Stock Code: 2527

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

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Declaration of Consolidated Financial Statements of Affiliates

The entities of the Company that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2020 (from January 1 to December 31, 2020), under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements of parent company and its subsidiary prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of parent company and its subsidiary. Consequently, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby certify

Company Name: Hung Ching Development & Construction Co., Ltd.

Person in Charge: Wen-Hsiang Chien

March 5, 2021

Independent Auditors' Report

To: The Board of Directors and Shareholders Hung Ching Development & Construction Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Sales Revenue of Building and Land

For the year ended December 21, 2020, revenue from sale of real estate was $3,164,448 thousand, representing 91% of the total operating revenue and being material in the consolidated financial statements, and it is one of the major revenue sources of the Group. Therefore, it has been deemed as one of key audit matters by us to determine whether or not the recognition of revenue from sale of real estate has met the requirements of revenue recognition. Please refer to Notes 4 and 22 of the consolidated financial statements.

The main audit procedures performed on the specific levels in respect of the above-mentioned key audit matter for the audit of the year are as follows:

1. We understood and tested the design and operating effectiveness of the internal controls related to the sales cycle.
2. Obtaining the details of building and land for sales for the whole year: (1) sampling and verifying the contracts signed by the buyers and sellers to confirm the contract price and transaction target; (2) sampling and verifying the registration date of the transfer of property ownership to verify that the property ownership has been transferred to the purchaser.

Other Matters

We have also audited the parent company only financial statements of Hung Ching Construction Development Co., Ltd. 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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the 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 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

6. Obtain sufficient 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 opinion to the Group.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Certified Public Accountant Shiuh-Ran Cheng	Certified Public Accountant Wang-Sheng Lin
Financial Supervisory Commission Approval Document No.: Financial-Supervisory-Securities-Auditing-1010028123	Financial Supervisory Commission Approval Document No.: Financial-Supervisory-Securities-Auditing-1060023872

March 29, 2021

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheet
December 31, 2020 and 2019
Unit: In Thousands of New Taiwan Dollars

Code	ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	$ 573,529	4	$ 270,065	2
1110	Financial assets at fair value through profit or loss (Note 7)	17,111	-	17,094	-
1140	Contract assets (Notes 22 and 28)	-	-	3,198	-
1150	Notes receivable (Notes 8 and 22)	3,760	-	7,524	-
1172	Trade receivables, net (Notes 8 and 22)	14,629	-	35,926	-
1180	Trade receivables from related parties (Notes 8, 22, and 28)	11,606	-	11,721	-
1200	Trade receivables (Notes 8)	915	-	552	-
130X	Inventories, net (Notes 9, 23, and 29)	8,077,436	47	8,958,070	50
1429	Prepayments (Note 16)	305,218	2	384,099	2
1479	Other current assets (Note 16)	3,680	-	2,320	-
11XX	Total current assets	9,007,884	53	9,690,569	54
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current, net (Notes 10 and 29)	3,587,830	21	3,676,591	21
1600	Property, plant and equipment, net (Notes 13, 23, and 29)	726,370	4	741,200	4
1755	Right-of-use assets (Notes 3, 14, and 23)	15,085	-	18,261	-
1760	Investment properties, net (Notes 15, 23, and 29)	3,463,063	20	3,584,675	20
1840	Deferred tax assets (Note 24)	62,438	1	63,343	-
1930	Long-term notes receivable (Notes 8 and 22)	2,960	-	1,471	-
1990	Other non-current assets (Notes 16, 20, and 23)	192,252	1	211,490	1
15XX	Total non-current assets	8,049,998	47	8,297,031	46
1XXX	TOTAL ASSETS	$ 17,057,882	100	$ 17,987,600	100

Code	LIABILITIES AND EQUITY	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 17 and 29)	$ 2,813,000	16	$ 2,539,000	14
2110	Short-term bills payable, net (Notes 17, 28, and 29)	1,839,777	11	2,597,128	14
2130	Contract liabilities (Note 22)	419,889	2	111,432	1
2150	Notes payable	8,791	-	4	-
2170	Trade payables (Note 18)	784,879	5	905,565	5
2180	Trade payables to related parties (Note 28)	250	-	-	-
2219	Other payables	297,813	2	317,178	2
2230	Current tax liabilities	22,249	-	126,006	1
2280	Lease liabilities (Notes 3 and 14)	2,972	-	2,796	-
2322	Long-term borrowings - current portion (Notes 17 and 29)	495,085	3	135,267	1
2399	Other current liabilities (Note 19)	11,320	-	20,857	-
21XX	Total current liabilities	6,696,025	39	6,755,233	38
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings, net (Notes 17 and 29)	2,018,173	12	2,710,881	15
2580	Lease liabilities (Notes 3 and 14)	12,805	-	15,897	-
2645	Guarantee deposits received (Note 15)	26,977	-	25,624	-
25XX	Total non-current liabilities	2,057,955	12	2,752,402	15
2XXX	Total liabilities	8,753,980	51	9,507,635	53
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
3110	Share capital	2,703,060	16	2,703,060	15
3200	Capital surplus	312,561	2	297,175	2
	Retained earnings				
3310	Legal reserve	789,043	5	714,834	4
3320	Special reserve	318,492	2	320,202	2
3350	Unappropriated earnings	1,700,053	10	1,867,950	10
3300	Total retained earnings	2,807,588	17	2,902,986	16
3400	Other equity	2,575,136	15	2,653,770	15
3500	Treasury shares	(455,812)	(3)	(455,812)	(3)
31XX	Total equity attributable to owners of the Company	7,942,533	47	8,101,179	45
36XX	NON-CONTROLLING INTERESTS	361,369	2	378,786	2
3XXX	Total equity	8,303,902	49	8,479,965	47
	Total equity and liabilities	$ 17,057,882	100	$ 17,987,600	100

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

Chairman: Wen-Hsiang Chien　　Manager: Chia-Pei Chou　　Accounting Supervisor: Fang-Ying Chen

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019
Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share in Dollars

		For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
Code		Amount	%	Amount	%
	OPERATING REVENUE (Notes 22 and 28)				
4100	Sales Revenue of Building and Land	$ 3,164,448	91	$ 6,127,832	96
4300	Rental revenue	144,612	4	144,104	2
4520	Construction revenue	621	-	681	-
4600	Service revenue	110,638	3	81,298	1
4800	Other operating revenue	51,611	2	64,109	1
4000	Total operating revenue	3,471,930	100	6,418,024	100
	OPERATING COSTS (Note 23)				
5110	Costs of building and land for sale (Note 9)	2,149,246	62	4,634,954	72
5300	Rental costs	116,358	3	115,903	2
5520	Construction costs	-	-	681	-
5600	Service costs	71,495	2	42,995	1
5800	Other operating costs (Note 9)	57,449	2	66,783	1
5000	Total operating costs	2,394,548	69	4,861,316	76
5900	Gross operating profit	1,077,382	31	1,556,708	24
	OPERATING EXPENSES (Note 23)				
6100	Selling and marketing expenses	364,297	10	335,517	5
6200	General and administrative expenses	305,052	9	338,408	5
6000	Total operating expenses	669,349	19	673,925	10
6900	Net Operating Income	408,033	12	882,783	14
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Note 23)	99,762	3	117,519	1
7020	Other gains and losses (Note 23)	4,591	-	853	-

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Code		For the Year Ended December 31, 2020 Amount	%	For the Year Ended December 31, 2019 Amount	%
7050	Finance costs (Note 23)	($ 115,891)	(3)	($ 127,440)	(2)
7060	Share of loss (profit) of associates accounted for under equity method	-	-	(9,781)	-
7000	Total non-operating income and expenses	(11,538)	-	(18,849)	(1)
7900	Income before income tax	396,495	12	863,934	13
7950	Income tax expense (Note 24)	22,759	1	138,792	2
8200	NET PROFIT FOR THE YEAR	373,736	11	725,142	11
	OTHER COMPREHENSIVE INCOME/(LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(80,023)	(3)	1,098,855	17
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	1,736	-	(3,735)	-
8399	Income tax related to items that will be reclassified (Note 24)	(347)	-	747	-
8300	Other comprehensive income/(loss) for the year, net of income tax	(78,634)	(3)	1,095,867	17
8500	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	$ 295,102	8	$ 1,821,009	28
	NET PROFIT/(LOSS) ATTRIBUTABLE TO				
8610	Owners of the Company	$ 391,153	11	$ 742,091	11
8620	NON-CONTROLLING INTERESTS	(17,417)	-	(16,949)	-
8600		$ 373,736	11	$ 725,142	11

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Code		For the Year Ended December 31, 2020 Amount	%	For the Year Ended December 31, 2019 Amount	%
	TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
8710	Owners of the Company	$ 312,519	9	$ 1,837,958	28
8720	NON-CONTROLLING INTERESTS	(17,417)	(1)	(16,949)	-
8700		$ 295,102	8	$ 1,821,009	28
	EARNINGS PER SHARE (Note 25)				
9710	Basic	$ 1.49		$ 2.84	
9810	Diluted	$ 1.49		$ 2.82	

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

Chairman: Wen-Hsiang Chien Manager: Chia-Pei Chou Accounting Supervisor: Fang-Ying Chen

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
Unit: In Thousands of New Taiwan Dollars

		EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY											
		Share capital			Retained earnings			Other equity					
Code		Number of Shares (In Thousand Shares)	Amount	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total	NON-CONTROLLING INTERESTS	Total equity
A1	Balance as of January 1, 2019	270,306	$ 2,703,060	$ 286,918	$ 672,961	$ 300,542	$ 1,511,759	($ 3,654)	$ 1,561,557	($ 455,812)	$ 6,577,331	$ 395,735	$ 6,973,066
	Appropriation and distribution of retained earnings for the year ended December 31, 2018												
B1	Legal reserve	-	-	-	41,873	-	(41,873)	-	-	-	-	-	-
B17	Special reserve	-	-	-	-	19,660	(19,660)	-	-	-	-	-	-
B5	Cash Dividend to Shareholders	-	-	-	-	-	(324,367)	-	-	-	(324,367)	-	(324,367)
D1	Net profit for 2019	-	-	-	-	-	742,091	-	-	-	742,091	(16,949)	725,142
D3	Other comprehensive income (loss) (net of tax) for 2019	-	-	-	-	-	-	(2,988)	1,098,855	-	1,095,867	-	1,095,867
M1	Adjustment in capital surplus from dividends paid to subsidiaries	-	-	10,257	-	-	-	-	-	-	10,257	-	10,257
Z1	Balance as of December 31, 2019	270,306	2,703,060	297,175	714,834	320,202	1,867,950	(6,642)	2,660,412	(455,812)	8,101,179	378,786	8,479,965
	Appropriation and distribution of retained earnings for the year ended December 31, 2019												
B1	Legal reserve	-	-	-	74,209	-	(74,209)	-	-	-	-	-	-
B3	Reversal of special capital reserve	-	-	-	-	(1,710)	1,710	-	-	-	-	-	-
B5	Cash Dividend to Shareholders	-	-	-	-	-	(486,551)	-	-	-	(486,551)	-	(486,551)
D1	Net profit for 2020	-	-	-	-	-	391,153	-	-	-	391,153	(17,417)	373,736
D3	Other comprehensive income (loss) (net of tax) for 2020	-	-	-	-	-	-	1,389	(80,023)	-	(78,634)	-	(78,634)
M1	Adjustment in capital surplus from dividends paid to subsidiaries	-	-	15,386	-	-	-	-	-	-	15,386	-	15,386
Z1	Balance as of December 31, 2020	270,306	$ 2,703,060	$ 312,561	$ 789,043	$ 318,492	$ 1,700,053	($ 5,253)	$ 2,580,389	($ 455,812)	$ 7,942,533	$ 361,369	$ 8,303,902

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

Chairman: Wen-Hsiang Chien　　Manager: Chia-Pei Chou　　Accounting Supervisor: Fang-Ying Chen

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
Unit: In Thousands of New Taiwan Dollars

Code		For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Profit before income tax for the year	$ 396,495	$ 863,934
A20010	Adjustments for:		
A20100	Depreciation expenses	139,342	140,641
A20300	Expected credit loss	-	13,410
A29900	Amortization of long-term prepayments	6,628	4,887
A22500	Gain (Loss) on disposal and scrap of property, plant and equipment	27	-
A22700	Gain (Loss) on disposal of investment properties	(6,748)	-
A23700	Loss on reduce inventory to market (Gain from price recovery of inventory)	(258,348)	393,878
A20400	Gain (Loss) on financial assets and liabilities at fair value through profit or loss, net	(226)	(1,134)
A20900	Finance costs	115,891	127,440
A21200	Interest income	(1,129)	(732)
A21300	Dividend income	(88,175)	(110,269)
A22300	Share of profits of associates accounted for using equity method	-	9,781
A30000	Changes in operating assets and liabilities, net		
A31110	Financial assets at FVTPL	209	17,354
A31125	Contract assets	3,198	(681)
A31130	notes receivable	2,275	728
A31150	Trade receivables	21,297	84,965
A31160	Trade receivables from related parties	115	20,107
A31180	Other receivables	(363)	450
A31200	Inventories	1,167,411	3,032,590
A31230	prepayments	78,881	131,053
A31240	Other current assets	(1,360)	(1,011)
A32125	Contract liabilities	308,457	(46,600)
A32130	Notes payable	8,787	(36,639)
A32150	trade payables	(131,031)	(337,493)
A32160	Trade payables to related parties	250	-
A32180	Other payables	(19,772)	108,006
A32230	Other current liabilities	(9,537)	4,394

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Code		For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
A33000	Cash generated from operations	$ 1,732,574	$ 4,419,059
A33300	Interest paid	(133,244)	(193,828)
A33500	Income tax paid	(125,958)	(142,518)
AAAA	Net cash generated from operating activities	1,473,372	4,082,713
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00030	Capital reduction and return of shares payment of financial assets at fair value through other comprehensive income	8,738	-
B02700	Acquisition of property, plant and equipment	(3,651)	(49)
B02800	Proceeds from disposal of property, plant and equipment	18	-
B03700	Decrease (Increase) in refundable deposits	19,954	(94,841)
B05400	Acquisition of investment properties	(7,219)	(2,904)
B05500	Sales of investment properties	17,981	-
B06700	Increase in other non-current assets	(7,344)	(19,179)
B07500	Interest received	1,129	732
B07600	Other dividends received	88,175	110,269
BBBB	Net cash generated from/(used in) investing activities	117,781	(5,972)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (Decrease) in short-term borrowings	274,000	(137,000)
C00500	Decrease in short-term bills payable	(757,351)	(1,738,331)
C01600	Repayments of long-term borrowings	(332,890)	(1,914,692)
C04020	Repayment for principal of lease liabilities	(3,240)	(3,120)
C03000	Increase in guarantee deposits received	1,353	905
C04500	Distribution of Cash Dividend	(471,165)	(314,110)
CCCC	Net cash used in financing activities	(1,289,293)	(4,106,348)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	1,604	(3,994)
EEEE	Increase (decrease) in Cash and Cash Equivalents for the year	303,464	(33,601)
E00100	Cash and cash equivalents, beginning of year	270,065	303,666
E00200	Cash and cash equivalents, end of year	$ 573,529	$ 270,065

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

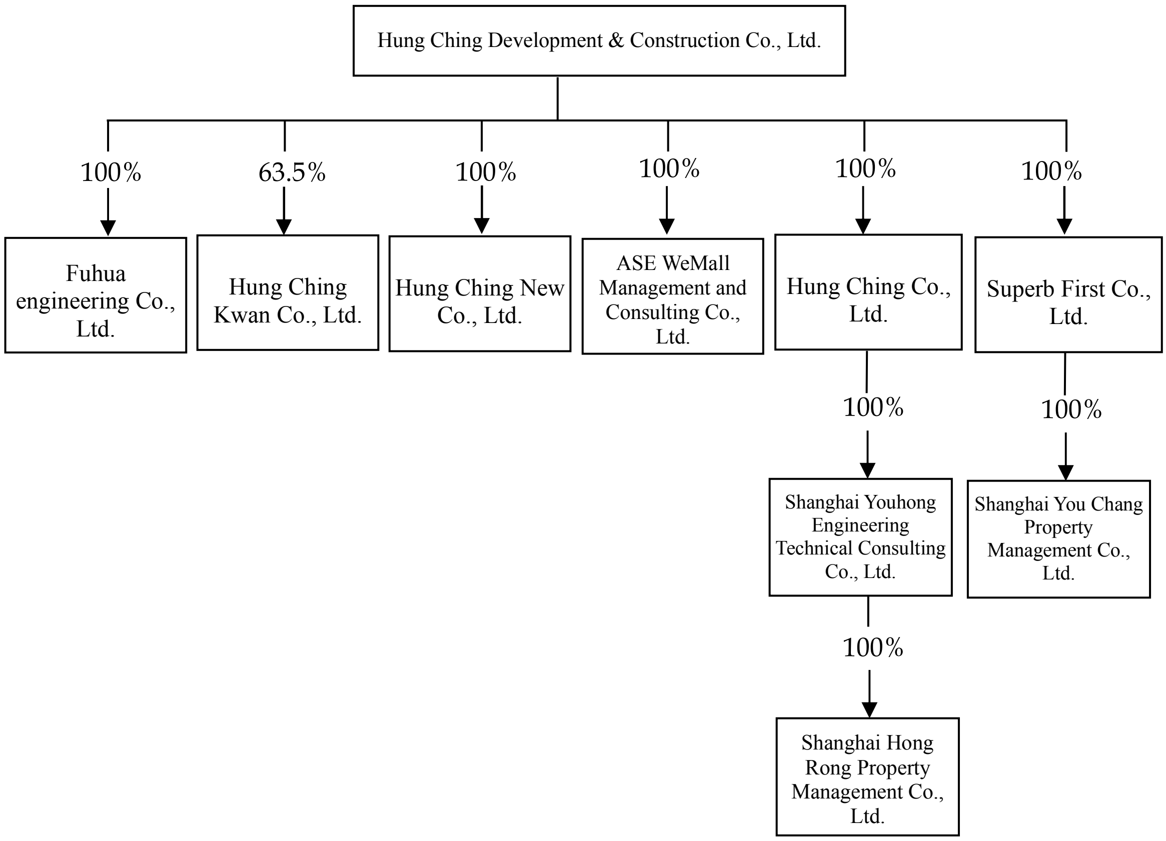
Chairman: Wen-Hsiang Chien Manager: Chia-Pei Chou Accounting Supervisor: Fang-Ying Chen

1. Company History

The Company, incorporated in 1986 with shares listed on the Taiwan Stock Exchange, mainly engaged in appointment of contractors to build public housing developments and commercial buildings for leasing and selling and in and management and investment of other relevant business.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

The investment framework and the shareholding percentage of the consolidated company as of December 31, 2020 is as follows:



2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on March 5, 2021.

3. **Application of New and Amended Standards and Interpretations**

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a significant effect on the Company's accounting policies.

(II) The IFRSs endorsed by the FSC for application in 2021

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective on the issued date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - "Interest Rate Benchmark Reform - Phase 2"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendment to IFRS 16, "Covid-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

(3) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018 – 2020	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendment to IAS 8 "Definition of Accounting	January 1, 2023 (Note 7)

Estimates"	
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendment to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: Amendment to IFRS 9 is effective to exchanges of a financial liability or modifications of terms incurred during the annual periods beginning on or after January 1, 2022. Amendment to IAS 41 "Agriculture" is effective to fair value measurements for annual periods beginning on or after January 1, 2022. Amendment to IFRS 1 "First-time Adoption of IFRS" is retrospectively effective for annual periods beginning on or after January 1, 2022.

Note 3: This amendment shall be applied to business combinations for which the acquisition date is beginning on or after January 1, 2022.

Note 4: This amendment shall be applied to the property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendment shall be applied to contracts for which the Group has not yet fulfilled all its obligations on or after January 1, 2022.

Note 6: The amendment shall be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: This amendment shall be applied to changes in accounting policies and changes in accounting estimates that occur for annual periods beginning on or after January 1, 2023.

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs endorsed and issued into effect by the FSC.

b. Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the related inputs are observable and based on the significance of the related inputs, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Standards for Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1) Assets held for trading purposes;

2) Assets expected to be realized within 12 months after the balance sheet date; and

3) Cash and cash equivalents, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Obligations incurred for trading purposes;

2) Obligations expected to be settled within 12 months from the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the publication of the financial statements are also deemed as current liabilities); and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of an obligation that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments, do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

The consolidated company is engaged in the construction business, which has an operating cycle of over one year. The normal operating cycle applies when considering the classification of current or non-current for the construction-related assets and liabilities.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). Adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the consolidated company. When preparing the consolidated financial statements, all intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Refer to Note XI and Table VI for detailed information on subsidiaries, including percentages of ownership and main businesses.

e. Foreign Currency

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the rates prevailing on each date of balance sheets. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the consolidated company's foreign operations (including subsidiaries that operate in countries or use currencies different from that of the Company) are translated into the New Taiwan dollar using the exchange rate of each balance sheet date. Income and expense items are translated using the average exchange rates of the current period, with exchange differences arising therefrom recognized in other comprehensive income and attributed respectively to owners of the Company and to non-controlling interests.

f Inventories

Inventories comprise real estate under development, real estate held for development, building and land held for sale and merchandise inventory. Inventory is stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. Net realizable value represents the estimated selling price of inventories less the estimated cost of completion and the estimated cost necessary to make the sale. The cost of inventories is calculated using the weighted average method, except that the actual costs incurred in the construction of the real estate inventory are transferred to current operating costs in proportion of floor space to the recognition of revenue from sales of real estate.

g. Investment in affiliate enterprises

Associates are entities over which the consolidated company has major influence but they are neither a subsidiary nor joint ventures.

The consolidated company uses equity method for investment in associates.

Under the equity method, the investment in associates is initially treated at cost and adjusted thereafter for the post-acquisition change in the consolidated company's interest in profit and loss, shares in other comprehensive income and profit distribution by the associates. In addition, changes in the interests in associates are recognized based on the shareholding percentage.

Any excess of acquisition cost over the consolidated company's share of an associate's or a joint venture's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the consolidated company's share of the net fair value of the identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in profit or loss.

When the consolidated company's share of loss derived from the investment of an affiliate equals or exceeds the consolidated company's interest (including the carrying amount of the investment and other long-term substantial interests in the associate's net asset in proportion to ownership percentage), the consolidated company shall cease recognizing losses further. The consolidated company shall only recognize additional losses and liabilities within the scope of occurred legal obligations, constructive obligations, or payments made on behalf of the associates.

To assess impairment, the consolidated company has to consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts. The cost of impairment identified is to be deemed as part of the carrying amount of the investment. Any reversal of the impairment loss is recognized only to the extent of the subsequent increases in the recoverable amount of investment.

Profit or loss in up- and downstream transactions between the consolidated company and the associates or transactions between associates shall only be recognized in the Consolidated Financial Statements when it is not related to the Company's interest in the associates.

h. Property, Plant and Equipment

Property, plant and equipment are recognized at cost, and then measured at cost less accumulated depreciation and accumulated impairment.

Freehold land is not depreciated.

The depreciation of property, plant and equipment is separately recognized using the straight-line method over their useful lives to each significant part. The Company reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Upon disposal of property, plant and equipment, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. investment properties

Investment property is a property held to earn rental and/or for capital appreciation. Investment property also includes land held for future use that is currently undetermined.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation of investment properties is recognized using the straight-line method.

Upon disposal of investment properties, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Contract cost-related assets

Sales service fees paid for sales of real estate under exclusive sales contract of property held for sale are only incurred at the time of obtaining a client's contract, and are recognized as an additional cost of obtaining the contract to the extent the amounts are recoverable, and are written off when the legal ownership of the real estate is passed to the client.

k. Impairment of tangible and intangible assets (excluding goodwill) and related assets of contract costs

On each balance sheet date, the consolidated company reviews the carrying amounts of its tangible and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If corporate assets can be allocated to cash-generating units with a reasonable and consistent basis, then they are allocated to their individual cash-generating units. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets with indefinite life and that are not yet available for use, they are subject to annual impairment test at the time there are indications of impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an individual asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

For customer contracts applicable to IFRS 15, an impairment loss on inventory, property, plant and equipment, and intangible asset related to the contracts with customers shall be recognized in accordance with the applicable standards of inventory impairment and the above-mentioned principles. Then, the impairment loss is recognized to the extent that the carrying amount of the assets related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the direct costs related to providing those goods or services. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount, less any amount of amortization or depreciation, that would have been determined had no impairment loss been recognized on the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial Instruments

Financial assets and liabilities shall be recognized in the consolidated balance sheets when the consolidated company becomes a party to the contractual provisions of the instruments.

While financial assets and liabilities are initially recognized, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of those financial assets and financial liabilities that are not measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial Assets

Regular way transactions of financial assets are recognized and derecognized on a settlement date basis.

a) Category of measurement

Financial assets held by the consolidated company are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial asset at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily required to measure at FVTPL includes investments in equity instruments that are not designated as FVTOCI, and investments in debt instruments that do not meet the criteria of amortized cost or FVTOCI.

Financial asset at FVTPL is measured at fair value, and any dividends or interests from such financial assets are recognized in other revenues. Any remeasurement gain or loss on such financial assets are recognized in other gain or loss. Fair value is determined in the manner described in Note 27.

ii. Financial asset measured at amortized cost

The consolidated company's investments in financial assets that meet the following two conditions are subsequently measured at amortized cost:

(a) Within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, trade receivable, and other receivable, are measured at amortized cost of total carrying amount determined by the effective interest method less any impairment loss. Any foreign exchange gain/loss is recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

(a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

(b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial restructuring, or disappearance of an active market for the financial assets due to financial difficulties.

Cash equivalents comprise time deposits that will mature within 3 months after the acquisition date, that are highly liquid and readily convertible to known amount of cash, and that are subject to an insignificant risk of changes in value. Cash equivalents are used to satisfy short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the consolidated company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are measured at fair value and subsequently measured at fair value with gain or loss arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the consolidated company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

On each date of balance sheets, the consolidated company evaluates a loss allowance for financial assets at amortized cost (including trade receivable) based on expected credit loss.

The loss allowances for notes receivable and trade receivable are recognized at an amount equal to lifetime expected credit losses. Other financial assets are first evaluated whether or not the credit risk has increased significantly since initial recognition. If it has not increased significantly, a loss allowance is recognized at an amount equal to expected credit loss within 12 months. If it has increased significantly, a loss allowance is recognized at an amount equal to expected credit loss over the expected life.

Expected credit losses are the weighted average credit losses resulting from a risk of default events as the weight. Expected credit losses within 12 months represent the expected credit losses resulting from possible default events of a financial instrument within 12 months after the reporting date. Expected credit loss over the expected life represent the expected credit losses resulting from all possible default events of a financial instrument over the expected life.

For the purpose of internal credit risk management, the consolidated company, without considering the collateral it holds, determines that the following circumstances represent a default in financial assets:

i. There are internal or external information showing that the borrower is no longer able to pay off the debt.
ii. Where the debt is overdue more than 365 days, unless there is reasonable and authenticated information showing that the delayed default basis is more appropriate.

An impairment loss of all financial assets is recognized with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The consolidated company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of equity instruments measured at FVTOCI in its entirety, the cumulative gain or loss will not be reclassified to profit or loss; instead, it will be transferred to retained earnings.

2) Equity instruments

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

The equity instrument issued by the consolidated company shall be recognized by the payment for acquisition net of the direct cost of issuance.

The repurchase of equity instruments issued by the consolidated company is recognized in equity as a deduction. The purchase, sale, issuance, or write-off of the consolidated company's own equity instruments is not recognized in profit or loss.

3) Financial Liabilities

a) Subsequent measurement

All financial liabilities are subsequently measured either at amortized cost using effective interest method, except below situations.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including liabilities of any transferred non-cash asset or afforded liabilities, is recognized in profit or loss.

m. Revenue Recognition

The consolidated company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sales building and land

The consolidated company is principally engaged in appointments and management of contractors for the construction and sales of real estate, and the revenue is recognized when the legal ownership of the real estate is passed to the client. For the signed contract of residence sale, subject to the commercial practice, the real estate has no other use for the consolidated company. As the legal ownership of the real estate is passed to the client, the consolidated company has an enforceable right to the contractual amount and therefore revenue is recognized when the legal ownership of the real estate is passed to the client

2) Revenue from construction contracts

The consolidated company gradually recognizes revenue over the period for the real estate construction contracts of which the real estate is governed under the client's control during construction. and measures the progress on the basis of costs incurred relative to the total expected costs due to costs incurred by the construction works are directly related to the progress in satisfying a performance obligation. Due to the direct correlation between the construction cost incurred and the completion of performance obligations, the consolidated company measured the progress of completion by the percentage of the actual cost incurred over the total estimated costs. If the payment for construction received exceeds the revenue recognized to date, the consolidated company recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract is intended to ensure that the consolidated company adequately completes all its contractual obligations. Such retainage receivables are recognized as contract assets until the consolidated company satisfies its performance obligations.

If the outcome of the performance obligations cannot be measured reliably, construction revenue is recognized only to the extent of the costs incurred for satisfaction of performance obligations that are expected to be recovered.

3) Service revenue

Service revenue is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract. The stage of completion of the contract is monthly recognized during the contract period.

n. Leases

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

1) The consolidated company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

After lease-related incentives are deducted, the rental income from operating lease is recognized on a straight-line basis over the term of the lease. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

When a lease includes both land and building elements, the consolidated company assesses the classification of each element separately as a financial or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. If the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The consolidated company as lessee

The consolidated company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are measured initially at cost, which comprises the initial measurement of lease liabilities, the lease payments paid before the lease start date less the lease incentives received, the initial direct cost, and the estimated cost of restoring underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of remeasurement. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and payments of penalties for terminating the lease reflected during the lease term less lease incentives received. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the consolidated company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the consolidated company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line item in the consolidated balance sheets.

o. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Post-retirement benefits

Payments of defined contribution retirement benefit plans are recognized as an expense when the employees have rendered service entitling them to the contribution.

q. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

According to the Income Tax Law of the ROC, an additional income tax on unappropriated earnings was surcharged in the year approved by the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred income tax

Deferred income tax is calculated on temporary differences between the carrying amounts of the recorded assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized as it is very likely that taxable profits will be available against tax credits which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the timing of the reversal of the temporary difference and it is very likely that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and equity are only recognized to the extent that it is very likely that there will be sufficient taxable profit against which to utilize the benefit of the temporary differences that are expected to reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed on each date of balance sheets and it is reduced to the extent that it is no longer very likely that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets not originally recognized are also reviewed on each date of balance sheets, and their carrying amount is recognized to the extent that it is very likely that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, and this tax rates is based on the tax rates and tax laws that have been enacted or substantively enacted on the date of balance sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated company expects to recover or settle the carrying amount of its assets and liabilities on the date of balance sheet.

3) Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, unless when they relate to items that are recognized in other comprehensive income or directly recorded in equity, the current and deferred income tax are separately recognized in other comprehensive income or directly recorded in equity.

5. Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

In the application of the consolidated company's accounting policies, the management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant for the items that are not readily apparent from other sources. Actual results may differ from these estimates.

The management will constantly review the estimations and underlying assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Key Sources of Estimation and Assumption Uncertainty

Estimated impairment loss of inventory

The consolidated company regularly assesses the carrying amounts of the inventories to determine, in accordance with the accounting policy, that the inventories are stated at the lower of cost or net realizable value. The consolidated company estimates the net realizable value based on the most recent average selling prices of similar inventories and its historical experiences. Changes in the net realizable value will increase or decrease the amount of the Company's inventories.

6. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 2,800	$ 1,965
Bank demand deposits	550,729	248,100
Bank time deposits with original maturity date within 3 months	20,000	20,000
	$ 573,529	$ 270,065

The market interest rate intervals of bank deposits on the balance sheet date are as follows:

	December 31, 2020	December 31, 2019
Bank deposits	0.01%-0.35%	0.05%-0.35%

7. Financial Assets at FVTPL - Current

	December 31, 2020	December 31, 2019
Financial assets held for trading - current		
Fund beneficiary certificates	$ 17,111	$ 17,094

8. Notes receivable, trade receivables - net, trade receivables from related parties and other receivable

	December 31, 2020	December 31, 2019
Measured at amortized cost		
Notes receivable	$ 2,971	$ 4,456
Installment notes receivable	3,749	4,539
Less: long-term installment notes receivable	(2,960)	(1,471)
Installment notes receivable - current portion	789	3,068
	$ 3,760	$ 7,524
Trade receivables	$ 14,629	$ 35,926
Trade receivables from related parties	11,606	11,721
	$ 26,235	$ 47,647
Other receivables	$ 14,325	$ 13,962
Less: Allowance for Bad Debts	13,410	13,410
	$ 915	$ 552

a. Notes and trade receivable

The consolidated company mainly engaged in appointments of construction contractors to build public housing developments for leasing and selling. As a result, the trade receivables of the consolidated company arose from the purchase of building and land sold by the consolidated company's clients and the collection terms of the receivables are in accordance with the sales contracts. In the case of trade receivable arising from the lack of loan facilities from clients, the consolidated company may, after assessing their credit status and repayment ability, collect the amounts by instalments of bills receivable based on agreed terms.

In addition to trade receivable of real estate, the consolidated company has trade receivable arising from rental with lease guarantee deposits received in advance. In assessing the recoverability of trade receivable, the consolidated company considers any change in the credit quality of the trade receivable from the original credit date to the balance sheet date, and estimates the irrecoverable amounts by reference to past default records and the current financial condition of the clients and industrial economic conditions. The lease guarantee deposits received by the consolidated company at the balance sheet date are sufficient to cover potential default losses.

The consolidated company applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for trade receivable as lifetime expected credit losses for the duration of contract. The lifetime expected credit loss is determined the provision matrix which refers to past default records and the current financial condition of the clients and industrial economic conditions. Due to the historical experience of credit losses of the consolidated company, there is no significant difference in the loss patterns of different client's groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of trade receivable.

The consolidated company writes off trade receivable when there is information indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery. The consolidated company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

The consolidated company's loss allowance for trade receivable based on the provision matrix were as follows:

December 31, 2020

	AR aging less than 365 days	AR aging of and more than 365 days	Total
Expected credit loss rate	-	100%	
Total carrying amount	$ 26,235	$ -	$ 26,235
Allowance for loss (lifetime expected credit losses)	-	-	-
Costs after amortization	$ 26,235	$ -	$ 26,235

December 31, 2019

	AR aging less than 365 days	AR aging of and more than 365 days	Total
Expected credit loss rate	-	100%	
Total carrying amount	$ 47,647	$ -	$ 47,647
Allowance for loss (lifetime expected credit losses)	-	-	-
Costs after amortization	$ 47,647	$ -	$ 47,647

b. Other receivables

The consolidated company's loss allowance for other receivable was as follows:

December 31, 2020

	AR aging less than 365 days	AR aging of and more than 365 days	Counterparty in trading shown the indication of default events	Total
Expected credit loss rate	-	100%	100%	
Total carrying amount	$ 915	$ 1,335	$ 12,075	$ 14,325
Allowance for loss (lifetime expected credit losses)	-	1,335	12,075	13,410
Costs after amortization	$ 915	$ -	$ -	$ 915

Counterparty in trading shown the indication of default events was associate of the consolidated company.

December 31, 2019

	AR aging less than 365 days	AR aging of and more than 365 days	Counterparty in trading shown the indication of default events	Total
Expected credit loss rate	-	100%	100%	
Total carrying amount	$ 552	$ 1,335	$ 12,075	$ 13,962
Allowance for loss (lifetime expected credit losses)	-	1,335	12,075	13,410
Costs after amortization	$ 552	$ -	$ -	$ 552

Counterparty in trading shown the indication of default events was associate of the consolidated company.

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Balance, beginning of year	$ 13,410	$ -
Add: Impairment loss recognized for the year	-	13,410
Balance, end of year	$ 13,410	$ 13,410

9. Inventory, net

	December 31, 2020	December 31, 2019
Real estate under development	$ 1,850,092	$ 1,925,857
Real estate held for development	1,468,198	1,697,931
Building and land held for sale	4,699,658	5,282,328
Merchandise inventory	59,488	51,954
	$ 8,077,436	$ 8,958,070

Real estate under development

Project Item	December 31, 2020	December 31, 2019
Tucheng Mingde Sec.	$ 315,456	$ -
Xinzhuang Fuduxin	-	1,504,033
Kaohsiung 2nd Park E Building Plant	1,123,616	420,682
Kaohsiung K13 Plant	5,106	1,142
Hsinchu Fu Baitian	405,914	-
	$ 1,850,092	$ 1,925,857

Real estate held for development

Project Item	December 31, 2020	December 31, 2019
Banqiao Puqian Sec. and Zhonghe Guangfu Sec.	$ 1,074,116	$ 1,074,116
Tucheng Mingde Sec.	-	229,733
Tucheng Yuanhe Sec.	211,208	211,208
Beitou Enlightened Sec.	93,249	93,249
Banqiao Guoguang Sec. (Capacity Transfer purpose)	55,927	55,927
Xizhi Jinlong Sec.	16,886	16,886
Nangang South Central Sec.	10,877	10,877
Xizhi Fude Sec. (Capacity Transfer purpose)	5,689	5,689
Tucheng Leli Sec. and Xuelin Sec. (Capacity Transfer purpose)	246	246
	$ 1,468,198	$ 1,697,931

Building and land held for sale

Project Item	December 31, 2020	December 31, 2019
Yanping South Rd. Di Jing Garden	$ 2,375,808	$ 2,439,473
Tucheng ASE Residence	979,751	2,291,329
Xinzhuang Fuduxin Ronghua	913,790	-
Xizhi Li Garden	272,215	366,854
ASE Center	57,954	71,432
Earl Seventh generation	49,642	60,652
Peony	43,778	45,868
Bo City	6,720	6,720
	$ 4,699,658	$ 5,282,328

As of December 31, 2020 and 2019, inventories of $4,266,869 thousand and $6,943,952 thousand, respectively, are expected to be recovered after more than 12 months.

The relevant amounts of operating cost and inventory were as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Cost of Goods Sold	$ 2,149,246	$ 4,634,954
Other operating costs	5,425	10,551
	$ 2,154,671	$ 4,645,505
The abovementioned cost of goods sold includes		
Loss on reduce inventory to market (Gain from price recovery of inventory)	($ 258,348)	$ 393,878

For the years ended December 31, 2020 and 2019, loss on reduce inventory to market (gain from price recovery of inventory) was provided (reversed) mainly due to the construction project of Xinzhuang Fuduxin.

Please refer to Note 29 for the amount of inventory pledged by the consolidated company as collateral against its secured borrowings.

10. Financial Assets at FVTOCI, Net

Investments in equity instruments at FVTOCI

	December 31, 2020	December 31, 2019
Non-current		
Domestic investment		
Listed (OTC) stock	$ 3,587,830	$ 3,671,678
Foreign investment		
Limited liability partnership	-	4,913
	$ 3,587,830	$ 3,676,591

The consolidated company invested in equity instruments pursuant to its medium-term and long-term strategies for the purpose of making a profit; thus, the consolidated company elected to designate these investments to be measured at FVTOCI.

Please refer to Note 29 for information about investments in equity instruments at FVTOCI pledged as collateral.

11. Subsidiaries

Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Name of Investor Company	Name of Subsidiary	Business Nature	Percentage of Ownership and Voting Rights December 31, 2020	Percentage of Ownership and Voting Rights December 31, 2019	Note
The Company	Hung Ching Kwan Co., Ltd. (Hung Ching Kwan)	Leasing of mall and office building	63.5%	63.5%	Note 1
	Fuhua engineering Co., Ltd. (Fuhua engineering)	Contractor of construction projects	100%	100%	Note 1

(Continued on the next page)

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Name of Investor Company	Name of Subsidiary	Business Nature	Percentage of Ownership and Voting Rights December 31, 2020	December 31, 2019	Note
	Hung Ching New Co., Ltd. (Hung Ching New)	Retailer of household equipment and supplies	100%	100%	Note 1
	ASE WeMall Management and Consulting Co., Ltd. (ASE WeMall M&C Co.)	Consultant of operation and management in department stores and parking lots	100%	100%	Note 1
	Hung Ching Co., Ltd.	General investment	100%	100%	Note 1
	Superb First Co., Ltd.	General investment	100%	100%	Notes 1 and 2
Hung Ching Co., Ltd.	Shanghai Youhong Engineering Technical Consulting Co., Ltd.	Technical consulting services of electronic engineering and architectural engineering	100%	100%	Note 1
Shanghai Youhong Engineering Technical Consulting Co., Ltd.	Shanghai Hong Rong Property Management Co., Ltd.	Consulting services of property management and construction and technical consulting services of architectural engineering	100%	100%	Note 1
Superb First Co., Ltd.	Shanghai You Chang Property Management Co., Ltd.	Consulting services of property management and construction and technical consulting services of architectural engineering	100%	100%	Notes 1 and 2

Note 1. It was compiled into the consolidated financial statement with the financial statements audited by the certified public accountant for the same period.

Note 2. Superb First Co., Ltd. was established in November 2018. In July 2019, the Company invested US$600 thousand and Superb First Co., Ltd. invested US$600 thousand in Shanghai You Chang Property Management Co., Ltd. The abovementioned investments were approved by the Investment Commission in July 2019.

12. Investments Accounted for Using the Equity Method

	December 31, 2020	December 31, 2019
Investment in associates that are not individually material		
Hooyai Hotel Co.	$ -	$ -

The percentage of equity ownership and voting rights of the consolidated company in the associates were both 46% on the balance sheet date.

Information of associates not individually material is summarized as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
The Company's share		
Net loss for the year	$ -	($ 4,521)
Other Comprehensive Income/(Loss)	-	-
Total comprehensive income	$ -	($ 4,521)

The consolidated company has discontinued the recognition of losses as the associate had negative equity as of December 31, 2019.

The share of profit and loss and other comprehensive income of the associates accounted for using the equity method and the consolidated company were recognized based on the financial statements of investees companies audited by the certified public accountant for the same period.

13. Property, Plant and Equipment, Net

	Land	Buildings and Property	Other Equipment	Total
Cost				
Balance as of January 1, 2019	$ 205,648	$ 989,000	$ 33,215	$ 1,227,863
Addition	-	-	49	49
Net exchange difference	-	(451)	(115)	(566)
Balance as of December 31, 2019	$ 205,648	$ 988,549	$ 33,149	$ 1,227,346
Accumulated depreciation and impairment				
Balance as of January 1, 2019	$ -	$ 444,679	$ 22,440	$ 467,119
Depreciation expenses	-	16,095	3,155	19,250
Net exchange difference	-	(127)	(96)	(223)
Balance as of December 31, 2019	$ -	$ 460,647	$ 25,499	$ 486,146
Balance as of December 31, 2019, net	$ 205,648	$ 527,902	$ 7,650	$ 741,200
Cost				
Balance as of January 1, 2020	$ 205,648	$ 988,549	$ 33,149	$ 1,227,346
Addition	-	-	3,651	3,651
Disposal	-	-	(905)	(905)
Net exchange difference	-	194	50	244
Balance as of December 31, 2020	$ 205,648	$ 988,743	$ 35,945	$ 1,230,336
Accumulated depreciation and impairment				
Balance as of January 1, 2020	$ -	$ 460,647	$ 25,499	$ 486,146
Disposal	-	-	(860)	(860)
Depreciation expenses	-	16,072	2,496	18,568
Net exchange difference	-	66	46	112
Balance as of December 31, 2020	$ -	$ 476,785	$ 27,181	$ 503,966
Balance as of December 31, 2020, net	$ 205,648	$ 511,958	$ 8,764	$ 726,370

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

Buildings and Property	55 to 60 years
Other Equipment	2 to 10 years

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

14. Lease Arrangements

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Buildings	$ 15,085	$ 18,261

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Depreciation expense of right-of-use assets		
Buildings	$ 3,176	$ 3,176

b. Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	$ 2,972	$ 2,796
Non-current	$ 12,805	$ 15,897

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Buildings	1.89%	1.89%

c. Major lease activities and terms

The consolidated company leases several buildings for the use of offices with lease terms of 1 to 5 years. The consolidated company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

Please refer to Note 15 for the operating lease agreements to rent its own merchandise inventory and investment properties by the consolidated company.

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases and low-value asset leases	$ 10,278	$ 9,741
Total cash (outflow) for leases	($ 13,518)	($ 12,861)

The consolidated company leases certain office equipment and certain equipment which qualify as short-term leases and low-value asset leases. The consolidated company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. Investment properties, net

	Land	Buildings	Total
Cost			
Balance as of January 1, 2019	$ 725,735	$ 3,724,033	$ 4,449,768
Addition	-	2,904	2,904
Balance as of December 31, 2019	$ 725,735	$ 3,726,937	$ 4,452,672
Accumulated depreciation and impairment			
Balance as of January 1, 2019	$ -	$ 749,782	$ 749,782
Depreciation expenses	-	118,215	118,215
Balance as of December 31, 2019	$ -	$ 867,997	$ 867,997
Balance as of December 31, 2019, net	$ 725,735	$ 2,858,940	$ 3,584,675
Cost			
Balance as of January 1, 2020	$ 725,735	$ 3,726,937	$ 4,452,672
Addition	-	7,219	7,219
Disposal	(15,113)	(715)	(15,828)
Balance as of December 31, 2020	$ 710,622	$ 3,733,441	$ 4,444,063
Accumulated depreciation and impairment			
Balance as of January 1, 2020	$ -	$ 867,997	$ 867,997
Disposal	-	(4,595)	(4,595)
Depreciation expenses	-	117,598	117,598
Balance as of December 31, 2020	$ -	$ 981,000	$ 981,000
Balance as of December 31, 2020, net	$ 710,622	$ 2,752,441	$ 3,463,063

The investment property of the consolidated company includes the mall of Tucheng ASE, the building of Hotel J Metropolis held by the Company, and the exhibition hall of Asehome Design Center held by the subsidiary of Hung Ching Kwan.

Investment properties of the consolidated company are depreciated by straight-light method using the estimated useful lives as follows:

Buildings and Property	20 to 60 years
Air-conditioning equipment and others	3 to 25 years

The fair value of the investment property is derived by reference to appraisal report evaluated by appraisal company of non-related party and to the actual price registration of in the adjacent area by the management. Evaluation of fair value is shown below:

	December 31, 2020	December 31, 2019
Fair value	$ 7,628,790	$ 7,731,143

The operating lease is to lease merchandise inventory and investment property owned by the consolidated company leases with lease terms of 1 to 15 years. The lessee does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

As of December 31, 2020 and 2019, the guarantee deposits received by the consolidated company in accordance with operating lease agreements amounted to $26,977 thousand and $25,624 thousand, respectively.

The total future lease payments to be received of operating lease commitments (excluding variable lease payments) are as follows:

	December 31, 2020	December 31, 2019
1st Year	$ 58,604	$ 67,621
2nd Year	34,841	41,035
3rd Year	28,244	29,257
4th Year	22,245	24,074
5th Year	21,178	20,073
Over 5 years	133,397	139,617
	$ 298,509	$ 321,677

The consolidated company held freehold interests in all of its investment properties. Please refer to Note 29 for the amount of investment properties - net pledged by the consolidated company as collateral for borrowings.

16. Other assets

	December 31, 2020	December 31, 2019
Current		
Prepayments		
Tax overpaid retained for offsetting the future tax payable	$ 48,803	$ 97,308
Prepayments for construction and purchases	86,094	281,417
Prepayments for building and land	168,278	-
Prepaid expenses	2,043	5,374
	$ 305,218	$ 384,099
Other current assets		
Payments on behalf of others	$ 3,648	$ 2,288
Temporary payments	32	32
	$ 3,680	$ 2,320
Non-current		
Refundable deposit	$ 154,896	$ 174,850
Long-term prepaid expenses	26,102	25,710
Long-term other receivable (Note XX)	8,126	7,802
Other	3,128	3,128
	$ 192,252	$ 211,490

17. Borrowings

a. Short-term borrowings

	December 31, 2020	December 31, 2019
Bank credit loans	$ 1,353,750	$ 1,078,250
Bank secured loan (Note XXIX)	1,459,250	1,460,750
	$ 2,813,000	$ 2,539,000
Interest rate of bank credit loans	1.40%-1.88%	1.40%-1.88%
Interest rate of bank secured loans	0.94%-1.88%	1.04%-1.88%

b. Short-term bills payable, net

	December 31, 2020	December 31, 2019
Commercial paper payable (Note 29)	$ 1,841,000	$ 2,600,000
Less: Discount on short-term bills payable	1,223	2,872
	$ 1,839,777	$ 2,597,128
Interest rate	1.328%-1.938%	1.768%-1.988%

c. Long-term borrowings, net

	December 31, 2020	December 31, 2019
Secured loan (Note 29)		
Bank of Taiwan I (1)	$ 2,111,120	$ 2,200,000
Bank of Taiwan II (2)	124,038	172,208
DBS Bank and another bank (3)	278,100	473,940
	2,513,258	2,846,148
Less: Current portion matured in one year	495,085	135,267
Long-term borrowings	$ 2,018,173	$ 2,710,881
Interest rate	1.67%-1.90%	1.89%-1.91%

1) The maturity date of the consolidated company's loan from Bank of Taiwan I is May 16, 2033 with repayment method of interests paid monthly and principal paid by installments starting the third year, and with Tucheng mall as collateral.

2) The maturity date of the consolidated company's loan from Bank of Taiwan II is June 19, 2023 with repayment method of interests paid monthly and principal paid by installments starting the second year, and with Tucheng mall as collateral.

3) The maturity date of the consolidated company's loan from DBS Bank and another bank is May 16, 2021 with repayment method of interests paid monthly and principal paid by the date of maturity, and with Tucheng mall as collateral.

18. Trade payable

Trade payable classified as construction retainage payable for construction contracts were $181,017 thousand and $323,871 thousand as of December 31, 2020 and 2019, respectively. Construction retainage received, which is interest free, will be paid for each construction contract at the end of the construction retainage period. This retainage period is the consolidated company's normal operating cycle, which normally exceeds one year.

19. Other current liabilities

	December 31, 2020	December 31, 2019
Advance rental	$ 5,795	$ 8,687
Receipts on behalf of others	2,157	6,439
Guarantee deposits received	3,250	5,600
Other	118	131
	$ 11,320	$ 20,857

20. Post-retirement benefit plans

The consolidated company adopted a pension plan under the Labor Pension Act, which is a government-managed defined contribution plan. The Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' individual pension accounts of Bureau of Labor Insurance.

The subsidiary, Fuhua engineering, still has fund deposits of defined benefit plan at competent authority, and the balance of the fund amounted to $8,126 thousand and $7,802 thousand, respectively, as of December 31, 2020 and 2019, recorded as other non-current asset.

In accordance with the relevant endowment insurance system of the People's Republic of China, Shanghai Youhong Engineering Technical Consulting Co., Ltd. and Shanghai Hong Rong Property Management Co., Ltd. allocate fund of the endowment insurance according to a certain proportion of the salary each year, and contribute them to the designated institutions stipulated by the government of the People's Republic of China. Contributed fund is managed by the labor department of the local government.

21. Equity

a. Share capital

Ordinary shares

	December 31, 2020	December 31, 2019
Authorized shares (In Thousand Shares)	540,306	540,306
Authorized share capital	$ 5,403,060	$ 5,403,060
Issued and fully paid shares (In Thousand Shares)	270,306	270,306
Issued share capital	$ 2,703,060	$ 2,703,060

The par value of the issued ordinary shares is $10 per share. Each share is entitled to one voting right and right of receiving dividend.

b. Capital surplus

	December 31, 2020	December 31, 2019
To offset a deficit, to distribute as cash dividends or stock dividends		
Additional paid-in capital	$ 148,999	$ 148,999
Treasury stock transaction	163,562	148,176
	$ 312,561	$ 297,175

The abovementioned capital surplus may be used to offset a deficit or to be distributed as cash dividends or stock dividends; however, the stock dividends have a limitation up to a certain percentage of the paid-in capital per year.

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation of the earnings distribution policy, the Company shall make appropriations from its net income (less any deficit), if any, to pay the taxes in comply with the laws, offset its accumulated deficit, set aside a legal reserve at 10% of the remaining earnings while no more set-aside if the legal reserve is up to the Company's paid-in capital, and then set aside or reverse a special reserve in accordance with the relevant laws or regulations. Of the remainder, together with any unappropriated earnings of prior years, shall be proposed by the Board of Directors as a plan for the distribution of the remaining undistributed earnings, and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends to shareholders. For the policies on employees' compensation and remuneration of directors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 23(7).

The Company's current industrial development is in a mature period while the business development is still at a growth stage with investment plans and funding requests in the coming years. Therefore, in addition to the abovementioned policies, the distribution of earnings shall be based on at least 20% by cash dividends and the remainder shall be distributed in the form of stock dividends as distribution of shareholders' dividends and bonuses for the year. However, if the Company obtains sufficient funds from external parties to meet its funding requests for the year, the proportion of cash dividends distributed above shall be increased to 40% on a discretionary basis.

As stated in the preceding paragraph, the Company may determine the most appropriate dividend policy and payment method depending on the actual operation of the year and taking into account the capital budget planning for the subsequent year.

The Company shall set aside a legal reserve until it equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the company has no deficit and the legal reserve has exceeded 25% of the company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The company appropriates and reverses special reserves in accordance with the regulations of Financial-Supervisory-Securities-Fa's Letter No. 1010012865, Financial-Supervisory-Securities-Fa's Letter No. 1010047490, and Financial-Supervisory-Securities-Fa's Letter No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

The appropriations of earnings for 2019 and 2018 had been approved in Hung Ching Co.'s shareholders' meetings on June 18, 2020 and June 27, 2019, respectively, and they were as follows:

	Appropriation of Earnings		Dividends Per Share ($)	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Legal reserve	$ 74,209	$ 41,873		
Legal reserve (reversal)	(1,710)	19,660		
Cash dividends	486,551	324,367	$ 1.80	$ 1.20

The appropriations of earnings and dividends per share for the year ended December 31, 2020 had been proposed by the Company's board of directors on March 5, 2021, and they were as follows:

	Appropriation of Earnings	Dividends Per Share ($)
Legal reserve	$ 39,115	
Special reserve	29,062	
Cash dividends	378,428	$ 1.40

The appropriations of earnings for the year ended December 31, 2020 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 28, 2021.

d. Special reserve

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Balance, beginning of year	$ 320,202	$ 300,542
Special capital reserve provided (reversed)	(1,710)	19,660
Balance, end of year	$ 318,492	$ 320,202

A special capital reserve shall be provided for the difference between the market price of the Company's shares held by the subsidiaries and the book value in proportion to their shareholdings and may be subsequently reversed as a result of the recovery of the market price.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Balance, beginning of year	($ 6,642)	($ 3,654)
Exchange differences on translating the net assets of foreign operations	1,736	(3,735)
Related income tax from gain on translating the net assets of foreign operations	(347)	747
Balance, end of year	($ 5,253)	($ 6,642)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Balance, beginning of year	$ 2,660,412	$ 1,561,557
Recognized for the year		
Unrealized gain (loss) - equity instruments	(80,023)	1,098,855
Balance, end of year	$ 2,580,389	$ 2,660,412

f. Treasury Shares

(Unit: In Thousand Shares)

Reasons for repurchase	Number of shares, beginning of year	Increase for the year	Decrease for the year	Number of shares, end of year
For the Year Ended December 31, 2020				
Shares of the Company held by subsidiaries	8,548	-	-	8,548
For the Year Ended December 31, 2019				
Shares of the Company held by subsidiaries	8,548	-	-	8,548

Information on shares of the Company held by subsidiaries on the balance sheet date is as follows:

Name of Subsidiary	Number of Shares held (In Thousand Shares)	Carrying amount	Market price
December 31, 2020			
Hung Ching New	8,548	$ 164,116	$ 164,116
December 31, 2019			
Hung Ching New	8,548	$ 193,178	$ 193,178

The shares of the Company held by subsidiaries, which are considered as treasury shares, are bestowed shareholders' rights, except for the rights to participate in any share issuance for cash and to vote.

22. Revenue

a. Contract balances

	December 31, 2020	December 31, 2019
Notes receivable (Note 8)	$ 3,760	$ 7,524
Trade receivable (Note 8)	$ 14,629	$ 35,926
Trade receivables from related parties (Note 8)	$ 11,606	$ 11,721
Long-term notes receivable (Note 8)	$ 2,960	$ 1,471
Contract assets - current		
Real estate construction	$ -	$ 3,198
Contract liabilities – current		
Building and land for sale	$ 413,174	$ 103,498
Merchandise sales	6,715	7,934
	$ 419,889	$ 111,432

b. Subdivision of revenue from client contracts

Detailed information on the revenue is described in Note 31.

23. Net income from continuing operation

a. Other income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest Revenue of bank deposit	$ 1,129	$ 732
Dividend income	88,175	110,269
Other	10,458	6,518
	$ 99,762	$ 117,519

b. Other gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Gain (loss) on disposal of property, plant and equipment	($ 27)	$ -
Gain (Loss) on disposal of investment properties	6,748	-
Gain (loss) on financial assets at FVTPL	226	1,134
Other loss	(2,356)	(281)
	$ 4,591	$ 853

c. Finance costs

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest on bank loans	$ 133,651	$ 192,373
Interest on lease liabilities	324	376
Less:Amounts included in the cost of required assets	18,084	65,309
	$ 115,891	$ 127,440
Interest rate on interest capitalization	1.40%-1.96%	1.68%-2.32%

d. Depreciation and amortization

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment	$ 18,568	$ 19,250
Right-of-use assets	3,176	3,176
Investment properties	117,598	118,215
Long-term prepayment expenses (recorded as other non-current assets)	6,628	4,887
Total	$ 145,970	$ 145,528
Depreciation expenses summarized by function		
Inventories, net	$ 283	$ 67
OPERATING COSTS	96,673	96,686
OPERATING EXPENSES	42,386	43,888
	$ 139,342	$ 140,641
Amortization expenses summarized by function		
Inventories, net	$ 369	$ 82
Operating expenses – amortization expense	6,259	4,805
	$ 6,628	$ 4,887

e. Direct operating expenses of investment properties

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Direct operating expenses of investment properties generating rental revenue	$ 113,637	$ 113,155

f. Employee benefits expense

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Short-term employee benefits expense	$ 154,463	$ 184,977
Post-Retirement Benefits		
Defined contribution plans	4,152	4,520
Other employee benefits	17,951	19,997
Total employee benefit expenses	$ 176,566	$ 209,494
Summarized by function		
Inventories, net	$ 27,021	$ 40,373
Operating Costs	17,075	14,887
Operating Expenses	132,470	154,234
	$ 176,566	$ 209,494

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates of 1% to 7% and no higher than 3% for employees' compensation and for remuneration of directors of net profit before tax, respectively. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's Board of Directors on March 5, 2021 and March 6, 2020, respectively, were as follows:

Accrual rates

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Employees' compensation	4%	4%
Remuneration of directors	2%	1.75%

Amount

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Cash	Stock	Cash	Stock
Employees' compensation	$ 16,946	$ -	$ 35,907	$ -
Remuneration of directors	8,473	-	15,709	-

If there is a change in the amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the accounts in the following year.

There was no difference between the actual amount paid of employees' compensation and remuneration of directors and the amount recognized in the parent company only financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors for the years ended December 31, 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. Income Tax from Continuing Operations

a. Income tax expense recognized in profit and loss account

Major components of income tax expense are as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Current tax		
In respect of the current year	$ 14,086	$ 130,648
Surcharges on unappropriated earnings	9,152	5,990
Adjustments for prior years	(1,037)	1,436
	22,201	138,074
Deferred income tax		
In respect of the current year	558	718
Income tax expenses recognized in profit or loss	$ 22,759	$ 138,792

A reconciliation of accounting profit and current income tax expense is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net income from continuing operation	$ 396,495	$ 863,934
Income tax expenses from income before income tax calculated at the statutory rate	$ 125,695	$ 117,319
Fees that cannot be deducted from taxes	4,823	82,404
Non-taxable income	(163,173)	(157,939)
Unrecognized deductible temporary differences	37,019	79,674
Unrecognized loss carryforward	10,280	9,908
Surcharges on unappropriated earnings	9,152	5,990
Income tax expenses from previous years adjusted for the year	(1,037)	1,436
Income tax expenses recognized in profit or loss	$ 22,759	$ 138,792

The tax rate for entities of the consolidated company that apply the Income Tax Act of the Republic of China is 20%. The tax rate applicable to subsidiaries in China area is 25%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Deferred income tax		
Reverse to other comprehensive Income (Loss)		
Translating of foreign operations	($ 347)	$ 747

c. Deferred tax assets

The movements of deferred tax assets were as follows:

	Balance, beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Balance, end of year
For the Year Ended December 31, 2020				
Deferred tax assets				
Financial assets at FVTOCI	$ 34,209	$ -	$ -	$ 34,209
Property, plant and equipment	13,662	(355)	-	13,307
Investment properties	13,753	(256)	-	13,497
Exchange differences of foreign operations	1,660	-	(347)	1,313
Other	59	53	-	112
	$ 63,343	($ 558)	($ 347)	$ 62,438
For the Year Ended December 31, 2019				
Deferred tax assets				
Financial assets at FVTOCI	$ 34,209	$ -	$ -	$ 34,209
Property, plant and equipment	14,017	(355)	-	13,662
Investment properties	14,002	(249)	-	13,753
Exchange differences of foreign operations	913	-	747	1,660
Other	173	(114)	-	59
	$ 63,314	($ 718)	$ 747	$ 63,343

d. Amounts of loss carryforward and deductible temporary differences for which no deferred tax assets have been recognized in the balance sheet

	December 31, 2020	December 31, 2019
Loss carryforward		
Expired in 2020	$ -	$ 7,650
Expired in 2021	14,957	14,957
Expired in 2022	20,177	20,177
Expired in 2023	16,127	16,127
Expired in 2024	126,098	126,098
Expired in 2025	34,595	34,595
Expired in 2026	40,506	40,506
Expired in 2027	41,562	41,562
Expired in 2028	56,388	56,289
Expired in 2029	45,723	45,620
Expired in 2030	46,984	-
	$ 443,117	$ 403,581
Deductible temporary differences	$ 207,816	$ 207,534

e. Income tax assessments

The Company's annual income tax return of a profit-seeking enterprise have been assessed by the tax authorities through the 2018 annual income tax return of a profit-seeking enterprise.

25. Earnings Per Share

Numerator and denominator used in the computation of earnings per share (EPS) are as follows:

	Amount (numerator) after tax	Shares (denominator) (In Thousand Shares)	EPS ($) after tax
For the Year Ended December 31, 2020			
Basic EPS			
Net income to calculate basic EPS	$ 391,153	261,758	$ 1.49
Effect of dilutive potential ordinary share:			
Employees' compensation	-	1,017	
Diluted EPS			
Net income to calculate diluted EPS	$ 391,153	262,775	$ 1.49
For the Year Ended December 31, 2019			
Basic EPS			
Net income to calculate basic EPS	$ 742,091	261,758	$ 2.84
Effect of dilutive potential ordinary share:			
Employees' compensation	-	1,683	
Diluted EPS			
Net income to calculate diluted EPS	$ 742,091	263,441	$ 2.82

If the consolidated company offered to settle the employees' compensation in cash or shares, the consolidated company presumes that the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees as compensation at their meeting in the following year.

26. Management of Risks in Capital

The consolidated company conducts management of risks in capital to ensure that each entity of the group would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity. The overall strategy of the consolidated company has no significant change.

The consolidated company's capital structure consists of the consolidated company's net debt (which is borrowings less cash and cash equivalents) and equity attributable to the owners of the consolidated company (which are share capital, capital surplus, retained earnings, and other equity items).

The consolidated company is not subject to any other external capital requirements.

The key management of the consolidated company annually reviews the capital structure of the group, including the capital costs of various categories and related risks. Based on recommendations of the key management, the consolidated company will balance its overall capital structure through dividends distribution, new stock issuance, shares repurchase, and new debts issuance or old debts repayment, etc.

27. Financial Instruments

a. Information on Fair value - Financial instruments measured at fair value on a recurring basis

1) Fair Value Hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficiary certificates	$ 17,111	$ -	$ -	$ 17,111
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed (OTC) stock	$ 3,587,830	$ -	$ -	$ 3,587,830

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficiary certificates	$ 17,094	$ -	$ -	$ 17,094
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed (OTC) stock	$3,671,678	$ -	$ -	$3,671,678
Foreign limited liability partnership	-	-	4,913	4,913
	$3,671,678	$ -	$ 4,913	$3,676,591

There was no transfer between Levels 1 and Level 2 for the years ended December 31, 2020 and 2019.

2) Reconciliation of Level 3 fair value measurement of financial instruments

For the Year Ended December 31, 2020

Financial assets	at FVTOCI Equity instruments
Balance, beginning of year	$ 4,913
Recognized in other comprehensive income (unrealized gain (loss) on FVTOCI)	3,825
Return on capital reduction	(8,738)
Balance, end of year	$ -

For the Year Ended December 31, 2019

Financial assets	at FVTOCI Equity instruments
Beginning and ending balance of the year	$ 4,913

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The foreign limited liability partnership is estimated at fair value based on estimated future cash flows of the disposal proceeds less costs of disposal.

b. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at FVTPL		
Fund beneficiary certificates	$ 17,111	$ 17,094
financial assets at amortized cost (Note 1)	762,295	502,109
Financial assets at FVTOCI Investments in equity instruments	3,587,830	3,676,591
Financial liabilities		
Measured at amortized cost (Note 2)	8,287,995	9,236,247

Note 1. The balances included financial assets measured at amortized cost which comprise cash and cash equivalents, notes receivable, trade receivable - net, trade receivables from related parties, other receivables, long-term notes receivable and refundable deposits (recorded in other non-current assets), etc.

Note 2. The balances included financial liabilities measured at amortized cost which comprise short-term borrowings, short-term bills payable - net, notes payable, trade payable, trade payables to related parties, other payable, long-term borrowings - current portion, long-term borrowings - net, guarantee deposits, etc.

c. Financial risk management objectives and policies

The consolidated company's major financial instruments included equity investments, loans and receivable, trade payable, short-term bills payable, and borrowings, etc. The consolidated company's Finance division provides services to each unit of the business, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the consolidated company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk.

The consolidated company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Internal auditors review the compliance policies and risk exposure limits on an ongoing basis.

1) Market risk

As the consolidated company is rarely engaged in foreign currency transactions, exposure to exchange rate risk for fluctuations in market exchange rates is minimal. At this stage, the consolidated company's dedicated unit reviews the assets and liabilities that are affected by exchange rates only on a regular basis.

Therefore, the consolidated company's activities exposed it primarily to the financial risks of changes in interest rates and other price risk.

a) Interest rate risk

The consolidated company is exposed to interest rate risk because entities in the consolidated company borrow funds at both fixed and floating interest rates. The consolidated company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. The consolidated company regularly assesses the fluctuation of interest rates by adjusting the affected positions to align them with interest rate views and risk preferences established to ensure the most cost-effective hedging strategies are adopted.

The carrying amounts of financial assets and financial liabilities of the Company with exposures to interest rate on the balance sheet dates are as follows:

	December 31, 2020	December 31, 2019
Interest rate risk with fair value		
-Financial liabilities	$ 1,839,777	$ 2,597,12
Interest rate risk with cash flow		
-Financial assets	561,862	268,05
-Financial liabilities	5,326,258	5,385,14

Sensitivity analysis

The consolidated company used the interest rate risk of non-derivatives financial instruments at the balance sheet date as basis. Facing the risk of changes in floating interest rates of financial assets and in market interest rates of financial liabilities, the consolidated company uses 1% increase or decrease in market interest rates as a reasonable risk assessment for reporting changes in interest rates to the management. If the market interest rate had been 1% higher and all other variables were held constant, the consolidated company's pre-tax income for the years ended December 31, 2020 and 2019 would decrease by $47,644 thousand and $51,171 thousand, respectively.

b) Other price risk

The consolidated company was exposed to equity price risk through its investments on equity securities of listed and OTC companies. This equity investment is not held for trading but a strategic investment. The consolidated company does not actively trade these investments. Equity price risk of the consolidated company is mainly concentrated on equity instruments in semiconductor packaging industry of the Taiwan Stock Exchange. Besides, the consolidated company has appointed a dedicated unit to regularly monitor the price risk and assess when it is necessary to increase the risk hedging position.

Sensitivity analysis

If equity prices had been 10% lower, no impact would incur on the consolidated company's pre-tax income for the year ended December 31, 2020 and 2019. The consolidated company's pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have decreased by $358,783 thousand and $367,168 thousand, respectively, due to changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated company. As of the balance sheet date, the consolidated company's maximum exposure to credit risk due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The policies adopted by the consolidated company are to trade with reputed counterparties only. If necessary, sufficient collateral must be obtained to reduce the risk of financial losses. Credit risk of the consolidated company is evaluated against contracts with positive fair value at the balance sheet date. The trading counterparties of consolidated company are financial institutions and organizations of company with good credit standing, so no significant credit risk is expected to incur.

To reduce credit risk, the management of the consolidated company has delegated a dedicated team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is properly taken to recover overdue debts. Moreover, the consolidated company reviews the recoverable amount of each individual trade receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the consolidated company's credit risk has been significantly reduced.

The consolidated company's trade receivables consist of a large number of clients, mainly in Taiwan and Mainland China. The consolidated company has no concentration of credit risk as it has transactions with different clients. The consolidated company continuously assesses the financial position of its clients of the trade receivable.

3) Liquidity risk

The Board of Directors bears the ultimate liability for the liquidity risk management of the consolidated company. The consolidated company has established an appropriate liquidity risk management framework to meet its management demand for short-term, mid-term, and long-term funding and liquidity. The consolidated company manages liquidity risk by maintaining adequate financing limit with banks and reserving flexibility of fundraising in the capital market as well as continuously monitoring the expected and actual cash flows and the maturity portfolio of financial assets and liabilities.

a) Table of liquidity risk

The following tables detail the analysis of the consolidated company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables were drawn up based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities from the earliest date on which the consolidated company may be required to pay.

	December 31, 2020			
	Within 6 Months	6 Months ~ 1 Year	Above 1 Year	Total
non-derivative financial liabilities				
Short-term borrowings	$2,201,347	$621,829	$ -	$2,823,176
Short-term bills payable, net	1,841,000	-	-	1,841,000
Notes and trade payable	276,875	395,535	121,260	793,670
Trade payables to related parties	250	-	-	250
Other payables	271,147	26,666	-	297,813
Lease liabilities	1,680	1,680	13,122	16,482
Long-term borrowings	399,647	134,093	2,421,820	2,955,560
	$4,991,946	$1,179,803	$2,556,202	$8,727,951

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	Total
Lease liabilities	$ 3,360	$ 13,122	$ -	$ 16,482

	December 31, 2019			
	Within 6 Months	6 Months ~ 1 Year	Above 1 Year	Total
Non-derivative financial liabilities				
Short-term borrowings	$ 2,263,245	$ 283,111	$ -	$ 2,546,356
Short-term bills payable, net	2,600,000	-	-	2,600,000
Notes and trade payable	351,100	503,762	50,707	905,569
Other payables	264,968	52,210	-	317,178
Lease liabilities	1,560	1,560	16,620	19,740
Long-term borrowings	62,921	125,568	3,239,094	3,427,583
	$ 5,543,794	$ 966,211	$ 3,306,421	$ 9,816,426

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	Total
Lease liabilities	$ 3,120	$ 13,920	$ 2,700	$ 19,740

b) Financing facilities

The bank loans are a significant source of liquidity for the consolidated company. As of December 31, 2020 and 2019, the consolidated company's amount of unused bank financing facilities amounted to $2,378,000 and $4,762,700, respectively.

28. Related Party Transactions

In preparing the consolidated financial statements, all transactions, account balances, income and expenses between the Company and its subsidiaries (which are the Company's related parties) have been eliminated in full and are not disclosed in this note accordingly. Except for those disclosed in other notes, the material transactions between the Company and other related parties are as follows.

a. Names and relationships of related parties

Name of related party	Relationship with the Company
Advanced Semiconductor Engineering, Inc. and its subsidiaries	Investor having significant influence
Jason C.S. Chang	Investor having significant influence
Richard H.P. Chang	Investor having significant influence
Hooyai Hotel Co.	Affiliates
Siliconware Electronics (FuJian) Co., Ltd.	Sibling company of Advanced Semiconductor Engineering, Inc.

b. Operating revenue

Item	Category and name of related party	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Sales Revenue of Building and Land	Investor having significant influence		
	Advanced Semiconductor Engineering, Inc.	$ -	$ 2,326,000
Rental revenue	Affiliates		
	Hooyai Hotel Co.	$ -	$ 8,400
	Investor having significant influence		
	Advanced Semiconductor Engineering, Inc.	9,314	11,170
		$ 9,314	$ 19,570
Construction revenue	Investor having significant influence		
	Advanced Semiconductor Engineering, Inc.	$ 621	$ 681
Service revenue	Investor having significant influence		
	Advanced Semiconductor Engineering, Inc. and its subsidiaries	$ 107,422	$ 71,232
	Other related party		
	Siliconware Electronics (FuJian) Co., Ltd.	2,702	8,466
		$ 110,124	$ 79,698

The consolidated company and its subsidiaries' transaction terms for related parties are comparable with those for third parties.

The consolidated company has entered into certain lease agreements with investors and associates having significant influence, and the rentals are received monthly or annually with rent terms expired one after another before December 31, 2025.

c. Receivables from related parties (excluding loans to related parties)

Item	Category and name of related party	December 31, 2020	December 31, 2019
Trade receivables from related parties	Investor having significant influence		
	Advanced Semiconductor Engineering, Inc. and its subsidiaries	$ 11,084	$ 11,721
	Jason C.S. Chang	522	-
		$ 11,606	$ 11,721

The consolidated company and its subsidiaries' transaction terms for related parties are comparable with those for third parties.

The outstanding balances of payables from related parties is not collateralized. No loss allowance was set aside for receivables from related parties for the years ended December 31, 2020 and 2019.

d. Contract Asset

Category and name of related party	December 31, 2020	December 31, 2019
Investor having significant influence		
Advanced Semiconductor Engineering, Inc.	$ -	$ 3,198

No loss allowance was set aside for contract assets generated from related parties for the years ended December 31, 2020 and 2019.

e. Payable from related party (excluding borrowings from related parties)

Item	Category and name of related party	December 31, 2020	December 31, 2019
Trade payables to related parties	Investor having significant influence		
	Jason C.S. Chang	$ 250	$ -

The Company and its subsidiaries' transaction terms for related parties are comparable with those for third parties.

The outstanding balance of payables from related parties is not collateralized.

f. Endorsements/guarantees

Real estate of subsidiary is provided for the amount of the consolidated company's endorsements/guarantees. Please refer to Appendix 1.

g. Compensation of key management personnel

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Short-term employee benefits expense	$ 56,866	$ 47,435
Post-Retirement Benefits	873	735
	$ 57,739	$ 48,170

The remuneration of directors and other members of key management personnel, as determined by the remuneration committee, was based on the individual performance and market trends.

h. Jason C.S. Chang and Richard H.P. Chang both provided notes and real estate as collateral for short-term notes issued by the Company for the years ended December 31, 2020 and 2019.

i. In May 2011, the Company entered into the Tucheng land co-construction and split-sales contract with Jason C.S. Chang, whereby Jason C.S. Chang provided the land subject to the Contract, and the Company contributed capital and land for the co-construction of the residential building and shopping mall of Tucheng. Per the contract, the distribution ratio of sales proceeds is 20% for Jason C.S. Chang and 80% for the Company. In November 2018, the Company's Board of Directors approved the lease of the land of Tucheng mall for the portion held by Jason C.S. Chang, and in March 2020, the Company agreed with Jason C.S. Chang and the Board of Directors resolved to grant rent-free until the end of 2020. The lease agreement will be entered with both parties reach agreement in 2021. In addition, in respect of the abovementioned co-construction projects, Jason C.S. Chang provided the Company with his ownership of the co-construction land as collateral of the bank loans for the construction projects.

j. The Company acquired the land of major road entrance and exit for the expected co-construction development project from Luchu Development Corporation, a subsidiary of Advanced Semiconductor Engineering, Inc., at a purchase price of $57,522 thousand and the transfer of ownership of the land was completed in November 2017. Per the letter of intent of the co-construction, the distribution ratio of sales proceeds shall be agreed upon after the Company obtains the construction license and after appraisal by both parties, and then an agreement of co-construction and split-sales shall be entered into.

k. The Company and Advanced Semiconductor Engineering, Inc. signed a co-development contract pursuant to the spirit of co-construction in June 2020 with agreements that the Company leases the self-constructed plants, of which Advanced Semiconductor Engineering, Inc. and its associates own the right of first refusal upon completion of the construction, and the final transaction price will be the selling price less the distribution ratio of co-construction valued by experts.

29. Pledged Assets

The following assets of the consolidated company, listed by net carrying amount, were provided to banks as collateral for short-term borrowings, short-term bills payable - net, long-term borrowings - current portion, and long-term borrowings.

	December 31, 2020	December 31, 2019
Inventories, net	$ 1,999,870	$ 4,570,944
Financial assets at FVTOCI - non-current, net	3,524,762	3,607,136
Property, plant and equipment, net	500,989	510,653
Investment properties, net	3,278,632	3,313,268

30. Supplementary Disclosures

Relevant Information on a. Significant transactions and b. Invested companies:

1) Financing provided to others: None
2) Endorsements/guarantees provided for others: Appendix 1
3) Marketable securities held at year end (excluding investment in subsidiaries, associates and joint ventures): Appendix 2
4) Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% or greater of the paid-in capital: None
5) Acquisition of real estate at costs of at least NT$300 million or 20% or greater of the paid-in capital: None
6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital or more: None
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% or greater of the paid-in capital: Appendix 3
8) Receivables from related parties amounting to at least NT$100 million or 20% or greater of the paid-in capital: Appendix 4
9) Trading in derivative instruments: None
10) Others: Business relationships, situations, and amounts of significant inter-company transactions: Appendix 5
11) Information on investee companies: Appendix 6

c. Information on Investments in Mainland China

1) Information on any investee in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding percentage, net income of investee, investment gain (loss) recognized in the current period, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Appendix 7
2) Significant transactions directly or indirectly through third region with investee companies in mainland China, and their prices, terms of payment, unrealized gain or loss: None
   a) Purchase amount and percentage, and the ending balance and percentage of the related payables: None
   b) Sales amount and percentage, and the ending balance and percentage of the related receivables: None
   c) Property transaction amounts and the resulting gain or loss: None
   d) Ending balances and the purposes of endorsements/guarantees or collateral provided: None
   e) The maximum remaining balance, ending balance, range of interest rate and total amount of current interest of financing facilities: None
   f) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service: None

d. Information on Major Shareholders: List of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder. (Appendix 8)

31. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance, and the reportable segments of the consolidated company are as follows:

Real estate development - sales of residential and commercial property and plant

Construction - building of residential and commercial property and plant

Lease - lease of investment property

a. Segment revenue and operation results

	Real estate development	Construction	Lease	Other	Total
For the Year Ended December 31, 2020					
Revenue from external clients	$3,164,448	$ 621	$ 144,612	$ 162,249	$3,471,930
Intersegment revenue	-	1,089,722	1,800	48,294	1,139,816
Segment revenue	$3,164,448	$1,090,343	$ 146,412	$ 210,543	4,611,746
Intercompany elimination					(1,139,816)
Consolidated revenue					3,471,930
Segment income	$1,015,202	$ 621	$ 28,254	$ 33,305	1,077,382
OPERATING EXPENSES					(669,349)
NON-OPERATING INCOME AND EXPENSES					(11,538)
Net income before tax from continuing operations					$ 396,495
For the Year Ended December 31, 2019					
Revenue from external clients	$6,127,832	$ 681	$ 144,104	$ 145,407	$6,418,024
Intersegment revenue	-	1,246,636	1,804	28,713	1,277,153
Segment revenue	$6,127,832	$1,247,317	$ 145,908	$ 174,120	7,695,177
Intercompany elimination					(1,277,153)
Consolidated revenue					6,418,024
Segment income	$1,492,878	$ -	$ 28,201	$ 54,845	1,575,924
OPERATING EXPENSES					(693,141)
NON-OPERATING INCOME AND EXPENSES					(18,849)
Net income before tax from continuing operations					$ 863,934

The transaction conditions of intersegment revenue are decided by the two parties through negotiation.

Segment profit represents the profits made by each segment, excluding the general and administrative costs of headquarters and remuneration of directors that shall be amortized, share of profit of associates accounted for using equity method, dividend revenue, interest income, foreign exchange gain (loss), gain (loss) on valuation of financial products, finance costs, and income tax expenses. Such measurement amounts are provided to the chief business decision makers to allocate resources to segments and to evaluate their performance.

b. Major products and service revenue

The analysis of major products and service revenue of the Company's consolidated continuing operation is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Real estate development	$ 3,164,448	$ 6,127,832
Construction	621	681
Lease	144,612	144,104
Other	162,249	145,407
	$ 3,471,930	$ 6,418,024

c. Information on classification by area

The Company mainly operates in two geographical areas, Taiwan and China.

Information on the Company's revenues of continuing operations from external clients classified by the location of the business operation and the non-current assets classified by location of the asset are as follows:

	Revenue from external clients		NON-CURRENT ASSETS	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	December 31, 2020	December 31, 2019
Taiwan	$ 3,361,292	$ 6,336,726	$ 4,390,119	$ 4,547,601
China	110,638	81,298	9,611	9,496
	$ 3,471,930	$ 6,418,024	$ 4,399,730	$ 4,557,097

Non-current assets include Financial assets at FVTOCI - non-current - net and deferred tax assets

d. List of major clients

Among the sales revenue of real estate development amounted to $3,164,448 thousand and $6,127,832 thousand for the years ended December 31, 2020 and 2019, respectively, $0 thousand and $2,326,000 thousand were derived from the Group's largest customer, respectively.

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Endorsements/Guarantees Provided for Others
January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars

Code	Company Name of Endorsements/guarantees Provider	Parties Being Endorsed/guaranteed		Limits on Endorsement/ Guarantee Provided for a Single Entity (Note 1)	Maximum Amount Endorsed/ Guaranteed in the current period	Outstanding Balance of Endorsement/ Guarantee - Ending	Actual Amount Used	Amount of Endorsed/ Guaranteed Secured with Collateral (Note 2)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Limit on Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Provided by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Provided by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Provided on Behalf of Companies in Mainland China
		Company Name	Relationship										
1	Hung Ching Kwan	The Company	Subsidiary of the Company	$ 1,483,452	$ 1,000,000	$ 1,000,000	$ 200,000	$ 1,000,000	101.12%	$ 1,483,452	N	Y	N

Note 1. It was calculated based on 150% of the net value of shareholders' equity of Hung Ching Kwan's financial statements audited by the certified public accountant as of December 31, 2020.
Note 2. Real estate provided by Hung Ching Kwan as collateral

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Marketable Securities Held at Year End
December 31, 2020
Unit: In Thousands of New Taiwan Dollars or Foreign Currency

Name of Holding Company	Type and Name of Marketable Security	Relationship with the Issuer of Marketable Security	Account Title	Year end				Note
				Shares (In Thousand Shares)/ Number of Shares/ Unit	Carrying amount	Shareholding Percentage %	Fair value	
The Company	Stock							
	ASE Industrial Holding Co., Ltd.	Major shareholder of the Company	Financial assets at FVTOCI - non-current, net	44,131	$ 3,587,830	1.0	$ 3,587,830	Notes 1 and 2
	Other - Limited liability partnership							
	Ripley Cable Holdings I, L.P.	—	Financial assets at FVTOCI - non-current, net	-	-	4.1	-	Note 3
Hung Ching New	Stock							
	Hung Ching Development & Construction Co., Ltd.	Parent Company	Financial assets at FVTOCI - non-current, net	8,548	164,116	3.2	164,116	Note 2
	Fund							
	Yuanta Polaris Wan Tai Fund	—	Financial assets at FVTPL - current	927	14,142	-	14,142	Note 4
	TCB US Short Duration High Yield Bond Fund	—	Financial assets at FVTPL - current	300	2,969	-	2,969	Note 4

Note 1. Of which 43,355 thousand shares (net carrying amount of $3,524,762 thousand) were provided to financial institutions as financial guarantees.
Note 2. Market price was calculated based on the closing price as of December 31, 2020.
Note 3. Investment in foreign limited liability partnership; Fair value is estimated based on future cash flows of expected disposal proceeds less costs of disposal.
Note 4. Market price was calculated based on the net value as of the last transaction date in December, 2020.

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% or greater of the paid-in capital
January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Counterparty	Relationship	Transaction Details				Terms and Reasons of Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase/ Sales	Amount	% to Total Purchases or Sales	Payment Terms	Unit Price	Payment Terms	Balance	% to Total Notes/Trade Receivable (Payable)	
The Company	Fuhua engineering	Subsidiary	Purchase	$ 864,851	93.86%	In comply with the terms of contracts	$ -	—	($ 962,493)	93.02%	Notes 1 and 2
Fuhua engineering	The Company	Parent Company	Sales	(1,089,722)	(99.94%)	In comply with the terms of contracts	-	—	962,493	100.00%	Notes 1 and 2

Note 1. Payment for construction
Note 2. The difference between the purchases and sales of Fuhua engineering and the Company was due to the recognition of related revenue and cost by Fuhua engineering under the percentage of completion method.
Note 3. Wholly eliminated when preparing consolidated financial statements.

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% or greater of the paid-in capital
December 31, 2020
Unit: In Thousands of New Taiwan Dollars

Company recording receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue balance of receivables from related parties		Amount received of receivables from related parties after the balance sheet date	Allowance for Bad Debts
					Amount	Action taken		
Fuhua engineering	The Company	Parent Company	$ 962,493	Note 1	$ -	—	$ 390,843	$ -

Note 1. In comply with the collection term of the contract. Not applicable.
Note 2. Wholly eliminated when preparing consolidated financial statements.

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Business Relationships, Situations, and Amounts of Significant Inter-company Transactions
January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars

Code (Note 1)	Name of Trader	Counterparty of Trade	Relationship with Trader (Note 2)	Transaction Details (Notes 3 and 5)			
				Account	Amount	Terms and Conditions	Percentage of total consolidated revenue or total consolidated assets (%)
0	Hung Ching Development & Construction Co., Ltd.	Fuhua engineering	1	Trade payables to related parties	$ 962,493	Note 4	5.64
0	Hung Ching Development & Construction Co., Ltd.	Fuhua engineering	1	Inventories, net	61,590	Note 4	0.36
0	Hung Ching Development & Construction Co., Ltd.	Fuhua engineering	1	Cost of building and land for sale	68,193	Note 4	1.96
0	Hung Ching Development & Construction Co., Ltd.	ASE WeMall M&C Co.	1	OPERATING EXPENSES	23,757	Note 4	0.68
1	Fuhua engineering	Hung Ching Development & Construction Co., Ltd.	2	Trade receivables from related parties	962,493	Note 4	5.64
1	Fuhua engineering	Hung Ching Development & Construction Co., Ltd.	2	Construction revenue	1,089,722	Note 4	31.33
1	Fuhua engineering	Hung Ching Development & Construction Co., Ltd.	2	Construction costs	1,005,345	Note 4	28.90
1	Fuhua engineering	Hung Ching Development & Construction Co., Ltd.	2	Inventories, net	77,774	Note 4	0.46
2	ASE WeMall M&C Co.	Hung Ching Development & Construction Co., Ltd.	2	Service revenue	23,757	Note 4	0.68
3	Shanghai Hong Rong Logistics Management Co., Ltd.	Shanghai You Chang Logistics Management Co., Ltd.	3	Service revenue	16,582	Note 4	0.48
4	Shanghai You Chang Logistics Management Co., Ltd.	Shanghai Hong Rong Logistics Management Co., Ltd.	3	Service costs	16,582	Note 4	0.48

Note 1. Information on business transactions between the parent and subsidiaries shall be indicated in the code column as follows:
1. Parent company is "0."
2. The subsidiaries are numbered in order starting from "1."

Note 2. Trader's relationship with the following three categories (just mark the category number):
1. The parent to subsidiary.
2. Subsidiary to the parent.
3. Between subsidiaries.

Note 3. On whether to calculate the percentage of transaction amount to the consolidated total revenue or total assets, the percentage of transaction amount to the year-end balance of the consolidated total assets shall be calculated if a transaction belongs to the assets and liabilities account, whereas the percentage of accumulated transaction amount for the year to the consolidated total revenue shall be calculated if a transaction belongs to the profit and loss account.

Note 4. The Company and its subsidiaries' transaction terms for related parties are comparable with those for third parties.

Note 5. Transaction amounted to more than $5,000 thousand.

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Information on Investee Companies, Location, .. etc.
January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars or Foreign Currency

Name of Investor Company	Investee company	Location	Main businesses	Initial investment amount		Held at year end			Investee company's income in the current period	Investment gain (loss) recognized in the current period (Note 1)	Note
				End of the Current Period	End of the Previous Period	Number of Shares (In Thousand Shares)	Ratio %	Carrying amount			
The Company	Hung Ching Kwan	Taipei City	Leasing of mall and office building	$ 907,441	$ 907,441	82,495	63.5	$ 627,600	($ 47,666)	($ 30,249)	
	Fuhua engineering	Taipei City	Contractor of construction projects	539,077	539,077	65,000	100.0	509,171	49,470	34,779	Note 2
	Hung Ching New	Taipei City	Retailer of household equipment and supplies	179,996	179,996	46,300	100.0	51,281	10,939	(4,447)	Note 3
	ASE WeMall M&C Co.	Taipei City	Management consulting business	5,000	5,000	500	100.0	4,620	1,063	1,063	
	Hung Ching Co., Ltd.	Hong Kong	General investment	8,540 (HK$2,325)	8,540 (HK$2,325)	1,099	100.0	71,700 (HK$19,521)	(1,625) (HK$-427)	(1,625) (HK$-427)	
	Superb First Co., Ltd.	Seychelles	General investment	17,088 (US$600)	17,088 (US$600)	600	100.0	30,971 (US$1,087)	10,818 (US$366)	10,818 (US$366)	
	Hooyai Hotel Co.	Hsinchu City	General hotels and restaurants	14,672	14,672	828	46.0	-	(8,559)	-	Note 4

Note 1. It was calculated based on the financial statements of investees companies audited by the certified public accountant for the same period.
Note 2. The investment gains recognized in the current period included unrealized gains of $84,377 thousand and realized gains of $69,686 thousand of upstream transactions.
Note 3. The investment gains and losses recognized in the current period include the Company's cash dividends received by subsidiary amounted to $15,386 thousand.
Note 4. The consolidated company has discontinued the recognition of losses as the associate had negative equity as of December 31, 2019.
Note 5. Except for the profit or loss in the current period and investment gain or loss recognized in the current period of the investee companies were based on the average exchange rate for the year ended December 31, 2020 of HKD$1=NT$3.809, US$1=NT$29.549 and RMB$1=NT$4.282, the amounts shown in this table are translated into NTD at the exchange rates by the end of December of HKD$1=NT$3.673, US$1=NT$28.480 and RMB$1=NT$4.377.
Note 6. Please refer to Appendix 7 for information on investments in Mainland China
Note 7. Wholly eliminated when preparing consolidated financial statements.

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Information on Investments in Mainland China
January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars or Foreign Currency, Unless Otherwise Specified

Investee Companies in Mainland	Main businesses	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan - Beginning of the Period	Outward/Inward Remittance of Funds in the current period		Accumulated Outward Remittance for Investment from Taiwan - End of the Period	Investee company's income in the current period	Shareholding Percentage of Direct or Indirect Investment	Investment Gain (Loss) Recognized in the current period (Note 4)	Carrying Amount of Investment - End of the Period	Accumulated Repatriation of Investment Income by the End of the Current Period	Note
					Outward	Inward							
Shanghai Youhong Engineering Technical Consulting Co., Ltd.	Technical consulting services of electronic engineering and architectural engineering	$ 8,540 (HK$2,325)	Note 1	$ 8,540 (HK$2,325)	$ -	$ -	$ 8,540 (HK$2,325)	($ 1,625) (HK$-427)	100.00%	($ 1,625) (HK$-427)	$ 71,700 (HK$19,521)	$ -	
Shanghai Hong Rong Property Management Co., Ltd.	Consulting services of property management and construction and technical consulting services of architectural engineering	2,189 (RMB$500)	Note 2	-	-	-	-	2,217 (RMB$518)	100.00%	2,217 (RMB$518)	26,837 (RMB$6,131)	-	
Shanghai You Chang Property Management Co., Ltd.	Consulting services of property management and construction and technical consulting services of architectural engineering	17,088 (US$600)	Note 3	17,088 (US$600)	-	-	17,088 (US$600)	10,818 (US$366)	100.00%	10,818 (US$366)	30,971 (US$1,087)	-	

Accumulated Outward Remittance for Investment from Taiwan to Mainland China - End of the Period	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment on the Company's Investments in Mainland China
$ 66,045 (US$2,319)	$ 67,469 (US$2,369)	$4,982,341 (Note 5)

Note 1. Shanghai Youhong Engineering Technical Consulting Co., Ltd. was invested through the investee company, Hung Ching Co., Ltd.
Note 2. It was invested by Shanghai Youhong Engineering Technical Consulting Co., Ltd. with its own capital, and the Company did not remit the funds separately.
Note 3. Shanghai You Chang Property Management Co., Ltd. was invested through the investee company, Superb First Co., Ltd.
Note 4. Investment income in the current period was calculated based on the financial statements audited by the certified public accountant for the same period.
Note 5. In accordance with the "Principles for Review of Investment or Technical Cooperation in the Mainland China" of the Investment Commission, it regulates the higher of 60% of the Company's net value or consolidated net value.
Note 6. Except for the profit or loss in the current period and investment gain or loss recognized in the current period of the investee companies were based on the average exchange rate for the year ended December 31, 2020 of HKD$1=NT$3.809, US$1=NT$29.549 and RMB$1=NT$4.282, the amounts shown in this table are translated into NTD at the exchange rates by the end of December of HKD$1=NT$3.673, US$1=NT$28.480 and RMB$1=NT$4.377.
Note 7. Wholly eliminated when preparing consolidated financial statements.

Hung Ching Development & Construction Co., Ltd. and Subsidiaries

Information on Major Shareholders
December 31, 2020

Major Shareholder's name	Shares	
	Number of Shares held	Shareholding Percentage (%)
Advanced Semiconductor Engineering, Inc.	68,629,782	25.38
Morgan Stanley & Co. International Plc, Value Investing Company with HSBC as custodian	44,200,805	16.35
Brilliant Capital Profits Limited with HSBC as custodian	22,433,200	8.29

Note 1. Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% or greater of ordinary shares and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For a shareholder who declares its shareholdings as an insider holding more than 10% of shares in accordance with the Securities and Exchange Act, such shareholding information shall include shares held by the shareholder and those delivered to the trust over which the shareholder has the right to determine the use of trust property. For information on declaration of shareholdings by insiders, please visit the Market Observation Post System.