expenses	\$ 142	146

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

The Company'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	\$ 2,167	2,213

6) Actuarial assumptions

The following are the Company'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 %

For the years ended December 31, 2020, the Company 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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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 Company'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 Company allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution method were \$1,931 thousand and \$1,638 thousand for the years ended December 31, 2020 and 2019 respectively. Payment was made to the Bureau of Labor Insurance.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.
Notes to the Parent Company only Financial Statements

(q) Income Tax

(i) Tax expense

The components of income tax were as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Current tax expense		
Current period	\$ 21,352	3,098
Tax on undistributed surplus earnings	14,851	37,069
Prior years income tax adjustment	(3,817)	-
Land value increment tax	<u>5,732</u>	<u>7,846</u>
Tax expense	<u>\$ 38,118</u>	<u>48,013</u>

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

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Profit (loss) before tax	\$ 270,459	488,468
Income tax using the Company's domestic tax rate	\$ 54,092	97,694
Exempt income from selling lands	(48,366)	(109,616)
Capitalized borrowing costs difference on tax and fiscal reporting	329	(648)
Temporary difference on tax and fiscal reporting of advertisement expense	(2)	(4)
Losses on valuation of financial assets	282	(1,068)
Investments losses on using equity method	11,313	19,939
Recognize unrecognized tax losses in prior year	-	(10,081)
Changes on unrecognized temporary difference	(103)	(69)
Prior years income tax adjustment	(3,817)	-
Land value increment tax	5,732	7,846
Tax on undistributed surplus earnings	14,851	37,069
Others	<u>3,807</u>	<u>6,951</u>
Income tax expense	<u>\$ 38,118</u>	<u>48,013</u>

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

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

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	\$ 3,859	3,614

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:	
Balance on January 1, 2020	\$ 17,401
Recognized in comprehensive income	22,226
Balance on December 31, 2020	\$ 39,627
Balance on January 1, 2019	\$ 6,506
Recognized in comprehensive income	10,895
Balance on December 31, 2019	\$ 17,401

(iv) The Corporation's income tax return for the year 2018 had been examined by the tax authority.

(r) 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 \$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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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	<u>128,732</u>	<u>127,774</u>
	<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.

(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 the paid-in capital may be distributed.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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 total current period, net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The 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 2020 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	<u>102,069</u>	0.80	<u>138,398</u>
Total		<u><u>\$ 142,896</u></u>		<u><u>242,196</u></u>

(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 (losses) from financial assets measured at fair value through other comprehensive income	-	10,089	10,089
Unrealized gains (losses) from financial assets measured at fair value through subsidiaries' other comprehensive income	-	(2,741)	(2,741)
Balance on December 31, 2020	<u><u>\$ (158,506)</u></u>	<u><u>(34,194)</u></u>	<u><u>(192,700)</u></u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

	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, 2019	\$ (26,026)	(60,908)	(86,934)
Exchange differences on foreign operations	(43,579)	-	(43,579)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	14,993	14,993
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	4,965	4,965
Disposal of investments by subsidiaries in equity instruments designated at fair value through other comprehensive income	-	(32)	(32)
Unrealized gains (losses) from financial assets measured at fair value through subsidiaries other comprehensive income	-	(560)	(560)
Balance on December 31, 2019	<u>\$ (69,605)</u>	<u>(41,542)</u>	<u>(111,147)</u>

(s) 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	<u>313</u>	<u>476</u>
Weighted-average number of ordinary shares (diluted)	<u>224,864</u>	<u>225,027</u>
	\$ <u>1.03</u>	<u>1.96</u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

- (t) Revenue from contracts with customers
- (i) Revenue from contracts with customers

	For the years ended December 31	
	2020	2019
Major products/services lines:		
Sales of land and building	\$ 1,129,908	1,466,807
Rental of land and building	6,973	5,891
Service revenue	6,635	22,324
	\$ 1,143,516	1,495,022

- (ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	\$ 12,983	65,042	116,713
Accounts receivable	44,694	2,412	35,930
Less: Allowance for impairment	(2,412)	(2,412)	(2,412)
Total	\$ 55,265	65,042	367,313
Contract liabilities-Sales of land and building	\$ 20,450	22,120	394,596
Contract liabilities-Management consultant	-	-	1,419
Contract liabilities-Rental of land and building	28	-	-
Total	\$ 20,478	22,120	396,015

- 1) For details on accounts receivable and allowance for impairment, please refer to Note 6(d).
- 2) The January 1, 2020 and 2019 beginning balance of contract liabilities \$22,120 thousand and \$396,015 thousand was recognized as revenue for 2020 and 2019, respectively.
- 3) 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.
- 4) 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 Company has not applied for presale of Bali Taipei Port Building as of December 31, 2020.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(u) 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.

(v) 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	\$ 589	939
Other interest income	74	107
Total interest	\$ 663	1,046

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2020	2019
Dividend income	\$ 5,486	3,951
Income from counter-party default	10	56,054
Other income	449	791
	\$ 5,945	60,796

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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	\$ (802)	(97)
Gains (losses) on financial assets at fair value through profit or loss	(1,413)	5,338
Other expenses	(1,776)	(6,976)
	\$ (3,991)	(1,735)

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest expense	\$ (9,602)	(12,255)

(w) 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 Company.

2) Concentration of credit risk

Since the Company 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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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	\$ 237,224	237,224	237,224	-	-	-	-
Lease liabilities	8,997	9,175	2,827	2,197	2,970	1,181	-
Floating rate liabilities	666,182	790,948	101,735	217,908	35,277	24,989	411,039
Fixed rate liabilities	<u>54,934</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 967,337</u>	<u>1,092,347</u>	<u>396,786</u>	<u>220,105</u>	<u>38,247</u>	<u>26,170</u>	<u>411,039</u>
December 31, 2019							
Non-derivative financial liabilities							
Non-interest bearing liabilities	\$ 301,602	301,602	301,602	-	-	-	-
Lease liabilities	8,800	8,963	2,582	2,582	3,032	767	-
Floating rate liabilities	912,636	1,050,301	50,119	333,116	44,061	41,405	581,600
Fixed rate liabilities	<u>54,899</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,277,937</u>	<u>1,415,866</u>	<u>409,303</u>	<u>335,698</u>	<u>47,093</u>	<u>42,172</u>	<u>581,600</u>

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

(iii) Market risk

1) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company'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 assumes 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 Company 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 Company's net income would have increased or decreased by \$2,665 thousand and \$3,651 thousand for the years ended December 31, 2020 and 2019. This is mainly due to the Company's borrowing at variable rates.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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>7,367</u>	<u>2,730</u>	<u>6,358</u>	<u>2,188</u>
Decreasing 10%	\$ <u>(7,367)</u>	<u>(2,730)</u>	<u>(6,358)</u>	<u>(2,188)</u>

(iv) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarch

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>117,749</u>	<u>117,749</u>	<u>-</u>	<u>-</u>	<u>117,749</u>
Financial assets at fair value through other comprehensive income					
Stock of exchange-listed and OTC-listed companies	\$ <u>73,672</u>	<u>73,672</u>	<u>-</u>	<u>-</u>	<u>73,672</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,235,520	-	-	-	-
Notes and accounts receivable	55,265	-	-	-	-
Other receivables	29,631	-	-	-	-
Construction deposits paid	129,291	-	-	-	-
Other financial assets	<u>32,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,482,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,673,976</u>	<u>191,421</u>	<u>-</u>	<u>-</u>	<u>191,421</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 666,182	-	-	-	-
Short-term transaction instrument payables	54,934	-	-	-	-
Notes and accounts payable	133,657	-	-	-	-
Other payables	103,567	-	-	-	-
Lease liabilities	8,997	-	-	-	-
Guarantee deposits received	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>968,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

	December 31, 2019				
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss	\$ 62,008	62,008	-	-	62,008
Financial assets at fair value through other comprehensive income					
Stock of exchange-listed and OTC-listed companies	\$ 63,583	63,583	-	-	63,583
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,212,078	-	-	-	-
Notes and accounts receivable	65,042	-	-	-	-
Other receivables	55,756	-	-	-	-
Construction deposits paid	48,954	-	-	-	-
Other financial assets	35,716	-	-	-	-
Subtotal	<u>1,417,546</u>	-	-	-	-
Total	<u>\$ 1,543,137</u>	<u>125,591</u>	-	-	<u>125,591</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 912,636	-	-	-	-
Short-term transaction instrument payables	54,899	-	-	-	-
Notes and accounts payable	221,341	-	-	-	-
Other payables	80,261	-	-	-	-
Lease liabilities	8,800	-	-	-	-
Guarantee deposits received	1,600	-	-	-	-
Total	<u>\$ 1,279,537</u>	-	-	-	-

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 Company'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.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

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 Company 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 Company'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 Company uses "Net asset value method" as the evaluation technique.

(x) Financial risk management

(i) Overview

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

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

The following likewise discusses the Company'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 parent company only 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 Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, 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 Company Audit Committee oversees that management's supervision is in compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company'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 Company's standard payment and delivery terms and conditions are offered. The Company'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 Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company 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 Company's policy, the Company may act as a guarantor, if necessary, for its business operation. The Company 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.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company'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 Company. For the years ended December 31, 2020 and 2019, the Company had unused short-term bank facilities of \$326,000 thousand and \$878,871 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 Company'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) Interest rate risk

The Company'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(w) for details.

2) Other market price risk

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

(y) 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 Company's debt to equity ratios at the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 1,057,142	1,395,148
Less: cash and cash equivalents	<u>(1,235,520)</u>	<u>(1,212,078)</u>
Net debt	(178,378)	183,070
Total equity	<u>4,540,784</u>	<u>4,429,911</u>
Total capital	<u>\$ 4,362,406</u>	<u>4,612,981</u>
Debt to equity ratios	<u>(4.09)%</u>	<u>3.97%</u>

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

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company's subsidiaries during the periods covered in the parent company only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
PAO-SHIN INVESTMENT CO., LTD.	The Company's subsidiary
CHAIN-HUNG APARTMENT BUILDING MANAGEMENT AND MAINTENANCE LTD.	The Company's subsidiary
CYUAN-SHIH-HAO INDUSTRIAL CO., LTD.	The Company's subsidiary
CASTLE ROCK INVESTMENT S.A.(SAMOA)	The Company's subsidiary
CHAINQUI HOLDING CO., LTD.(SAMOA)	The Company's subsidiary
CHAINQUI CONSTRUCTION CO., LTD.(SAMOA)	The Company's subsidiary
CHAIN-DA DEVELOPMENT CO., LTD.	The Company's subsidiary
CHIA-YUAN CREATE CO., LTD.	The Company's subsidiary
DAHO SECURITY CO., LTD.	The Company's subsidiary
RICH KEY ASIA LTD.	The Company's subsidiary
PROFIT ASIA LTD.	The Company's subsidiary
NEW MOMENTUM LTD.	The Company's subsidiary
EVER EASY MANAGEMENT LTD.	The Company's subsidiary
NOAH INVESTMENT CAPITAL LIMITED (SAMOA)	The Company's subsidiary
ZENITH GLOBAL CAPITAL LIMITED (SAMOA)	The Company's subsidiary
LEXY STAR INTERNATIONAL CO., LTD	The Company's subsidiary
CHAINQUI DEVELOPMENT USA LLC	The Company's subsidiary
CHAINQUI DEVELOPMENT BELLTOWN LLC	The Company's subsidiary
CHAINQUI DEVELOPMENT VIRGINIA LLC	The Company's subsidiary
CHAINQUI DEVELOPMENT ROOSEVELT	The Company's subsidiary
GALORE DEVELOPMENT GROUP INC.	The Company's subsidiary
CHAINQUI DEVELOPMENT SEATTLE, LLC	The Company's subsidiary
CHAINQUI DEVELOPMENT WALLING FORD, LLC	The Company's subsidiary

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
CHAINQUI DEVELOPMENT HARBORVIEW, LLC	The Company's subsidiary
GLOBAL INDUSTRIAL CO., LTD.	Related Party
CHAIN-DA INVESTMENT CO., LTD.	Related Party
CHAIN-CHAN INVESTMENT CO., LTD.	The entity's chairman is the Company's director
CHAIN-I INVESTMENT CO., LTD.	Same chairman with the Company
CHAIN QUI CULTURAL & EDUCATIONAL FOUNDATION	The entity's chairman is the First immediate family member of the chairman of the Company

(b) Significant transactions with related parties

(i) Purchase

The purchasing amount to related parties were as follow:

<u>Relationship</u>	<u>Name</u>	<u>Contract price (before tax)</u>	<u>Purchasing in current period</u>	<u>Accumulated amount</u>
2020				
Subsidiary—	Chung Chuang	\$ <u>547,286</u>	<u>94,789</u>	<u>226,169</u>
Chia-Yuan	Section, Taipei			
Create Co., Ltd.	port			
2019				
Subsidiary—	Chung Chuang	\$ <u>227,867</u>	<u>57,369</u>	<u>131,380</u>
Chia-Yuan	Section			
Create Co., Ltd.				

The project contracted by the Company to the related parties is followed by the contracting operation regulations and based on the project budget plus reasonable management fees and profits, then approval by supervisor.

The payment terms do not have the significant difference from related parties to other industries.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.
Notes to the Parent Company only Financial Statements

(ii) Receivables to Related Parties

The receivables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other receivables	Subsidiary-CHAINQUI DEVELOPMENT SEATTLE, LLC	\$ -	171
Other receivables	Subsidiary-CHAINQUI DEVELOPMENT HARBORVIEW, LLC	-	6,950
		<u>\$ -</u>	<u>7,121</u>

(iii) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes payables	Subsidiary—Chia-Yuan Create Co., Ltd.	\$ -	1,695
Account payables	Subsidiary—Chia-Yuan Create Co., Ltd.	4,750	-
		<u>\$ 4,750</u>	<u>1,695</u>

(iv) Lease

<u>Relationship</u>	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiary	\$ 388	372
Other related parties	57	48
	<u>\$ 445</u>	<u>420</u>

(v) Guarantee

As of December 31, 2020, and 2019, the Company provided the guarantee for its subsidiary as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
CHAINQUI HOLDING CO., LTD. (SAMOA)	<u>\$ 201,250</u>	<u>282,600</u>

- (vi) The Company signed a project management consulting contract with its subsidiary Chain-Da Development Co., Ltd in March 2012, and for the year ended December 31, 2019, the consulting revenue of \$1,419 thousand (as operating revenue) had been received.

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CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(vii) The Company signed a building management and maintenance contract with its subsidiary Chain-Hung Apartment building management and maintenance Ltd, and for the years ended December 31, 2020 and 2019, the Company paid the management fee \$404 thousand and \$2,575 thousand, respectively.

(c) Key management personnel compensation

	For the years ended December 31	
	2020	2019
Short-term employee benefits	\$ 33,038	43,440

(8) Pledged assets:

The carrying values of the Company'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	\$ 23,732	23,719
Other financial assets—non-current	Guarantee deposits and bid bond	9,110	11,997
Construction deposit paid	Green building deposits	22,777	-
Properties and land held for sale	Short-term loans	198,838	485,510
Land held for development	Short-term loans	342,592	342,592
Construction-in-progress-land and projects	Short-term loans	69,947	405,715
Property, plant and equipment	Short-term loans	189,223	189,949
Investment properties	Short-term loans	183,487	185,121
		\$ 1,039,706	1,644,603

(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 Company 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

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

(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)	<u>\$ 321,117</u>	<u>227,867</u>
The unpriced project payments	<u>\$ 321,117</u>	<u>96,487</u>

(iv) 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)	<u>\$ 21,947</u>	<u>-</u>

(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.

(c) Significant contingent liability: None.

(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 item	By function	For the year ended 2020			For the year ended 2019		
		Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit							
Salary	\$	-	41,294	41,294	-	43,428	43,428
Health and labor insurance		-	3,743	3,743	-	3,875	3,875
Pension		-	1,943	1,943	-	1,694	1,694
Remuneration of director		-	26,064	26,064	-	35,060	35,060
Others		-	2,047	2,047	-	1,788	1,788
Depreciation		1,634	6,507	8,141	2,390	6,218	8,608
Amortization		-	93	93	-	48	48

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Notes to the Parent Company only Financial Statements

For the years ended December 31, 2020 and 2019, the information on the number of employees and employee benefit expense of the Company were as follows:

	<u>2020</u>	<u>2019</u>
Number of employees	<u>60</u>	<u>53</u>
Number of directors (non-employee)	<u>5</u>	<u>5</u>
Average employee benefit expense	<u>\$ 891</u>	<u>1,058</u>
Average employee salary expense	<u>\$ 751</u>	<u>905</u>
Percentage of average employee salary expense	<u>(17.02)%</u>	
Remuneration of supervisors	<u>\$ 2,760</u>	<u>4,653</u>

The information of the Company salary's policy (include directors, supervisors, managers and employees) is as follow:

- (a) Independent director
- (i) Regardless of the Company's profit or loss, independent directors' salary and remuneration need to be paid on monthly basis and be adjusted according to the value of his/her participation in the contribution to Company's operation.
 - (ii) According to the Company policy, the independent directors cannot participate in the distribution of director's compensation.
 - (iii) According to the needs of the actual execution of the business, the Company has to pay for the traffic allowance.
- (b) Other directors and supervisors
- (i) The Company pay directors and supervisors' remuneration, according to the value of his/her participation in the contribution to Company's operation.
 - (ii) Directors' remuneration is allocated at a rate specified in the Company's Articles of Incorporation.
 - (iii) According to the needs of the actual execution of the business, the Company has to pay for the traffic allowance.
- (c) Managerial officers
- (i) The monthly fixed salary is determined by salary level of each rank.
 - (ii) According to the result of the operation performance assessment, the Company distribute the performance bonus.
 - (iii) Year-end bonuses will be paid based on the results of employee performance appraisal.
 - (iv) Traffic allowance and supervisor allowance are paid in accordance to job-level standards.
- (d) Other employees
- The salary of the Company's employees is handled in accordance with the regulations of the "job level table" and "job salary benchmark table". The employee salary is divided into recurring and non-recurring salaries.
- (i) Recurring salaries include basic salaries, duties allowance, meal allowance and other allowance.
 - (ii) Non-recurring salaries include overtime pay, year-end bonus, project bonus, performance bonus and employee's remuneration.

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.
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.
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				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 %	-	-
"	Stock- Lightwave Link, Inc.	-	Non-current financial assets at fair value through other comprehensive income	803,582	-	11.97 %	-	-
"	Stock- Spring House Entertainment Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	412,812	-	2.80 %	-	-
Pao-Shin Investment Co., Ltd.	Stock- O-Bank Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,115,430	21,590	- %	21,591	pledged 3,084,000 shares
"	Stock- Firich Enterprises Co.,Ltd.	-	Non-current financial assets at fair value through other comprehensive income	69,749	2,012	- %	2,012	-
"	Stock- Lightwave Link, Inc.	-	Non-current financial assets at fair value through other comprehensive income	511,480	-	- %	-	-
"	Stock- Era Communications Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	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 %	-	-

(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.
Notes to 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			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	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	(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	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	(553)	(454)	
The Company	CASTLE ROCK INVESTMENT S.A. (SAMOA)	SAMOA	Investing activities	508,229	508,229	16,206,000	100.00 %	475,169	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	(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	(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 %	-	-	-	
Pao-Shin Investment Co., Ltd.	Chia-Yuan Create Co., Ltd.	Taiwan	Constructing activities	98,879	58,879	11,500,000	100.00 %	120,212	(3,152)	-	
Pao-Shin Investment Co., Ltd.	Rich Key Asia LTD.	Hong Kong	Investing activities	988	988	-	100.00 %	-	-	-	
Pao-Shin Investment Co., Ltd.	Ever Easy Management	Hong Kong	Investing activities	745	745	-	100.00 %	-	-	-	
Pao-Shin Investment Co., Ltd.	New Momentum LTD.	SAMOA	Investing activities	382	382	-	100.00 %	-	(32)	-	
Pao-Shin Investment Co., Ltd.	Profit Asia LTD.	SAMOA	Investing activities	390	390	-	100.00 %	-	(42)	-	
Chia-Yuan Create Co., Ltd.	Da-Ho Security Co., Ltd.	Taiwan	Security services	40,000	-	4,000,000	100.00 %	39,861	(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	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	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	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	(51,118)	-	
CHAINQUI DEVELOPMENT USA LLC	CHAINQUI DEVELOPMENT BELLTOWN LLC	U.S.A	Constructing, selling, and leasing of residential and commercial buildings.	1,115,238	1,040,310	36,410,000	100.00 %	914,817	(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	(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	68	-	
CHAINQUI CONSTRUCTION CO., LTD(SAMOA)	GALORE DEVELOPMENT GROUP INC.	SAMOA	Investing activities	139,168	139,168	4,500,000	50.00 %	126,613	(3,107)	-	

(Continued)

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.
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			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			
GALORE DEVELOPMENT GROUP INC.	CHAINQUI DEVELOPMENT SEATTLE, LLC	U.S.A	Investing activities	269,878	269,878	8,800,000	100.00 %	247,948	(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	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	(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 %

(14) Segment information:

Please refer to the consolidated financial statements of 2020.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent year and up to the date of publication of the annual report, it shall be explained how said difficulties will affect the company's financial situation: None.

VII. Review and Analysis of Financial Position and Performance, and Risk Matters

I. Financial position

Unit: NT\$ thousand

Item \ Fiscal year	2019	2020	Discrepancy	
			Amount	%
Current assets	5,783,105	5,221,780	-561,325	-9.71%
Property, plant and equipment	196,863	200,231	3,368	1.71%
Intangible assets	310	541	231	74.52%
Other assets	2,538,821	2,425,330	-113,491	-4.47%
Total assets	8,519,099	7,847,882	-671,217	-7.88%
Current liabilities	2,391,367	1,884,395	-506,972	-21.20%
Other liabilities	1,364,868	1,109,162	-255,706	-18.73%
Total liabilities	3,756,235	2,993,557	-762,678	-20.30%
Share capital	2,041,368	2,245,505	204,137	10.00%
Additional paid-in capital	748,668	647,558	-101,110	-13.51%
Retained earnings	1,751,022	1,840,421	89,399	5.11%
Total shareholders' equity	4,762,864	4,854,325	91,461	1.92%

Analysis of financial position:

The reason for, and impact of, any material change during the two most recent years in the Company's assets, liabilities, or equity, and plans to respond.

- (1) The decrease in current assets was mainly due to the completion and handover of the Top of the Peak and Chainqui Sweet Home projects.
- (2) The decrease in current liabilities was mainly due to the completion and handover of the Top of the Peak and Chainqui Sweet Home projects.
- (3) The increase in shareholders' equity was mainly due to recognition of revenue of the Top of the Peak and Chainqui Sweet Home projects.

II. Financial performance

1. Comparative analysis of operating results

Unit: NT\$ thousand

Item \ Fiscal year	2019	2020	Amount of increase or decrease	Rate of change
Operating cost	<u>968,068</u>	<u>784,710</u>	-183,358	-18.94%
Gross profit	762,485	553,367	-209,118	-27.43%
Operating expenses	<u>277,375</u>	<u>219,132</u>	-58,243	-21.00%
Other income and expense	-	-	-	-
Profit from operations	485,110	334,235	-150,875	-31.10%
Non-operating income and expense	<u>6,685</u>	<u>(64,101)</u>	-70,786	-1058.88%
Profit before tax from continuing operations of the departments	491,795	270,134	-221,661	-45.07%

Less: Income tax expense	<u>50,455</u>	<u>38,345</u>	-12,110	-23.98%
Current period net profit	441,340	231,789	-209,551	-47.48%
Other comprehensive income	<u>-38,290</u>	<u>-95,919</u>	<u>-57,629</u>	-150.51%
Comprehensive profit or loss for the period	403,050	135,870	-267,180	-66.29%

Comparative analysis of operating results:

- (1) The decrease in operating revenue was mainly due to the revenue from sales of the inventory houses of the Top of the Peak project in 2020.
 - (2) The decrease in profit from operations was mainly due to the the revenue from sales of the inventory houses of the Top of the Peak project in 2020.
2. Expected sales volume for the coming year and its basis

There is no significant change in the Company's main business scope. In terms of market, due to the deep cultivation in the Greater Taipei area, the revenue in the future is expected to remain in line with the current level. The revenue recognized of the Top of the Peak project will contribute significantly to the profit.

III. Cash flows

1. Analysis of cash flow changes in the most recent year, plans to improve liquidity and analysis of cash flow in the coming year

- (1) Liquidity analysis for the most recent year:

Item	Year		
	2019	2020	Increase (decrease) ratio
Cash flow ratio (%)	-8.07	21.14	361.96%
Cash flow adequacy ratio (%)	-619.16	553.44	189.39%
Cash re-investment ratio (%)	-7.92	9.59	221.09%
Analysis of changes in the ratios: The increase in cash flow ratio was mainly due to the increase of cash inflow from operating activities.			

- (2) Liquidity analysis for the coming year:

Unit: NT\$ thousand

Cash balance at the beginning of the period (1)	Estimated cash inflow from operating activities for the whole year (2)	Estimated annual cash outflow (3)	Estimated surplus (shortage) of cash (1)+(2)-(3)	B. Remedial action for estimated cash shortage	
				Investment plans	Financial plans
2,306,792	118,310	354,345	2,070,757	-	-

- A. Analysis of cash flows for this year:

- a. Operating activities: The parent company helped the Top of the Peak, Chainqui Sweet Home, Xinyi Sanxing Section and Chengzhong Section to deduct the construction costs of revenue and the preliminary expenses for the new projects. The estimated cash inflow from operations is \$118,310 thousand.
- b. Investing activities: All investments are subsidiaries listed in the consolidated financial statements and are therefore not included.
- c. Financing activities: Chainqui expects to pay cash dividends and interest expenses of \$354,345 thousand for the year.

- B. Remedial action for estimated cash shortage: Not applicable

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year.

1. Utilization of material capital expenditures and the sources of capital: None.
2. Anticipated possible benefits: None.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits or losses generated thereby, the plans for improvement , and investment plans for the coming year

Unit: \$ thousand

Item/explanation	Share capital (\$ thousand)	Profit or loss recognized in the most recent year	Main reasons for profit or loss	Improvement plans	Investment plans for the future
Baoxin Investment Co., Ltd.	180,000	(7,178)	Specialized in investment, and the result is due to the recognition of various investment gains and losses.	None	None
Chain Hung Apartment Building Management and Maintenance Co., Ltd	10,000	2,746	Due to the increase in management maintenance cases.	None	None
Chain Shin Hap Supermarket Ltd	34,280	2,104	Due to revenue from rental of real estate.	None	None
CASTLE ROCK INVESTMENT S.A. (SAMOA)	461,547	1,706	Due to organization costs and interest income from invested companies.	None	None
Chain Da Construction	100,000	(553)	Due to management and maintenance costs.	None	None
CHAINQUI HOLDING CO., LTD (SAMOA)	1,673,485	(56,110)	Due to the re-investment in Seattle for the purchase of a construction site.	None	None
CHAINQUI CONSTRUCTION CO., LTD (SAMOA)	164,890	(1,593)	Due to the re-investment in Seattle for the purchase of a construction site.	None	None

VI. Risk items: (The current status during the most recent year and up to the date of publication of the annual report)

- (I) The impact upon the Company's profit or loss of inflation, changes in interest, exchange rates, and the measures the company plans to adopt in response:
1. The Company is not engaged in the import/export of raw materials or export of goods; therefore, changes in exchange rates do not have a direct impact on the Company.
 2. Interest rates have remained low and the construction industry is gradually on the rise. Although the banking industry is becoming more strict on the construction industries, the Company is a listed company with a good historical record, and the Company's investment areas are all bank-approved and sales performance is excellent, so the impact of interest rate fluctuations is acceptable.
 3. Inflation is slowing down somewhat, and the Company has a long-term relationship with suppliers, so there is no significant impact.
- (II) High-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits or losses generated thereby and response measures to be taken in the future:
1. The Company has no involvement in high-risk, high-leverage investments and derivative financial instruments, and most of the investments are in industries with low risk and promising prospects, so the related losses are not significant; in the future, such investments will be evaluated in detail and the amounts will not be excessive.
 2. Although the Company has provisions for the lending of capital to others, no capital has been lent by the Company to anyone to date.
 3. Although the Company has an endorsement and guarantee system, at present, guarantee has only given to the cooperative party for Top of the Cloud, Yu Jing Construction Co., Ltd., so there should be no significant risk.
- (III) Research and development work to be carried out in the future and further expenditures expected for research and development: None.
- (IV) The impact upon the Company's financial operations of important policy and legal developments at home and abroad, and the measures the Company plans to adopt in response: Regarding the tax specifically selected goods and services that is about to be implemented, the sales of the Company's properties are basically reasonable and normal transfers and are do not have to pay specifically selected goods and services tax. Since the promulgation

of this Act, there has been no impact on the Company, and there have been no cases of clients requesting to return their homes due to the implementation of the Act at any of the sites.

- (V) The impact on the Company's financial operations of developments in science, technology, and industry, and the measures the company plans to adopt in response: The Company is in a traditional industry and technological changes have had a greater impact on the Company only in terms of increased efficiency. As for changes in the industry, the Company's sales department is always aware of changes in relevant market information and adjusts its products in a timely manner to respond to them, thus there is no significant impact on the financial aspect.
- (VI) The impact of changes in the Company's image upon its crisis management, and the measures the Company plans to adopt in response: In case of a situation that threatens the Company's image, the Company will set up an emergency response team to take prompt action as necessary.
- (VII) Expected benefits and possible risks associated with any mergers and acquisitions: Not applicable.
- (VIII) Expected benefits and possible risks associated with any plant expansion: Not applicable.
- (IX) Risks associated with any concentration of sales or purchasing operations: The construction business division has different purchases and sales, so there is no consolidation of any risk.
- (X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands: In recent years, the directors and supervisors of the Company and the shareholders holding more than 10% of the shares have always been supportive to the Company, so there have never been any significant transfers of shares.
- (XI) Effect upon and risk to the Company associated with any change in governance: Not applicable.
- (XII) Litigious and non-litigious matters (major litigious, non-litigious or administrative disputes that involve the Company and/or any of Company's directors, supervisors, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any companies controlled by the Company that have been concluded by means of a final and unappealable judgment, or are still under litigation; where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report): None.
- (XIII) Other important risks response measures: None.

VII. Other important matters: None.

VIII. Special Items to Be Included

I. Information related to the Company's affiliates

Statement

The 2020 affiliation reports of the Company for 2020 (from January 1, 2020, to December 31, 2020) have been prepared in conformity with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. No material discrepancies were found between the reports and the relevant information disclosed in the notes to the financial statements for the same period.

Sincerely

Company name: CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Chairperson: LEE, YUNG-I

March 16, 2021

CPA's review opinion on the consolidated business report

Recipient: Chainqui Construction Development Co., Ltd.

The 2020 affiliation reports of Chainqui Construction Development Co., Ltd. have been reviewed by the CPAs in conformity with the provisions set forth in Letter Tai-Tsai-Cai-Zheng-(VI) No. 04448 issued on November 30, 1999 by the Securities and Futures Bureau formerly under the Ministry of Finance. This review opinion is to verify if the 2020 affiliation reports of Chainqui Construction Development Co., Ltd. are in compliance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and if the information disclosed in the affiliation reports has material discrepancies with the information in the notes to the financial statements audited by the CPAs on March 16, 2021.

In our opinion and based on our review, we hereby confirm that the affiliation reports have been prepared in compliance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and no material discrepancies were found between the disclosed information and the information in the notes to the financial statements of the same period.

KPMG Taiwan

CHEN, CHUNG-CHE

Certified Public Accountant :

LAI, LI-CHEN

Securities and Futures Bureau
Approval No. :

in-Guan-Zheng-Shen-Zi No. 1000011652
(2000) Tai-Tsai-Zheng-(VI) No. 62474

March 16, 2021

(I) Relation between the controlling company and its subordinate companies

Unit: Shares; %

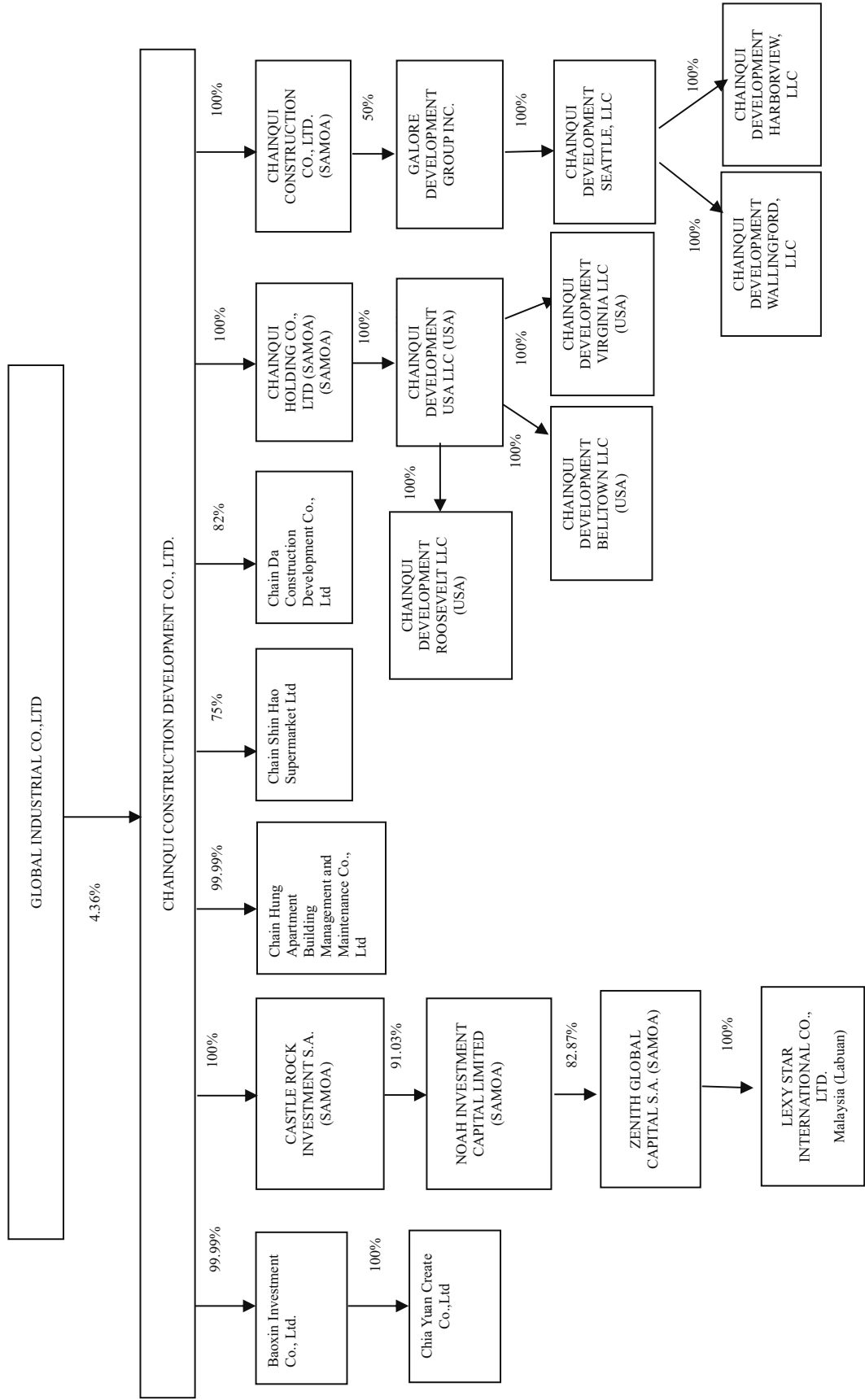
Name of the controlling company	Reason of control	Controlling company's shareholding and pledge			Directors, supervisors or managers representing the controlling company	
		Number of shares held	Shares ratio	Number of shares	Position	Name
Global Industrial	Having direct control over the personnel, finance, or business operations of Chainqui Construction Development Co., Ltd.	8,904,452	4.36%	None	Director	CHIANG, CHING-FENG

(II) Purchase and sale transactions: None.**(III) Property transactions: None.****(IV) Working capital financing: None.****(V) Asset leases: None.****(VI) Other significant transactions: None.****(VII) Endorsements and guarantees: None.**

CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.

Organization information of affiliated enterprises

1. Organizational chart of affiliated enterprises



2. Basic information on each affiliated enterprise

Unit: NT\$ thousand; US\$ thousand

Company name	Date of establishment	Address	Paid-in capital	Main business or products
GLOBAL INDUSTRIAL CO., LTD	1995-09-05	IF., No. 78, Sec. 2, Ziqiang Rd., Sanchong Dist., New Taipei City	138,000	Investment
CHAINQUI CONSTRUCTION DEVELOPMENT CO.,LTD.	1973-01-27	IF., No. 201-1, Jixian Rd., Bihua Vil, Sanchong Dist., New Taipei City	2,245,505	Cement manufacturing, housing and building development and rental, etc.
BAOXIN INVESTMENT CO., LTD.	1994-10-03	IF., No. 201-1, Jixian Rd., Bihua Vil, Sanchong Dist., New Taipei City	180,000	Investment
CHAIN HUNG APARTMENT BUILDING MANAGEMENT AND MAINTENANCE CO., LTD	2001-03-20	IF., No. 201-1, Jixian Rd., Bihua Vil, Sanchong Dist., New Taipei City	10,000	Condominium buildings management service
CHAIN SHIN HAO SUPERMARKET LTD	2006-08-09	IF., No. 306, Sec. 1, Ziqiang Rd., Sanchong Dist., New Taipei City	34,280	Supermarkets
CHIA YUAN CREATE CO.,LTD	1975-11-05	IF., No. 201-1, Jixian Rd., Bihua Vil, Sanchong Dist., New Taipei City	11,500	Comprehensive construction activities
CHAIN DA CONSTRUCTION CO.,LTD	2011-11-17	IF., No. 201-1, Jixian Rd., Bihua Vil, Sanchong Dist., New Taipei City	100,000	Housing and building development and rental
DA HO SECURITY CO., LTD	2020-12-22	No. 110, Jixian Rd., Sanchong Dist., New Taipei City	40,000	Private security service
CASTLE ROCK INVESTMENT S.A. (SAMOA)	2008-03-12	Samoa	US\$16,206 461,547 (Note)	Overseas investment holding company
NOAH INVESTMENT CAPITAL LIMITED(SAMOA)	2008-03-12	Samoa	US\$17,014 484,559 (Note)	Overseas investment holding company
ZENITH GLOBAL CAPITAL S.A. (SAMOA)	2008-03-12	Samoa	US\$20,282 577,631 (Note)	Overseas investment holding company
LEXY STAR INTERNATIONAL CO., LTD.	2009-08-10	Malaysia (Labuan)	US\$13,700 390,176 (Note)	Overseas investment holding company
CHAINQUI HOLDING CO., LTD (SAMOA)	2008-05-29	Samoa	US\$58,760 1,673,485 (Note)	Overseas investment holding company
CHAINQUI DEVELOPMENT USA LLC (USA)	2014-04-24	USA	US\$63,585 1,810,901 (Note)	Overseas investment holding company
CHAINQUI DEVELOPMENT BELLTOWN LLC(USA)	2014-04-24	USA	US\$36,410 1,036,957 (Note)	Housing and building development and rental
CHAINQUI DEVELOPMENT VIRGINIA LLC(USA)	2014-11-20	USA	US\$24,200 689,216 (Note)	Housing and building development and rental
CHAINQUI DEVELOPMENT ROOSEVELT, LLC	2018-09-25	USA	US\$1,800 51,264 (Note)	Housing and building development and rental
CHAINQUI CONSTRUCTION CO., LTD. (SAMOA)	2008-05-29	Samoa	US\$5,500 156,640 (Note)	Overseas investment holding company

GALORE DEVELOPMENT GROUP INC.	2018-01-03	USA		US\$9,000 256,320 (Note)	Overseas investment holding company
CHAINQUI DEVELOPMENT SEATTLE, LLC	2018-12-12	USA		US\$8,800 250,624 (Note)	Overseas investment holding company
CHAINQUI DEVELOPMENT WALLINGFORD, LLC	2018-12-18	USA		US\$5,150 146,672 (Note)	Housing and building development and rental
CHAINQUI DEVELOPMENT HARBORVIEW, LLC	2018-12-19	USA		US\$3,550 101,104 (Note)	Housing and building development and rental

Note: Based on the Bank of Taiwan's exchange rate of US\$28.480 on December 31, 2020.

3. Information on the same shareholders of companies presumed to be controlled and affiliated: No such case.

4. The industries covered by the business operated by the overall affiliates

1. Enterprises under the scope of each affiliated enterprises

- (1) Construction enterprises
- (2) Investment
- (3) Condominium buildings management service
- (4) Supermarkets
- (5) Housing and building development and rental

2. Dealings and division of work among affiliates: None

The following is a summary of the construction work contracted by the Company to Chia Yuan for 2020:

	<u>Name of construction project (before tax)</u>	<u>Total contract price</u>	<u>Valuated amount in this period</u>	<u>Accumulated valuated amount</u>
2020				
Chia Yuan Create	Zhongzhuang	\$ 547,286	94,789	226,169
	Section, Taipei Port			
	Section			

5. Information on directors, supervisors, and president of each affiliated enterprise

Unit: NT\$ thousand; Shares; %

Company name	Position	Name or representative	Shareholding	
			Number of shares/Capital contribution amount	Shareholding/Contribution ratio
GLOBAL INDUSTRIAL CO.,LTD	Chairperson	LEE, LONG-KWANG	4,887,730	35.42%
"	Supervisors	CHIEN HSIAO-LAN	59,972	0.43%
CHAINQUI CONSTRUCTION DEVELOPMENT CO.,LTD.	Chairperson	Representative of YEN REED INVESTMENT CO.,LTD	6,785,029	3.02%
"	Director	LEE, YUNG-I	5,237,796	2.33%
"	Director	Representative of YEN REED INVESTMENT CO.,LTD	6,785,029	3.02%
"	Director	LIAO, SHUEN-HSIN	-	-
"	Director	CHAIN DA INVESTMENT CO., LTD	16,257,347	7.24%
"	Director	Representative LEE, LONG-KWANG	14,255,555	6.35%
"	Director	GLOBAL INDUSTRIAL CO., LTD	9,794,897	4.36%
"	Director	Representative CHIANG, CHING-FENG	-	-
"	Director	CI YUN INTERNATIONAL CO.,LTD	2,491,847	1.11%
"	Independent Director	Representative CHEN, MING-ZHI	-	-
"	Independent Director	CHOU, CHE-NAN	-	-
"	Supervisors	LIN, LI-YUN	44,858	0.02%
"	Supervisors	LEE, HUI-CHUN	2,024,776	0.90%
"	Supervisors	SHANG YING INVESTMENT LTD.	403,962	0.18%
"	Supervisors	Representative LEE, RUI-SHAN	-	-

Company name	Position	Name or representative	Shareholding	
			Number of shares/Capital contribution amount	Shareholding/Contribution ratio
BAOXIN INVESTMENT CO., LTD.	Chairperson	CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. Representative LEE, LONG-KWANG	13,999,991	99.99%
"	Supervisors	CHIEN HSIAO-LAN	2	-
CHAIN HUNG APARTMENT BUILDING MANAGEMENT AND MAINTENANCE CO., LTD	Director	CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. Representative CHIANG, CHING-FENG	9,999,960	99.99%
CHAIN SHIN HAP SUPERMARKET LTD	Director	CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. Representative LEE, LONG-KWANG	25,710,000	75.00%
CHIA YUAN CREATE CO., LTD	Chairperson	BAOXIN INVESTMENT CO., LTD. Representative: LEE, CHUN-LIN	11,500,000	100.00%
"	Supervisors	BAOXIN INVESTMENT CO., LTD. Representative CHEN HENG HUI	-	-
CHAIN DA CONSTRUCTION DEVELOPMENT CO., LTD.	Chairperson	CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. Representative LEE, LONG-KWANG	11,500,000	100.00%
"	Supervisors	SHAO MIN-LIN	-	-
DA HO SECURITY CO.,LTD	Chairperson	CHIA YUAN CREATE CO., LTD Representative CHIANG, CHING-FENG	4,000,000	100.00%
"	Supervisors	CHIA YUAN CREATE CO.,LTD Representative CHEN HENG HUI	-	-
			4,000,000	100.00%

Company name	Position	Name or representative	Shareholding	
			Number of shares/Capital contribution amount	Shareholding/Contribution ratio
CASTLE ROCK INVESTMENT S.A. (SAMOA)	Chairperson	Chainqui Construction Development Co., Ltd. Representative LEE, YUNG-I	US\$16,206 -	100.00%
NOAH INVESTMENT CAPITAL LIMITED (SAMOA)	Chairperson	CASTLE ROCK INVESTMENT S.A. Representative LEE, YUNG-I	US\$15,624 -	91.83%
ZENITH GLOBAL CAPITAL S.A.	Chairperson	NOAH INVESTMENT CAPITAL LIMITED Representative LEE, YUNG-I	US\$16,782 -	82.74%
LEXY STAR INTERNATIONAL CO., LTD.	Chairperson	ZENITH GLOBAL CAPITAL S.A. Representative CHIEN HSIAO-LAN	US\$13,700 -	100.00%
CHAINQUI HOLDING CO., LTD (SAMOA)	Chairperson	CHAINQUI DEVELOPMENT CO., LTD. Representative LEE, YUNG-I	US\$58,760 -	100.00%
CHAINQUI DEVELOPMENT USA LLC	Chairperson	CHAINQUI HOLDING CO., LTD. Representative LEE, YUNG-I	US\$63,585 -	100.00%
CHAINQUI DEVELOPMENT BELLTOWN LLC	Chairperson	CHAINQUI DEVELOPMENT USA LLC Representative LEE, YUNG-I	US\$36,410 -	100.00%
CHAINQUI DEVELOPMENT VIRGINIA LLC	Chairperson	CHAINQUI DEVELOPMENT USA LLC Representative LEE, YUNG-I	US\$24,200 -	100.00%
CHAINQUI DEVELOPMENT ROOSEVELT, LLC	Chairperson	CHAINQUI DEVELOPMENT USA LLC Representative LEE, YUNG-I	US\$1,800 -	100.00%
CHAINQUI CONSTRUCTION CO., LTD	Chairperson	CHAINQUI DEVELOPMENT CO., LTD. Representative LEE, YUNG-I	US\$5,500 -	100.00%

Company name	Position	Name or representative	Shareholding	
			Number of shares/Capital contribution amount	Shareholding/Contribution ratio
GALORE DEVELOPMENT GROUP INC.	Chairperson	CHAINQUI CONSTRUCTION CO., LTD Representative LEE, YUNG-I	US\$4,500	50.00%
			US\$1,800	20.00%
CHAINQUI DEVELOPMENT SEATTLE, LLC	Chairperson	GALORE DEVELOPMENT GROUP INC. Representative LEE, YUNG-I	US\$8,800	100.00%
			-	-
CHAINQUI DEVELOPMENT WALLINGFORD, LLC	Chairperson	CHAINQUI DEVELOPMENT SEATTLE, LLC Representative LEE, YUNG-I	US\$5,150	100.00%
			-	-
CHAINQUI DEVELOPMENT HARBORVIEW, LLC	Chairperson	CHAINQUI DEVELOPMENT SEATTLE, LLC Representative LEE, YUNG-I	US\$3,550	100.00%
			-	-

6. Operation overview of each affiliated enterprise

Unit: NT\$ thousand; Shares; %

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profits	Current profit and loss	Earnings per share (\$)
	(Note)	(Note)	(Note)	(Note)	(Note 1)	(Note 1)	(After tax) (Note1)	(After tax)
GLOBAL INDUSTRIAL	138,000	471,975	224,889	247,086	-	-	9,619	0.70
CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD.	2,245,505	5,597,926	1,057,142	4,540,784	1,143,516	334,009	232,341	1.03
BAOXIN INVESTMENT CO., LTD.	180,000	158,327	1,509	156,818	1,266	(7,153)	(7,178)	(0.40)
CHAIN HUNG APARTMENT BUILDING MANAGEMENT AND MAINTENANCE CO., LTD	10,000	18,473	5,226	13,247	42,768	3,032	2,746	2.75
CHAIN SHIN HAP SUPERMARKET LTD	34,280	74,856	39,424	35,432	4,245	2,765	2,104	0.61
CHIA YUAN CREATE	115,000	138,414	25,574	112,840	81,426	(10,934)	(3,152)	(0.27)
CHAIN DA CONSTRUCTION	100,000	158,138	31,224	126,914	-	(3,191)	(553)	(0.06)
DA HO SECURITY	40,000	40,837	976	39,861	-	(143)	(139)	(0.03)
CASTLE ROCK INVESTMENT S.A.	US\$16,206 461,547	US\$16,684 475,169	- -	US\$16,684 475,169	- -	US\$(2) (54)	US\$58 1,706	- -
CHAINQUI HOLDING CO., LTD (SAMOA)	US\$58,760 1,673,485	US\$57,336 1,632,931	US\$5,981 170,355	US\$51,355 1,462,576	- -	US\$(17) (507)	US\$(1,899) (56,110)	- -
CHAINQUI CONSTRUCTION CO., LTD (SAMOA)	US\$5,500 156,640	US\$5,447 1,55129	US\$1 18	US\$5,446 155,111	- -	US\$(2) (69)	US\$(54) (1,593)	- -
NOAH INVESTMENT CAPITAL LIMITED	US\$17,014 484,559	US\$17,607 501,446	- -	US\$17,607 501,446	- -	US\$(2) (53)	US\$65 1,925	- -
ZENITH GLOBAL CAPITAL S.A.	US\$20,282 577,631	US\$21,123 601,592	US\$100 2,855	US\$21,023 598,737	- -	US\$(2) (53)	US\$81 2,388	- -

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profits	Current profit and loss	Earnings per share (\$)
	(Note)	(Note)	(Note)	(Note)	(Note 1)	(Note 1)	(After tax) (Note1)	(After tax)
LEXY STAR INTERNATIONAL CO., LTD.	US\$13,700	US\$14,636	-	US\$14,636	-	US\$(3)	US\$82	-
	390,176	416,835	-	416,835	-	(100)	2,431	-
CHAINQUI DEVELOPMENT USA LLC	US\$63,585	US\$56,972	US\$41	US\$56,931	-	US\$(187)	US\$(1,730)	-
	1,810,901	1,622,548	1,157	1,621,391	-	(5,525)	(51,118)	-
CHAINQUI DEVELOPMENT BELLTOWN LLC	US\$36,410	US\$71,437	US\$39,316	US\$32,121	US\$4,003	US\$695	US\$(813)	-
	1,036,957	2,034,531	1,119,714	914,817	118,274	20,546	(24,025)	-
CHAINQUI DEVELOPMENT VIRGINIA LLC	US\$24,200	US\$36,604	US\$14,505	US\$22,099	US\$792	US\$(145)	US\$(732)	-
	689,216	1,042,496	413,119	629,377	23,394	(4,276)	(21,643)	-
CHAINQUI DEVELOPMENT ROOSEVELT, LLC	US\$1,800	US\$1,796	US\$8	US\$1,788	US\$19	US\$2	US\$2	-
	51,264	51,162	239	50,923	558	68	68	-
GALORE DEVELOPMENT GROUP INC.	US\$9,000	US\$8,892	US\$1	US\$8,891	-	US\$(2)	US\$(105)	-
	256,320	253,244	18	253,226	-	(71)	(3,107)	-
CHAINQUI DEVELOPMENT SEATTLE, LLC	US\$8,800	US\$8,707	US\$1	US\$8,706	-	US\$(17)	US\$(92)	-
	250,624	247,966	18	247,948	-	(508)	(2,716)	-
CHAINQUI DEVELOPMENT WALLINGFORD, LLC	US\$5,150	US\$8,162	US\$2,928	US\$5,234	US\$255	US\$134	US\$20	-
	146,672	232,449	83,392	149,057	7,523	3,966	603	-
CHAINQUI DEVELOPMENT HARBORVIEW, LLC	US\$3,550	US\$5,169	US\$1,776	US\$3,393	-	US\$(41)	US\$(95)	-
	101,104	147,223	50,580	96,643	-	(1,197)	(2,811)	-

Note: Based on the Bank of Taiwan's exchange rate of US\$28.480 on December 31, 2020.

Note 1: Based on the Bank of Taiwan's average exchange rate of US\$29.549 in 2020.

II. Where the Company has carried out a private placement of securities during the most recent year and up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholder meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year and up to the date of publication of the annual report: None.

IV. Additional necessary explanations:

(I) Employee continuing education and training

A. Management regulations for education and training

1. Purpose:

Article 1: In order to fulfill the management philosophy and policy of the Company and to improve the performance and quality of employees, in hope of letting employees grow and develop together with the Company, these regulations are established.

2. Applicable objects:

Article 2: All affairs and regulations related to the education and training of the employees of the Company shall be conducted in accordance with these Regulations.

3. Definitions:

Article 3: The definitions of terms in these regulation are as follows.

- (I) Indirect workers: Those who do not operate production equipment and participate in production bonus distribution.
- (II) Direct workers: Those who operate production equipment and participate in production bonus distribution.
- (III) Internal training: Education and training organized by Company's department.
- (IV) External training: Education and training not organized by Company's department.
- (V) Common education and training: Education and training for the entire company or for specific employees across departments.
- (VI) Non-common education and training: Education and training not for the entire company or for specific employees across departments.

4. Education and training units and their responsibilities:

Article 4: The units responsible for the Company's education and training and their responsibilities are stipulated as follows:

(I) The human resources department of the Taipei Office is responsible for the education and training of the indirect employees of the Company, and the human resources departments or the persons in charge of the factories (sites) are responsible for the educational training of the direct employees thereof. Their duties are stipulated as follows:

- (1) To establish and promote the system and policies of employee education and training in the workplace (factory).
- (2) Registration and storage of information related to employee education and training at the workplace (factory).
- (3) To compile and plan the common educational training programs for the employees in the workplace (factory).
- (4) To prepare and control the budget of common training for employees in the workplace (factory).
- (5) To audit and handle relevant operations of employee education and training in the workplace (factory).
- (6) To collect and provide information on employee education and training at the workplace (factory).
- (7) To evaluate and track the effectiveness of employee education and training in the workplace (factory).
- (8) To assist and guide the implementation of education and training in each unit of the workplace (factory).

(II) Unit managers are responsible for the education and training of employees in their units, and their duties are stipulated as follows:

- (1) To compile and plan the non-common education and training for the staff of the department.

- (2) To prepare and control the budget of non-common education and training for the staff of the department
- (3) Control and management of expenses for education and training for the staff of the department.
- (4) To evaluate and track the effectiveness of employee education and training for the staff of the department.
- (5) To handle and promote affairs related to education and training for the staff of the department.
- (6) To assist and guide the implementation of education and training for the staff of the department.

If the Company's factory (site) management unit deploys education and training personnel, they shall be responsible for the education and training for employees at their factory (site) in accordance with the first paragraph of the preceding paragraph; otherwise, the training shall be organized by the human resources department of the Taipei Office.

5. Types of education and training:

Article 5: The types of education and training provided by the Company are as follows:

- (I) Orientation training: The unit managers and human resources department of the Company shall organize this training for new employees to understand the Company's corporate culture and work-related rules and knowledge.
- (II) On-the-job training: The types of on-the-job training for our employees are as follows:
 - (1) Management knowledge and skills training: In order to improve the performance and quality of employee management of the Company or each unit, the managers of each unit or the human resources department may plan to organize internal training or arrange the employees to attend external training organized by management companies or education and training institutions.
 - (2) Professional knowledge and skills training: In order to improve the work knowledge and skills of employees of the Company or each unit, the managers of each unit or the human resources department may plan to organize internal training or arrange the employees to attend external training organized by management companies or education and training institutions.
- (III) Work study program: In order to meet the work needs of each unit of the Company and to improve the work techniques of the Company, the human resources department of the Company may sign contracts with relevant schools or institutions to organize work study programs, and arrange for employees to participate in the training conducted by such schools or institutions, and students of such schools can also have internship opportunities at the Company.

6. Formulation of educational training plans:

Article 6: Before preparing the annual budget, the managers of each unit of the Company shall distribute an "Employee Training Requirements Survey" to their employees for filling out, and shall then prepare an annual training plan for the unit within the deadline based on the opinions of the requirements survey and the working objectives and requirements of the unit, and submit an "Annual Educational Training Schedule" by November 5 of each year. After a review by their managers and an audit by the human resources department, it will be submitted to the president for approval and budgeting.

Article 7: Before preparing the annual budget, the human resources department of the Company shall prepare an annual common education and training plan for the indirect employees or direct employees based on the Company's management policy and management requirements, then submit an "Annual Educational Training Schedule" before November 5 of each year to the president for approval and budgeting.

7. Education and training implementation methods:

Article 8: The Company's methods for applying for education and training are as follows:

- (I) Internal training: The training organizer shall submit a detailed training plan and explanation one month prior to the start of the course in accordance with the approved annual training plan, and submit it to the unit managers for advice and review and to the human resources department for audit, after which it will be forwarded to the president for approval and implementation.
- (II) External training: Employees applying for external training shall fill out the "Employee External Training Application" in accordance with the approved annual training plan or actual work requirements, and submit it to their managers for approval and opinions and to the human resources department for audit before forwarding it to the president. After that the human resources department will handle the application process.

Article 9: The following shall be noted by the Company's education and training organizers when implementing internal training:

- (I) The organizer shall issue a class notice (letter) or announcement to inform the trainees of the class before the class starts, and verbally notify them again the day before the class starts.
- (II) The organizer shall reserve and arrange the training venue and lecturers in advance.

- (III) If the training course has teaching materials, the organizers shall, depending on the number of teaching materials, send them to the manufacturer or photocopy and bind them by themselves, and hand them out to the trainees during the course.
- (IV) The organizers shall reconfirm that the training venue, handouts, tools, food and documents are properly arranged and prepared before the class starts, and apply to the Company for an allowance for related expenses.
- (V) The organizer shall prepare a class sign-in sheet for the trainees to sign in at the time of the class.
- (VI) At the end of the training, the organizer and the managers of the trained employees shall conduct a post-training evaluation and opinion survey.

Article 10: The following shall be noted by the Company's human resources department when implementing external training:

- (I) After completing the application, the human resources department shall send two copies of the approved "Employee External Training Application" and its attachments to the trainee to notify them of the class and their unit managers for record, and shall verbally notify them of the class again the day before the class.
- (II) The human resources department shall inquire with the organizers and record the attendance status of the employees after the training.

8. Education and training effectiveness evaluation method:

Article 11: The methods of evaluating the effectiveness of the Company's educational training are as follows:

- (I) Submitting a written report on the learning experience (limited to 20 days after the completion of the training).
- (II) Proposing paperwork or improvement plans.
- (III) Holding seminars to share insights with colleagues.
- (IV) Conducting written examinations or tests.
- (V) Organizing workshops or tests.
- (VI) Evaluating the applications of the employees in normal working conditions.

The evaluation approaches in the preceding paragraph shall be conducted in accordance with the employee's department managers or the opinions on the approved document.

Article 12: The process for evaluating the effectiveness of the Company's education and training is stipulated as follows:

- (I) Internal training: The organizer shall conduct an evaluation review before and after the completion of the training in accordance with the evaluation approaches and opinions signed in the training plan and explanation, and submit the "Internal Training Implementation Review Report" and related documents to the unit managers and human resources department for signing and approval, and the human resources department then forwards them to the president for review.
- (II) External training: After the training is completed, the human resources department shall send the "Employee Post-Training Questionnaire and Effectiveness Evaluation Tracking Form" to the unit managers of the trained employee to forward to the trained employee to fill out the post-training feedback, and the unit manager shall conduct post-training evaluation and tracking according to the evaluation method and advice signed by the unit manager on the "Employee External Training Application Form", and then submit it to the human resources department and forward it to the president for approval.

Article 13: If the annual training plan approved by the Company has not been implemented at the end of the year, the unit submitting the plan shall submit an "Annual Training Implementation Review Report" to the president for approval and execution by December 15 of the year.

9. The regulations governing the write-off of education and training expenses:

Article 14: The Company's education and training organizer or human resources department shall, upon completion of internal training or external training for employees, fill out the payment form and submit the original approved application form or the signed document and evidence to the managers for approval and reimbursement.

Article 15: If the organizer does not provide food, accommodation, and transportation for the employees who are allowed to attend the training, the expenses shall be reimbursed in accordance with the Company's business trip or official leave management regulations.

Article 16: If an employee is approved to serve as an instructor for the Company's internal training, they may be paid an hourly fee of NT\$400 with the approval and signed report submitted by the organizer.

10. Education and training records and storage:

Article 17: The human resources department of the Company shall record the training information of each employee who underwent training in the "Educational Training Record" after the training is completed for the purpose of reference for employee transfer, promotion, job assignment or career planning.

Article 18: Records and documents related to the Company's education and training shall not be destroyed or misplaced at will and shall be kept in a safe place until at least one year after the employee's departure.

11. Other regulations:

Article 19: Employees of the Company shall comply with the following regulations when participating in education and training:

- (I) Employees who go out for classes during working hours shall go through the procedures for business trips or official leave according to the relevant management regulations of the Company.
- (II) Employees who attend classes during off hours on weekdays may not apply for overtime work because they are not engaged in work.
- (III) Employees shall attend courses according to the time and place listed on the course notice and shall comply with the regulations set by the training units.
- (IV) Employees shall not chat, sleep, smoke, eat snacks or make noise during class.
- (V) Employees may not be absent at will when attending external training. If they miss more than one-third of the total number of hours of a course, the entire training fee of the course shall be paid by the employee (deducted from the employee's salary).
- (VI) Employees who are allowed to attend courses on weekends or national holidays shall be given additional time off afterwards based on the actual hours of classes they attended.
- (VII) Upon completion of the external training, employees shall send a copy of the handout and reference materials, a copy of the certificate issued, or the original copy of the reference book to the human resources department to store for the reference of the Company's employees.

12. Supplementary provisions:

Article 20: These Regulations shall be promulgated and put into effect upon approval by the chairperson, and shall be amended in the same manner afterwards.

B. Education and training expenses:

In 2020, the Company spent NT\$78 thousand on education and training; in 2021, the Company is focusing on internal and external education and training courses, and the estimated expenses are NT\$172 thousand.

Chainqui Construction Development Co., Ltd. 2020 education and training			
Training program	Time (hours)	Training fees	Internal training/external training
Professional training for dangerous and old building renovation promoters in Taipei City	24	3,500	External training
Initial training course for dangerous and old building renovation promoters in Taipei City	22	3,500	External training
2020 retraining course for urban renewal promoters in New Taipei City	12	2,700	External training
Essential knowledge of fire prevention - fire prevention and safety facility inspection, fire equipment maintenance and management	18	10,500	External training
Standardization techniques for cashiering operations and fund management	6	2,700	External training
Continuing education course for stock exchange accounting officers	12	8,000	External training
The Labor Incident Act - how enterprises respond and analysis of countermeasures	4	1,000	External training
How to immediately master management with efficient execution	8	1,200	External training
Agile play - project management	3	1,000	External training
Turning the crisis of aging employees into an opportunity	3	1,000	External training
Communication and interpersonal style	7	1,200	External training
Safety and health education and training for class-2 managers of occupational safety and health affairs	35	6,000	External training
How to prevent major financial fraud	6	3,000	External training
Case study of risk of dishonesty in business activities	6	3,000	External training
Policy analysis on corporate enhancement of self-prepared financial reports and key internal audit and control practices seminar	6	3,300	External training
Practical operation of the Company Act after its implementation and analysis of the latest interpretative letter	6	3,300	External training
Practical seminar on strengthening the core competence of corporate legal personnel	6	2,700	External training
Training course for urban renewal promoters in New Taipei City, renovation of old and dangerous buildings, reconstruction and maintenance, self-renewal	72	10,500	External training
Electrical and mechanical engineering, cost estimating, budgeting, calculation	6	3,800	External training
Legal issues related to the sale of off-plan property	1	6,000	Internal training
Total	263	77,900	

(II) Employee conduct or code of ethics

The Company has established the “Corporate Ethical Standards” and “Work Rules” to provide detailed regulations on employment and dismissal, wages, allowances and bonuses, working hours, breaks and vacations, leave, retirement, female workers, attendance, appraisals, rewards and punishments, promotions, compensation for occupational disasters, subsidies and condolence , social insurance, welfare measures, safety, and health, etc., in order to give all employees guidelines to follow.

(III) Working environment and employee safety protection measures

The Company has established site safety rules at construction sites, and the office or each site takes out public liability insurance and all-risk construction insurance. The Company also takes out group insurance and term life insurance for individuals to protect the safety of employees.

IX. Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders’ equity or the price of the Company’s securities, occurred during the most recent year and up to the date of publication of the annual report: None.