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Sunty Development Co., Ltd

2020 Annual Report

Published on April 20, 2021

I. Name, title, telephone number and e-mail address of the spokesperson and acting spokesperson

Spokesperson: Pou-Ying Chien Acting spokesperson: Dai-Lin Wei
Title: General manager Title: Deputy general manager
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II. Address and telephone number of the Company:

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III. Name, address, website and telephone number of the stock transfer agency:

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Address: 7th Floor, No. 85, Section 2, Nanjing East Road, Zhongshan District, Taipei City
Website: <http://www.jihsun.com.tw>
TEL: (02)2541-9977

IV. Name, firm, address, website and telephone number of the CPA attesting the most recent annual financial statements.

CPA name: Yilian Han, Ti-Nuan Chien
CPA firm: KPMG International
Address: 68th Floor, No. 7, Section 5, Xinyi Road, Xinyi District, Taipei City
Website: <http://www.kpmg.com.tw>
TEL: (02)8101-6666

V. The name of any exchanges where the Company's securities are listed offshore, and the method by which to access information on the offshore securities: None.

VI. Company website: [https : //www.sunty.com.tw](https://www.sunty.com.tw)

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Sunty Development Co, Ltd.
2020
Business Report

I. 2020 Business Report

(I) Implementation results of business plan

The Company cultivates business in the Greater Taipei area with a good brand image, and operates steadily with a strategy of maintaining profitability and preserving advantages. This year, two new housing projects have been launched in the Greater Taipei area: “Sunty Shi Li Hua” in Taipei near MRT Songjiang Nanjing Station and “Sunty Shu Ya” on Jinlong Road in Neihu, both of which are urban renewal projects with small to medium-sized 2 to 4 room apartments, which meet the market demand for home-ownership housing. The projects excelled at the two key factors, location and brand, and were launched at a time when real estate was stabilizing, and the market responded well, contributing to revenues and profits.

In 2020, with the sales and deliveries of “Sunty Cheng Zhong”, “Sunty Shi Li Hua” and “Sunty Shu Ya”, and the construction revenues of the subsidiary, Hsin Tung Yang Construction Co., Ltd., the consolidated net operating revenue was NT\$3,216,269 thousand, an increase of NT\$1,247,188 thousand or 63.34% over 2019. Net profits after tax for the year was NT\$143,161 thousand, a decrease of NT\$94,997 thousand from 2019, of which net profits attributable to shareholders of the parent company decreased NT\$68,582 thousand from 2019 to NT\$141,319 thousand, mainly due to difference in profitability of the projects, resulting in the decline in net profits after tax.

Unit: NT\$ thousand

Item	2020	2019	Increase or decrease (%)
Net operating revenues	3,216,269	1,969,081	63.34%
Operating costs	2,710,375	1,443,550	87.76%
Operating profit margins	505,894	525,531	-3.74%
Operating expenses	345,695	297,171	16.33%
Net operating profits	160,199	228,360	-29.85%
Non-operating incomes and expenses	6,284	19,493	-67.76%
Net profits before tax	166,483	247,853	-32.83%
Income tax expenses	23,322	9,695	140.56%
Net profits for the period	143,161	238,158	-39.89%
Other comprehensive income	7,228	(31,658)	-122.83%
Total comprehensive income for the period	150,389	206,500	-27.17%

(II) The implementation status of budget

The Company has not published its financial forecast for 2020 in accordance with the “Regulations Governing the Publication of Financial Forecasts of Public Companies”.

(IV) Financial receipts and expenditures and profitability analysis

Item		Year	2020	2019	
Capital structure	Debts to assets ratio (%)		50.28	48.95	
	Long-term capital to property, plant, and equipment ratio		3871.62	3880.62	
Liquidity	Current ratio (%)		187.39	193.76	
	Quick ratio (%)		32.47	29.05	
	Interests coverage (multiplier)		3.21	4.44	
Profitability	Return on assets (%)		1.30	2.31	
	Return on equity (%)		2.74	4.06	
	As a percentage of paid-in capital (%)	Operating profits		4.55	6.48
		Net profits before tax		4.73	7.03
	Net profit margins (%)		4.45	12.09	
	Basic earnings per share (NT\$) - after retrospective adjustments		0.40	0.60	

(V) R&D status

1. R&D team: committed to coming up with refined and high quality products.

The Company's management team has excellent vision and strong leadership abilities, and with more than 30 years of construction-related experience, they are not only familiar with construction regulations, but also have a unique perspective on market trends and dynamics. We have been building residential buildings with consistent dedication to the construction industry, we are constantly innovating technology to create refined and high quality products, and we are committed to human comfort, healthy living, and network technology in our product planning to meet customer needs. Our stable management philosophy has not only created a competitive advantage in the market, but has also established an unshakable reputation in the hearts of consumers.

2. Engineering team: three-link quality control, engineering quality control supervision and management

The Company appoints construction companies that meet the quality requirements and cost control of the Company to ensure the quality of construction. In addition, through the control of equity and long-term cooperation, we have established a good relationship with the construction companies, so that we can control the progress and quality of construction more precisely to meet the customer's needs in terms of delivery and quality. In addition to improving quality and reducing costs, we will continue to study the use of Sunty's high-performance construction methods to increase the competitiveness of our products.

3. Business team: Blue ocean strategy for product differentiation

We keep an eye on the political and economic situation and changes in the real estate boom and bust cycle to take hold of market information and use it as a basis for product positioning and marketing strategies. We conduct detailed and precise market research and analysis to launch products that meet market needs, and flexibly adopt sales before, during or after construction to reduce the risk of market fluctuations and carry out a product blue ocean strategy.

III. 2021 Business Plan Overview

(I) Business policy for the year

1. Considering the current capital size, human resources, investment return and capital turnover efficiency of the Company, we will continue to invest in the construction and sale of small and medium-sized projects in the Greater Taipei area in 2021.
2. We keep an eye on the political and economic situation and changes in the real estate boom and bust cycle to take hold of market information and use it as a basis for product positioning and marketing strategies.
3. Control the cost and quality of construction projects.
4. Offer customer service and product after-sales service.

(II) Expected sales volume

1. Launched sales projects:

- (1). “Suntly Li Fang” in Beitou District, Taipei City, is near MRT Guandu Station, with a light commercial atmosphere and affordable housing prices compared to the center of Taipei City, and is close to Costco and Guandu Natural Park, meeting shopping needs and rich in greenery in a quiet environment with all the facilities for comfortable living. Pre-sales rate over 80%, expected to be completed in early 2022.
- (2). “Suntly Guo Yong” in Yonghe District, New Taipei City, near MRT Dingxi Station, has the characteristics of quiet alley housing near the MRT, and the Yonghe business district is well-developed and has complete functions. The double buildings with 13 and 18 stories above ground and 50 to 162 m² small and medium-sized apartments are in line with the market demand for first-time buyers and home owners, with pre-sales almost sold out and construction to begin in early 2020.
- (3). “Ju Suntly” is located in Zhongshan District, Taipei City, near MRT Tiangong Station, in the center of the city, near Minguan Avenue, Songjiang Avenue and other arterial roads, with excellent transportation access and complete living functions. The building with 15 stories above ground and 60 to 159 m² small and medium-sized apartments are in line with the market demand for first-time buyers and owner-occupiers, with pre-sales at nearly 80% and construction to begin in mid 2020.
- (4). The residential rehabilitation and urban renewal project “Suntly International ONE 360” is located in the prime living area of Keelung Road, Xinyi District, Taipei City, where there are many department stores and hotels. 31 floors above ground are planned, and the British design team G.A Design is invited to plan the public amenities. The residence will be a landmark building. The project has reached the first stage of the sales target and construction commenced in the second half of 2020.

2. Planned sales projects after 2021:

- (1). The “Suntly Yi Ju” is a self-built project in Taipei City’s Wanhua District, close to Youth Park, Botanical Garden, and Jianguo High School, with complete living functions. The building with 11 stories above ground and 3 stories below ground and 60 to 93 m² small and medium-sized houses is in line with the market demand for first-time buyers and home owners. Pre-sale is expected to begin in mid 2021.
- (2). Taoyuan City’s first government-led urban renewal project “Zhongli District Zhongxing Lane Government-Led Urban Renewal Project” is located in the commercial area north of Zhongli Elementary School, which is the best location of Zhongli. The plan is to build two buildings for social housing and general housing. The project will be built first and sold later with construction having started in the second quarter of 2020, and is expected to be completed and sold in 2023.

3. Projects under development:

- (1). “Chongqing North Road Project” is a joint construction project in Taipei City’s Shilin District located near the Chongqing North Road interchange of the highway, facing the Keelung River with a distant view of the Taipei 101 and the the Grand Hotel Taipei, as well as a

permanent view of the riverbank. Initially planned for small to medium sized houses, the project is expected to be launched for pre-sale in early 2022.

- (2). Taipei City Yongji Road Li Ba Royal Community, Dexing East Road, Fulin Road, Shipai Road, Sanchong Mingzhi, Guangxin Park and other projects for urban renewal or for unsafe and old buildings, and Kaifeng Street joint construction projects, are all undergoing planning and development.

(III) Important production and sales policies

In 2020, the overall domestic housing market experienced rising price, stable volume and warm buying intentions. The chaotic situation of pre-sale red slip transactions disappeared from the market after the government took control, and when the government establishes indicators for judging the housing market, there will be greater basis and accuracy for guiding the sound development of the housing market. Looking ahead to the housing market in 2021, it is expected that the domestic economy will grow moderately, but the prices of iron, steel, and building materials will rise, and the government will introduce new measures to crack down on housing speculation, such as targeted and prudent measures for real estate loans and real transaction price registration 2.0, etc. Coupled with the unresolved labor shortage, it is expected that there will be a change in sales behavior with stable prices and shrinking volume.

In recent years, in response to the impact of the real estate boom and bust cycle, the Company has adopted a proactive and stable business strategy to keep track of sales progress and recover capital quickly from existing sales projects. In the future, we will actively develop high-quality land with good locations and high sales potential when the housing market is down. We will also keep track of the quality, cost and progress of the construction in progress to ensure the profitability of projects. On the financial side, we will address the conservative practice of banks in lending for construction financing, strive for higher-than-budgeted construction financing facilities for new projects, and explore other financing options. In terms of re-investment, the construction business will expand its underwriting capacity and evaluate the feasibility of revitalizing other investment assets in the hope of increasing profitability through a proactive and diversified model.

IV. The future development strategy of the Company and the impact of the external competitive environment, the regulatory environment and the overall business environment

Real estate is still an important investment tool for the public. As the wait-and-see atmosphere in the market gradually subsides, the real estate market is expected to return to a rational stage and move towards stable development. The Company is cautious in assessing the future of the real estate market and will continue to take proactive actions to develop quality projects. Our land development policy is sales-oriented, and the prime target for development is the premium location in the Greater Taipei Metropolitan Area. However, in consideration of the scarcity of complete land in Greater Taipei and the difficulty of developing individual urban renewal projects in the metropolitan area, we do not rule out the extension of the development area to the densely developed metropolitan area outside of Greater Taipei in order to reserve sufficient project sources. Our product planning and design incorporate premium residential elements for all ages in projects under construction and pending development to strengthen the attractiveness of individual projects and to achieve annual sales targets. At the same time, we continue to operate with the philosophy of “honest and pragmatism, initiative and innovation, and insistence on quality” to fulfill our corporate social responsibility in the construction field, so as to gain the trust of customers and enhance brand recognition and create maximum profitability for the Company.

Suntly Development Co., Ltd.

Chairman Kuan-Chen Mai

II. Company Profile

I. Date of establishment: March 17, 1993

II. Company History

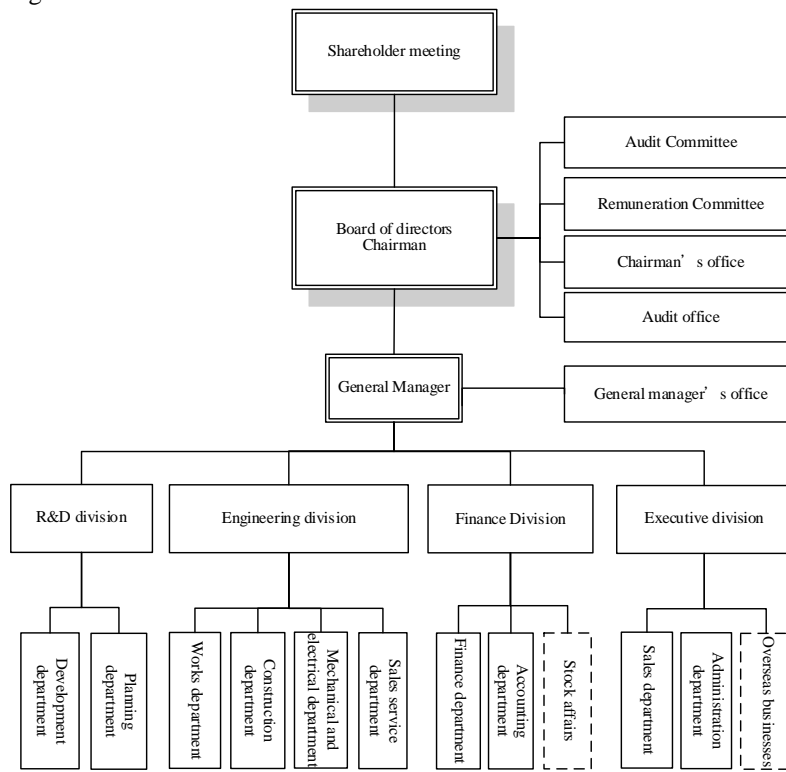
March, 1993	The establishment of Ocean Bright Co., LTD, was approved with a capital of \$5 million. The name of the Company was registered as "Ocean Bright Co., LTD".
June, 2002	The name of the Company was changed to "Ocean Bright Biotech Co.
August, 2002	Capital was increased by \$25 million from earnings and \$70 million in cash, reaching a total capital of \$100 million.
April, 2003	Public offering was approved by the Securities and Futures Commission, Ministry of Finance.
June, 2003	Processed employee bonus payout and capital increase of \$40.93 million from earnings, reaching a total capital of \$140.93 million.
October, 2003	Approved by TPEX to be listed on the emerging stock market approved.
July, 2004	Approved by TPEX to be listed on the OTC market approved.
July, 2004	Processed employee bonus payout and capital increase of \$143,954,400 from earnings, reaching a total capital of \$184,884,400
October, 2004	Officially listed on the TPEX OTC market.
August, 2005	Processed employee bonus payout and capital increase of \$33,732,060 from earnings, reaching a total capital of \$218,612,460.
September, 2006	Processed employee bonus payout and capital increase of \$12,930,000,630 from earnings, reaching a total capital of \$231,543,090.
November, 2007	Processed privately-placed capital increase of \$600 million, reaching a total capital of NT\$831,543,090. Suntly Development Co, Ltd. was the main subscriber of the private placement and acquired 50.27% of the Company's shares.
December, 2007	The directors and supervisors were re-elected and the Chairman of the Board was changed. Established the Construction Business Division.
June, 2009	Relocated to 11th Floor, No. 289, Section 4, Zhongxiao East Road, Da'an District, Taipei City
January, 2011	Launched the first project of high-performance housing in the country "Rui Yang Living", introducing unique Japanese SI construction technology, which is the Company's first self-built project.
May, 2011	The private placement of 60,000,000 shares in 2007 was approved for over-the-counter trading by the TPEX.
June, 2011	Changed the name of the Company to "Suntly Property Development Co., LTD.
April, 2012	Processed capital increase of \$400 million, reaching a total capital of NT\$1,231,543,090.
October, 2012	Invested in the wholly owned subsidiaries, Suntly Land Development Co., Ltd.and Suntly International Land Development Co., Ltd.

March, 2013	<p>The merger of the Company and Sunty Development Co, Ltd. was declared effective by the Financial Supervisory Commission on January 24, 2013, with the filing Jin-Guan-Zheng-Fa-Zi No. 1010060567 on record.</p> <p>The net issuance of capital increase for the merger was \$1,791.6 million, with a total capital of \$3,023,143,090.</p> <p>The base date of the merger was March 21, 2013, and the Chairman of the Board was changed, and the Company changed its name to "Suntly Development Co., LTD.</p> <p>After the merger and share swap, the former corporate shareholders of Sunty Development became the corporate shareholders of the Company.</p> <p>After the merger, Hsin Tung Yang Construction Co., Ltd. became an important subsidiary of the Company.</p>
December, 2013	Processed capital increase of \$500 million, reaching a total capital of NT\$3,523,143,090.
April, 2014	Through Great Harbor Limited, an investment enterprise in the 3rd region, the Company indirectly invested in Cheng Du Sheng Yang Real Estate Development Limited Company in Mainland China to engage in real estate development business.
December, 2014	Officially transferred to the TWSE for listing and trading.

III. Corporate Governance Report

I. Organizational System

(I) Company organizational structure



(II) Business of major departments

Major departments	Business description
R&D division	Development department: Research and report on land development and project analysis. Planning department: Project planning and design, legal review, and construction licensing and other related matters.
Engineering division	Works department / construction department / Mechanical and electrical department: Supervision of construction plan, project progress, quality, budget, procurement and contracting matters. Sales Service Department: After-sales service for completed projects, information on major defects in construction, and customer service.
Finance Division	Finance Department: Planning and management of financial affairs such as fund dispatch and cashier Accounting Department: Planning and management of accounting, taxation and financial statement preparation. In addition, also in charge of stock affairs.
Executive division	Sales Department: Market research, economic forecast, sales and advertising planning, customer contracting and delivery, etc. Administration Department: In charge of the establishment of personnel rules and regulations, staff assessment, management, training, and welfare; general affairs, asset management and other related business. Computerization planning and promotion, computer hardware resource scheduling and maintenance. Promotion of the project of CSR-related operations of the Company. Also responsible for the operation and management of overseas investments.
General manager's office	Analysis of the Company's objective management and annual business strategy. Responsible for the review of the contract terms and conditions, the collection of legal information and other legal matters. Also responsible for general administration and execution of the Company's brand image
Chairman's office Audit office	Internal auditing and workflow management.

II. Information on directors, general managers, deputy general managers, senior managers, and officers of departments and branches

(I) Information on directors

1. Schedule of information on directors

Unit: Shares; April 20, 2021

Title	Nationality or place of registration	Name	Gender	Date elected	Term of office	Date first elected	Shareholding when Elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relation	
Chairman	R.O.C.	Kuan-Chen Mai	Male	2019.6.21	3 years	2007.12.27	8,841,071	2.92%	5,037,363	1.43%	2,406,461	0.68%	0	-	Chairman, Sunty Development Co, Ltd. Chairman, HSIN TUNG YANG Co, Ltd. Director, E.SUN FINANCIAL HOLDING Co., Ltd.	Chairman, HSIN TUNG YANG Co, Ltd. Director, Hsin Tung Yang Construction Co., Ltd. Chairman, Hsin Tung Yang Hosing Agency Co, Ltd. Chairman, Cheng Yang Investment Co., Ltd. Chairman, Shang Yang Investment Co., Ltd. Chairman, Ding Yang Investment Co., Ltd. Chairman, Xing Yang Investment Co., Ltd. Chairman, Yuan Shang Co, Ltd. Director, Hwa Yang International Distribution Co., Ltd. Director and corporate representative, E.SUN Financier Holding Co., Ltd. Managing director and corporate representative, E.SUN Commercial Bank, Co., Ltd. Director and corporate representative, Tao Garden Hotel Director, Great Harbor Limited	Corporate Director Representative	Hsiu-Wei Mai	Father and son	None
Director	R.O.C.	Ding Yang Investment Co., Ltd.	Male	2019.6.21	3 years	2013.6.25	Corporate shareholder 36,244,198	11.99%	40,738,478	11.56%	0	-	0	-	EMBA of National Chengchi University, Department of Architecture, Feng Chia University	General manager of the Company Director and corporate representative, Hsin Tung Yang Construction Co., Ltd. Chairman and corporate representative, Sunty Land Co., Ltd. Chairman and corporate representative, Sunty International Land Co., Ltd. Director and corporate representative, Great Harbor Limited	-	-	-	None
	R.O.C.	Representative Pou-Ying Chien		2019.6.21			1,729,123	0.49%	1,729,123	0.49%					General manager, Sunty Development Co, Ltd. Daewoo Architects Li Jun-ren Architects					

Title	Nationality or place of registration	Name	Gender	Date elected	Term of office	Date first elected	Shareholding when Elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relation	
Director	R.O.C.	Ding Yang Investment Co., Ltd. Representative Hsiu-Wei Mai	Male	2019.6.21	3 years	2013.6.25	Corporate shareholder 36,244,198	11.99%	40,738,478	11.56%	0	-	0	-	Graduated from the HPU Institute of Business Administration, Hawaii Pacific University Director, Sunty Development Co, Ltd.	Senior manager of the Company Director, Hsin Tung Yang Construction Co., Ltd. Director and corporate representative, Sunty Land Development Co., Ltd. Director and corporate representative, Sunty International Land Development Co., Ltd. Director and corporate representative, Hsin Tung Yang Construction Co., Ltd. Director, Hsin Tung Yang Hosing Agency Co., Ltd. Director, Syang Apartment Building Management and Maintenance Co., Ltd. Supervisor, Syang Security Co., Ltd. Director, Cheng Yang Investment Co., Ltd. Director, Shang Yang Investment Co., Ltd. Director, Ding Yang Investment Co., Ltd. Director, Xing Yang Investment Co., Ltd. Director, Yuan Shang Co., Ltd. Chairman, Great Harbor Limited Supervisor and corporate representative, TERAWINS, INC. Supervisor, Ding kuang Co., Ltd.	Director	Kuan-Chen Mai	Father and son	None
	R.O.C.			2019.6.21			Representative 4,637,918	1.32%	6,837,918	1.94%										
Independent director	R.O.C.	Chun-Ming Yu	Male	2019.6.21	3 years	2007.12.27	0	-	0	-	0	-	0	-	Graduated from the Institute of Land Administration, National Chengchi University, passed the Senior Qualification Examination Secretary General of the Federation of Real Estate Development Associations of the Republic of China Secretary General of the Federation of Real Estate Development Associations of Taipei City Independent director, HUNG SHENG Construction Co., Ltd. Independent director, SHANYUAN Construction Co., Ltd.	-	-	-	None	

Title	Nationality or place of registration	Name	Gender	Date elected	Term of office	Date first elected	Shareholding when Elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relation	
Independent director	R.O.C.	Chi-kuang Huang	Male	2019.6.21	3 years	2011.6.15	44,681	0.01%	44,681	0.01%	0	-	0	-	Bachelor of Business Administration from Eastern Michigan University, Honorary Doctor of Commerce from Eastern Michigan University, Honorary Doctor of Social Sciences from IIS University, India, Honorary Doctor of Management from National Taipei University of Technology General Manager of Rotary International, Chairman of Taiwan Shin Kong Security Co., Ltd., Chairman of Xinshou Apartment Building Management and Maintenance Co., Ltd., Consultant of Bank Of Panshin.	Consultant, WahLee Industrial Corp. Chairman, Bingcheng Insurance Agent Co., Ltd. Director, Huang Bing-xin Insurance Scholarship Foundation Director, Ankang Health Enterprise Co., Ltd. Consultant, Hean Insurance Agency Co., Ltd.	-	-	-	None
Independent director	R.O.C.	Meng-Han Chuang	Male	2019.6.21	3 years	2019.6.21	0	-	0	-	0	-	0	-	Master of Economics Institute of Chinese Culture University Associate Professor, Department of Industrial Economics, School of Business and Management, Tamkang University	Visiting Professor of Deming University of Finance and Technology Vice General Manager of Money Weekly Arbitrator of Chinese Real Estate Arbitration Association Independent director, HUAKU Development Co., Ltd.	-	-	-	None

Note: The Company has an audit committee and no longer has supervisors, and the audit committee consists of all independent directors.

2. Major shareholders of corporate shareholders

April 20, 2021

Corporate director name	Major shareholders of corporate shareholders	
	Name	Shareholding percentage (%)
Ding Yang Investment Co., Ltd.	Kuan-Chen Mai	54.81
	Shi Yang Construction Co., Ltd.	19.70
	Lin Xiu-ying	19.08
	Mai Xiu-ren	3.72
	Xing Yang Investment Co., Ltd.	2.69

3. Where the major shareholders of a corporate shareholder are juristic persons, the major shareholders

April 20, 2021

Corporation name	Major shareholders of corporation	
	Name	Shareholding percentage (%)
Shi Yang Construction Co., Ltd.	Hsin Tung Yang Real Estate Agent Co., Ltd.	100.00
Xing Yang Investment Co., Ltd.	Kuan-Chen Mai	68.74
	Hsin Tung Yang Real Estate Agent Co., Ltd.	18.00
	Ding Yang Investment Co., Ltd.	9.18
	Mai Xiu-ren	4.08

4. The professional knowledge and independence of the directors

April 20, 2021

Name	With at least five years of work experience and the following professional qualifications			Meet the independence criteria (Note)												Concurrently employed by other public company
	Lecturers or above in public and private colleges and universities in business, legal, financial, accounting or related areas required for the Company's business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations and received certificates required for the Company's business	Work experiences in business, legal, financial, accounting or related areas required for the Company's business	1	2	3	4	5	6	7	8	9	10	11	12	
Kuan-Chen Mai			✓	✓						✓	✓	✓		✓	✓	0
Representative, Ding Yang Investment Co., Ltd. Pou-Ying Chien			✓			✓	✓	✓		✓	✓	✓	✓	✓		0
Representative, Ding Yang Investment Co., Ltd. Hsiu-Wei Mai			✓							✓	✓	✓		✓		0
Chun-Ming Yu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chi-kuang Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Meng-Han Chuang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note : If any of the following is applicable to the Directors 2 years prior to their assumption of office and within their term of office, put a "V" sign in the appropriate box below.

- (1) Not an employee of the Company or its affiliate.
- (2) Not a Director, Supervisor of the Company or its affiliate (except holding the positions of Independent Directors of the Bank who also act as Independent Directors its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (3) Not a natural person who holds more than 1% of the outstanding shares issued by the Company by the person, spouse, underage children or in the name of a third party, or among the top 10 shareholders.
- (4) Not the spouse, kindred within the 2nd tier or next of kin within the 3rd tier of the mangers as stated in (1), or persons stated in (2) and (3).
- (5) Not a Director, Supervisor or employee of the institutional shareholder who directly holds more than 5% of the outstanding shares issued by the Bank, among the top 5 shareholders, or appoints representatives to assume positions as Directors of Supervisors of the Bank under Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (except holding the positions of Independent Directors of the Company who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (6) Not a Director, Supervisor of employee of a third party company held by the same person who also holds the seats of Directors of the Company or more than half of the voting shares. (except holding the positions of Independent Directors of the Company who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (7) Not a Director, Supervisor, or employee of a third party company or institution or the spouse of Director, Supervisor, or employee of a third party company or institution who also holds the position of Chairman, General Manger, or similar position.(except holding the positions of Independent Directors of the Bank who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (8) Not a Director, Supervisor, Manager or shareholder holding more than 5% of the shares of particular company or institution having financial and business transactions with the Company (except such particular company or institution which holds more than 20% but less than 50% of the shares issued by the Bank, and holds the position as Independent Directors of the Company who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (9) Not an owner, partner, Director, Supervisor, Manager or spouse to the owner, partner, Director, Supervisor, Manager of a professional, sole proprietor, partnership, company or institution providing audit service for the Bank or its affiliates, or who have received remunerations of less than NT\$500,000 in accumulation over the last 2 years,except the member of the remuneration committee, public acquisition review committee, or merger and acquisition special committee performing their assigned duties under the Securities and Exchange Act or the Corporate Mergers and Acquisition Act and other applicable laws.
- (10) Not the spouse or kindred within the 2nd tier under the Civil Code to another Director.
- (11) Falling beyond the scope of particulars inscribed in Article 30 of the Company Act.
- (12) Not elected to office as the representative of the government, institutions, or their representative as specified in Article 27 of the Company Act.

Note 1: The Company has an audit committee and no longer has supervisors, and the audit committee consists of all independent directors.

(II) Directors, general managers, deputy general managers, senior managers, and officers of departments and branches

Unit: Shares; April 20, 2021

Title	Nationality	Name	Gender	Elected Date	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Major educations and experiences	Concurrent positions in other companies now	Managerial officers with spouses or relatives with second degree of kinship			Remark
					Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relation	
General Manager	R.O.C.	Pou-Ying Chien	Male	2007.12.27	1,729,123	0.49%	0	-	0	-	EMBA graduated from National Chengchi University Graduated from the Department of Architecture, Feng Chia University General manager, Sunty Development Co, Ltd. Daewoo Architects Li Jun-ren Architects	(Please refer to page 8 of this annual report)	None	-	-	None
Deputy general manager	R.O.C.	Dai-Lin Wei	Male	2013.3.21	418,401	0.12%	0	-	0	-	Graduated from National Chengchi University, Master of Business Administration Graduated from the Institute of Architecture, National Cheng Kung University Architect Graduated from the Department of Architecture, Tamkang University R&D division senior manager, Sunty Development Co, Ltd. Haoqun Architects	Director and corporate representative, Tongfu Development and Construction Co., Ltd.	None	-	-	None
Deputy general manager	R.O.C.	Chi-Chang Xie	Male	2013.3.21	220,000	0.06%	0	-	0	-	Graduated from the Department of Architecture, Tamkang University Graduated from the Department of Municipal Administration of Cultural University Engineering department senior manager, Sunty Development Co, Ltd. Design Section Chief, Kanghe Construction Planning Office Chief Designer, Chen Jin-ci Architects	Director and corporate representative, Hsin Tung Yang Construction Co., Ltd. Director, Xing Yang Engineering Co., Ltd.	None	-	-	None
Senior manager	R.O.C.	Hsiu-Wei Mai	Male	2013.3.21	6,837,918	1.94%	0	-	0	-	Graduated from the HPU Institute of Business Administration, Hawaii Pacific University Director, Sunty Development Co, Ltd.	(Please refer to page 9 of this annual report)	None	-	-	None
Director, finance Division	R.O.C.	Yu-Juan Yeh	Female	2014.3.10	0	0%	0	-	0	-	Assistant senior manager, Sunty Development Co, Ltd. Special Assistant to the Chairman of Hongruiyang Biotechnology Co., Ltd. Chief of Finance Section, Chief of Finance Section	Supervisor, Hsin Tung Yang Construction Co., Ltd. Supervisor, Great Harbor Limited Supervisor, Cheng Du Sheng Yang Real Estate Development Limited Company	None	-	-	None

Note: The Company has no branch offices. There is no case in which the Chairman of the Board and the general manager or the equivalent are the same person, spouses or relatives of each other.

III. Remuneration for directors, supervisors, general managers and deputy general managers for the most recent year (2020)

(I) Remuneration for regular and independent directors

Unit: NT\$ thousand; December 31, 2020

Title	Name	Remuneration for directors								A, B, C and D as a % of the net profit after tax		Remuneration for employees with concurrent positions in the Company and other companies								A, B, C, D, E, F and G as a % of the net profit after tax		Remuneration from investors outside subsidiaries or from the parent company	
		Base remuneration (A)		Severance and pension (B)		Remuneration for directors (C) ^(Net)		Business execution expenses (D)		The Company	All companies in the financial statements	Remuneration, bonus, allowance (E)		Severance and pension (F) ^(Net)		Remuneration to employees (G)				The Company	All companies in the financial statements		
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements			The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash bonus	Stock bonus	Cash bonus	Stock bonus				
Director	Kuan-Chen Mai	720	1,560	0	0	872	975	38	38	1.1480%	1.8152%	14,115	14,115	250	250	900	0	900	0	11.9503%	12.6174%	None	
	Ding Yang Investment Co., Ltd.																						
	Pou-Ying Chien Representative, Ding Yang Investment Co., Ltd.																						
Independent director	Hsiu-Wei Mai Representative, Ding Yang Investment Co., Ltd.	720	720	0	0	792	792	208	208	1.2168%	1.2168%	0	0	0	0	0	0	0	0	1.2168%	1.2168%	None	
	Chun-Ming Yu																						
	Chi-Kuang Huang																						
	Meng-Han Chung																						

1. The policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors:
In addition to the fixed monthly remuneration, the Company's independent directors are evaluated in accordance with the "Regulations Governing the Evaluation of Directors' and Managerial Officers' Performance", and their remuneration is paid based on the Company's operating results and personal performance.

2. The remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the most recent year: \$0.

Note 1: The remuneration distribution to directors for the most recent year (2020) was approved by the Board of Directors (2021.3.17).

Note 2: Severance and pension includes the amount of accrued expense for them and the actual amount of severance and pension paid in the current year.

Table of remuneration ranges

Remuneration ranges for the directors of the Company	Director's name			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements I	The Company	All companies in the financial statements
Less than \$1,000,000	Kuan-Chen Mai, Ding Yang Investment Co., Ltd., Pou-Ying Chien, Hsiu-Wei Mai Chun-Ming Yu, Chi-kuang Huang, Meng-Han Chuang	Ding Yang Investment Co., Ltd., Pou-Ying Chien, Hsiu-Wei Mai Chun-Ming Yu, Chi-kuang Huang, Meng-Han Chuang	Ding Yang Investment Co., Ltd., Chun-Ming Yu, Chi-kuang Huang, Meng-Han Chuang	Ding Yang Investment Co., Ltd., Chun-Ming Yu, Chi-kuang Huang, Meng-Han Chuang
\$1,000,000 (inclusive) ~ \$2,000,000 (exclusive)	-	Kuan-Chen Mai	-	-
\$2,000,000 (inclusive) ~ \$3,500,000 (exclusive)	-	-	Hsiu-Wei Mai	Hsiu-Wei Mai
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)	-	-	-	-
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	-	-	Kuan-Chen Mai, Pou-Ying Chien	Kuan-Chen Mai, Pou-Ying Chien
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	-	-	-	-
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	-	-	-	-
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	-	-	-	-
More than \$100,000,000	-	-	-	-
Total	Kuan-Chen Mai, Ding Yang Investment Co., Ltd., Pou-Ying Chien, Hsiu-Wei Mai Chun-Ming Yu, Chi-kuang Huang, Meng-Han Chuang	Kuan-Chen Mai, Ding Yang Investment Co., Ltd., Pou-Ying Chien, Hsiu-Wei Mai Chun-Ming Yu, Chi-kuang Huang, Meng-Han Chuang	Kuan-Chen Mai, Ding Yang Investment Co., Ltd., Pou-Ying Chien, Hsiu-Wei Mai Chun-Ming Yu, Chi-kuang Huang, Meng-Han Chuang	Kuan-Chen Mai, Ding Yang Investment Co., Ltd., Pou-Ying Chien, Hsiu-Wei Mai Chun-Ming Yu, Chi-kuang Huang, Meng-Han Chuang

(III) Remuneration for General Manager and Deputy General Manager

Unit: NT\$ thousand; December 31, 2020

Title	Name	Salary (A)		Severance and pension (B) (Note 1)		Bonus and allowance (C)		Remuneration to employees (D) ^(Note 2)				A, B, C and D as a % of the net profits after tax		Remuneration from investees outside subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash bonus amount	Stock bonus amount	Cash bonus amount	Stock bonus amount			
General Manager	Pou-Ying Chien													
Deputy general manager	Dai-Lin Wei	5,043	5,043	374	374	6,856	6,856	1,400	0	1,400	0	9.6757%	9.6757%	None
Deputy general manager	Chi-Chang Xie													

Note 1: Severance and pension include the accrued amounts for them. No severance and pension were paid to the general manager and deputy general manager for the year.

Note 2: For the most recent year (2020), the Board of Directors (2021.3.17) resolved to distribute total employee remuneration of NT\$4,993,000.

Table of remuneration ranges

Remuneration ranges for the general managers of the Company	Name of General Manager and Deputy General Manager	
	The Company	All companies in the financial statements E
Less than \$1,000,000	-	-
\$1,000,000 (inclusive) ~ \$2,000,000 (exclusive)	-	-
\$2,000,000 (inclusive) ~ \$3,500,000 (exclusive)	-	-
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)	Dai-Lin Wei, Chi-Chang Xie	Dai-Lin Wei, Chi-Chang Xie
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	Pou-Ying Chien	Pou-Ying Chien
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	-	-
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	-	-
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	-	-
More than \$100,000,000	-	-
Total	Pou-Ying Chien, Dai-Lin Wei, Chi-Chang Xie	Pou-Ying Chien, Dai-Lin Wei, Chi-Chang Xie

4. The name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution

Unit: NT\$ thousand; December 31, 2020

	Title	Name	Stock amount (Note)	Cash amount (Note)	Total	Total amount as a % of the net profits after tax (%)
Managerial officer	General Manager	Pou-Ying Chien	0	2,000	2,000	1.4152%
	Deputy general manager	Dai-lin Wei				
	Deputy general manager	Chi-Chang Xie				
	Senior manager	Mai Xiu-wei				
	Senior manager	Yu-Juan Yeh				

Note: For the most recent year (2020), the Board of Directors (2021.3.17) resolved to distribute total employee remuneration of NT\$4,993,000.

(IV) Listed companies that are required to disclose the remuneration of the top five highest paid executives in accordance with Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: No such situation.

(V) Analysis of the proportion of total remuneration paid to the Company's directors, general manager and deputy general manager to the net profits after tax of the Company and all consolidated companies in the last two years of the stand-alone financial statements.

Unit: NT\$ thousand; December 31, 2020

	2019 (Stand-alone)		2020 (Stand-alone)		Difference	
	Total remuneration	As a percentage of net profits after tax	Total remuneration	As a percentage of net profits after tax	Total remuneration	Increase or decrease in the percentage of net profits after tax
The Company	26,675	12.7082%	25,408	17.9796%	(1,267)	5.27%
All companies in consolidated statements	27,889	13.2868%	26,351	18.6468%	(1,538)	5.36%

The total remuneration of directors, general and deputy general manager decreased slightly by \$1,267 thousand in 2020 compared to 2019, mainly due to a decrease in net profits after tax of \$141,319 thousand in 2020 compared to \$209,901 thousand in 2019, resulting in lower remuneration for directors and employees compared to the previous year, and an increase in the proportion of net profits after tax due to a small difference in fixed remuneration, which is a reasonable change.

The policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks as follows:

- (1). The remuneration of the directors of the Company shall be in accordance with Article 17 of the Company's Articles of Incorporation: The remuneration for all directors shall be based on the value of their participation in and contribution to the operations of the Company, regardless of the operating profits or losses, and shall be determined by the Board of Directors in accordance with the usual standards of the industry. Currently, a fixed remuneration and travel expense are included. In accordance with Article 20 of the Company's Articles of Incorporation, if the Company makes a profit for the current period, the Company shall set aside not more than 3% as remuneration to directors. The procedure for setting compensation is based on the Company's "Directors' Performance Evaluation Measure". In addition to considering the overall operating performance of the Company, the Board affairs administration unit shall evaluate the effectiveness of the Board of Directors and its members

using the Board of Directors' performance evaluation form and the Board of Directors' members' evaluation form, etc. In addition, the value of individual directors' participation in and contribution to the Company's operations shall be taken into consideration. If the average total score of the directors reaches the standard, the directors' remuneration shall be distributed according to the percentage in accordance with the Company's Articles of Incorporation. The self-evaluation form of the Board members shall be used as a reference for the Remuneration Committee to evaluate the individual remuneration.

- (2). The remuneration of the general manager, including salary, bonus, and employee remuneration, is determined by the Company based on the position held, the responsibilities assumed, and the operating performance of the general manager, with reference to the industry standard for similar positions. The procedure for determining the remuneration of the general manager is based on the managerial performance evaluation form, combined with the scores of the strategic indicators of each department, and then allocated according to the employee bonus amount in the managerial remuneration plan; if the target is not met, the Remuneration Committee will submit it to the Board of Directors for discussion and then adjust it according to the percentage.
- (3). The Company pays remuneration to directors and general managers with reference to the value of their contributions to the Company and their operating performance in order to reduce the relevance of future risks.

IV. The Company's implementation of corporate governance

(I) The operation of the Board of Directors

The Board of Directors met five times in the most recent year (2020), and the attendance of the directors during their respective terms of office was as follows:

Title	Name	Number of attendance in person	Number of attendance by proxy	Ratio of attendance in person (%)	Remarks
Chairman	Kuan-Chen Mai	5	0	100%	Previously elected
Director	Ding Yang Investment Co., Ltd. Representative: Chien Bo-Yin	5	0	100%	
Director	Ding Yang Investment Co., Ltd. Representative: Hsiu-Wei Mai	5	0	100%	
Independent director	Chun-Ming Yu	5	0	100%	
Independent director	Chi-kuang Huang	4	1	80%	
Independent director	Meng-Han Chuang	5	0	100%	

Note: The Company has an audit committee and no longer has supervisors, and the audit committee consists of all independent directors. Attendance of independent directors at each Board meeting in person: 100%

Other matters to be recorded:

- I. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:
 - (I) Matters listed in Article 14-3 of the Securities and Exchange Act: No such situation.
 - (II) In addition to the previous matters, other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements: No such situation.
- II. The implementation of a director's recusal for being an interested party in a proposal: No such situation.

III. Evaluation of the Board of Directors

1. The Company amended the "Board of Directors' Performance Evaluation Measures" on 2020.11.5, and its evaluation procedures are as follows:

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
The evaluation of the previous year will be carried out once a year in the first quarter.	On 2021/3/17, the evaluation of the performance of the Board of Directors, functional committees and individual directors for the period from January 1, 2020 to December 31, 2020 was conducted.	Board of Directors, Individual Board Members and Functional Committees	<p>1. Evaluation of the Board of Directors</p> <p>2. Evaluation of the functional committees</p> <p>3. Self evaluation of Board members</p>	<p>1. The Board of Directors' performance is evaluated in five major areas (45 indicators): participation in the Company's operations, improvement of the quality of Board decisions, Board composition and structure, selection and continuing education of directors, and internal control.</p> <p>2. The functional committees' performance is evaluated in five major areas (22 or 19 indicators): participation in the Company's operations, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control.</p> <p>3. The self-evaluation of directors' performance consists of six major areas (23 indicators): mastery of corporate goals and tasks, awareness of directors' responsibilities, participation in corporate operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control.</p>

2. The Company's Board of Directors' meeting on November 5, 2020 approved an amendment to the "Board of Directors' Performance Evaluation Measures", which provides for a quantitative evaluation of performance in five levels, including "excellent," "good," "moderate," "poor," and "very poor," for the period from January 1 to December 31 of the year under evaluation, to be completed by the first quarter of the year following the year under evaluation.

The Company elected six directors for the tenth term at the shareholders' meeting on June 21, 2019, and held five Board meetings in 2020, with a 96.67% attendance rate of the directors in person, thus seriously fulfilling their duties. With 100% of the Board members having at least 6 hours of training, and an average of 7.5 hours of training per person, it is clear that the Board members continue to enrich their knowledge and actively maintain their core values and professional strengths.

On March 17, 2021, the Company completed the 109 Board and functional committee performance

evaluations, all of which exceeded the standards, as described below, and expects to present the results of the Board performance evaluations to the Board and/or functional committees in the near future

- (1) The entire Board of Directors actively participated in the Company's operations, and fulfilled its responsibilities in directing and supervising the Company's strategies, major operations and risk management, and established a proper internal control system. 40 items were evaluated as "excellent" and 4 items were evaluated as "good", with an average achievement rate of 97.78%, which exceeded the standard.
- (2) The overall operation of the functional committees is sound and in line with corporate governance, with each committee fulfilling its responsibilities and effectively enhancing the functions of the Board of Directors.
 - a. The Audit Committee was rated "Excellent" in 22 items, with an average achievement rate of 100%, and the results were rated as exceeding the standard.
 - b. The Remuneration Committee was rated "Excellent" in 19 items, with an average achievement rate of 100%, and the results were rated as exceeding the standard.
- (3) The evaluation result of individual directors is "excellent" in 22 items, and the 19th item is "good" or "moderate" because some directors are also directors and supervisors of several companies concurrently, and the average achievement rate is 99.13%, which is above standard. The results of this evaluation should be used as an important reference for the future election of directors.

IV. Objectives to enhance the functions of the Board of Directors for the current and most recent year and implementation

1. In order to enhance the corporate governance system, improve the supervisory function and strengthen the management function, the Audit Committee was formally established in June 2019 after the election of directors at the annual regular shareholder meeting.
2. In order to implement the corporate governance system and strengthen the authority of the Board of Directors, the Company has been revising the "Regulations Governing Board Meetings" with reference to the relevant laws and regulations of the competent authorities, in order to implement and perform the functions of the Board of Directors and improve the performance of the Company's governance. The Board of Directors has also approved the "Rules Governing the Scope of Powers of Independent Directors" to establish a good system of independent directors.

(II) The operation of the Audit Committee

1. The Audit Committee met four times in the most recent year (2020), and the attendance of independent directors was as follows.

Title	Name	Number of attendance in person	Number of attendance by proxy	Ratio of attendance in person (%)	Remarks
Independent director	Chun-Ming Yu	4	0	100%	Previously elected
	Chi-kuang Huang	4	0	100%	
	Meng-Han Chuang	4	0	100%	

Other matters to be recorded:

I. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, resolution of the Committee and the Company's handling of the Committee's opinions should be described:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

Date	Term	Proposal content	Resolution
2020.3.19	1st term - 3rd meeting	<ol style="list-style-type: none"> 1. Obtained 17 housing and car parking units allocated by the implementers of the urban renewal rights conversion project in Wuxing Section 3, Lot 196, Xinyi District, Taipei City 2. 2019 business report and financial statements 3. 2019 earnings distribution proposal 4. 2019 statement of internal control system 5. To cooperate with the internal rotation of the CPA firm, we would change the CPA for financial statement attestation starting from the first quarter of 2020. 6. Amendment to the Audit Committee Charter 7. Acquired 3 lots of land in Wanhua District, Taipei City, Taiwan, including 86-4, 86-5, 86-35, a small section of Youth section 	After the chair consulted all the members present, the motion was passed without objection and submitted to the Board of Directors for discussion.
2020.5.7	1st term - 4th meeting	(No motions for discussion)	
2020.7.17	1st term - 5th meeting	Acquired 5 pieces of land and buildings, including Lot 407, Fushun 1st Section, Shihlin District, Taipei	
2020.7.17	1st term - 5th meeting	Approved the 2021 annual internal audit plan	

(II) Except for the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds or more of all Board directors: No such situation.

II. The implementation of an independent director's recusal for being an interested party in a proposal: No such situation.

III. Communication between the independent directors and the internal audit officer and CPA.

Date	Method	Communication counterparty	Major Communication	Result
2020.03.19	Communication meeting with CPA	CPA of the Company	Report on the audit status of 2019 financial statements	Explain and exchange

Date	Method	Communication counterparty	Major Communication	Result
2020.03.19	Audit communication meeting	Audit officer of the Company	Report on the results of the 2019 internal control self-assessment and internal control effectiveness assessment	opinions on the issues raised by directors.
2020.03.19	Audit Committee	CPA of the Company	Report on the audit status of 2019 financial statements	
2020.05.07	Audit communication meeting	Audit officer of the Company	Communication of internal audit-related matters and evaluation of corporate governance results	
2020.08.05	Audit communication meeting	Audit officer of the Company	Communication of internal audit-related matters	
2020.11.05	Audit communication meeting	Audit officer of the Company	Communication of internal audit-related matters and 2020 audit plan risk assessment	
2021.03.17	Communication meeting with CPA	CPA of the Company	Report on the audit status of 2020 financial statements	Explain and exchange opinions on the issues raised by directors.
2021.03.17	Audit Committee	Audit officer of the Company	Report on the results of the 2020 internal control self-assessment and internal control effectiveness assessment	

- Note: 1. The Company's audit officer holds regular quarterly audit communication meetings with independent directors to explain the audit operations and audit results to independent directors and their tracking status.
2. The Company has regular quarterly board meetings. The audit officer shall sit in at the board meeting.
3. The attesting CPA shall attend the Audit Committee at least once a year when auditing the annual financial statements to explain the manner and scope of financial statement audits and updates of relevant regulations, and to discuss fully with the independent directors.
4. The Company's internal audit officer, CPA and independent directors are able to communicate directly with each other at any time as necessary, and communication channels are smooth.

IV. Audit Committee Annual Work Highlights

(I) The Audit Committee of the Company shall operate for the primary purpose of overseeing:

1. Fair presentation of the Company's financial statements.
2. The appointment (dismissal) and independence of attesting CPA
3. Effective implementation of the Company's internal control.
4. The Company's compliance with the relevant laws and regulations.
5. Control of the existing or potential risks of the company.

(II) The matters examined by the Audit Committee in 2020 mainly included:

1. Audit of financial statements
2. Internal control system and related policies and procedures.
3. Policies and procedures for the acquisition of significant assets.
4. Annual audit plan.
5. Qualifications and independence of the attesting CPA
6. The appointment, dismissal or compensation of the attesting CPA

(III) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Item	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The "Corporate Governance Best Practice Principles" was approved by the Board of Directors with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and was disclosed on the Company's website and the Market Observation Post System.	No major difference
II. The Company's equity structure and shareholder equity	✓		The Company has established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	No major difference
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	✓		The Company has a list of major shareholders and ultimate controllers of major shareholders based on the shareholder roster provided by the stock affairs agency.	No major difference
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	✓		The Company's board of directors has approved the "Rules Governing Financial and Business Matters Between Affiliated Enterprises" and "Operating Measures for Intercompany Transactions with Specified Companies and Group Enterprises" to regulate intercompany transactions with affiliated companies.	No major difference
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	✓		The Company's Board of Directors has approved the establishment of the "Procedures for Ethical Management and Guidelines for Conduct", which prohibits insiders from trading marketable securities using non-public information in the market.	No major difference
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓			
III. Composition and responsibilities of the Board of Directors	✓		Article 20 of the Company's "Corporate Governance Best Practice Principles" and Article 3 of the "Procedure for Election of Directors" stipulate that the composition of the Board of Directors shall be made by taking into account diversity, and an appropriate diversity policy shall be formulated with respect to its operation, business model and development needs, which shall include, but not be limited to, the following two major criteria:	No major difference
(I) Has the Board of Directors formulated and implemented a diversity policy on membership?			I. Basic criteria and values: gender, age, nationality and culture, etc. II. Professional Knowledge and Skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry	

Item	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
<p>(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?</p> <p>(III) Has the Company established measures for evaluating the performance of the Board of Directors and its evaluation method, and conducts performance evaluation annually and regularly, and submits the results of performance evaluation to the Board of Directors for reference of individual director's salary, remuneration and nomination for reappointment?</p> <p>(IV) Does the Company regularly evaluate the independence of the attesting CPA?</p>		<p>✓</p> <p>✓</p> <p>✓</p>	<p>experience.</p> <p>Diversity Policy Implementation</p> <p>The Company currently has six directors with professional backgrounds (industry, law, finance, marketing, etc.) and industry experience, in line with the diversity of professional knowledge and skills. In the future, depending on the Company's operation, business model and development needs, the Company will move toward a diversity of basic conditions and values to better implement the diversity policy of the board of directors.</p> <p>The Company does not currently have a need to establish other functional committees.</p> <p>The Company has established the "Board of Directors' Performance Evaluation Measures" through the Board of Directors' Meeting, and the Board of Directors' performance evaluation is conducted regularly every year. Please refer to page 19 of this annual report.</p> <p>The Company's Board of Directors periodically evaluates the independence of the attesting CPA. Please refer to page 26 of this annual report.</p>	<p>The Company has not yet established any nomination committee or other functional committees.</p> <p>No major difference</p> <p>No major difference</p>
<p>IV. Does the Company as a listed company have suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?</p>		<p>✓</p>	<p>The Company designates the Finance Division as a part-time unit responsible for corporate governance-related matters, and the Board of Directors (2021.5.5) was approved that Yu-Juan Yeh Senior manager is the corporate governance officer.</p>	<p>No major difference</p>
<p>V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate</p>	<p>✓</p>		<p>The Company has established a communication channel with stakeholders as a way of communication with them.</p> <p>The Company has designated a stakeholder area on its website to appropriately respond to important CSR</p>	<p>No major difference</p>

Item	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
social responsibility issues that are of concern to stakeholders?			issues of concern to stakeholders.	
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓		The Company appointed Jih Sun Securities Co., Ltd., to handle the shareholders' meeting affairs.	No major difference
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	✓		Company has set up a website to disclose finance and business matters and corporate governance information.	No major difference
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	✓		The Company has dedicated personnel in the Finance Division to be responsible for the collection and disclosure of corporate information and the implementation of the spokesperson system, and if an earning call or corporate briefing is held, the proceedings of the call will be posted on the Company's website.	No major difference
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?		✓	The Company announces and reports its annual financial statements in accordance with the deadline stipulated by the Securities and Exchange Act.	Improvements are made in a gradual manner.
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		Please refer to page 25 of this annual report.	No major difference

VIII. Other important information that is helpful to understand its implementation of corporate governance

(I) Continuing education of directors

All directors of the Company have attended 6 hours of continuing education courses in 2020 and will continue to attend relevant courses every year to enhance and implement corporate governance and understand legal regulations.

Title	Name	Date elected	Course organizer	Course name	Training hours	Whether or not the training meets the requirements
Chairman	Kuan-Chen Mai	2019.6.21	Taiwan Academy of Banking and Finance	Corporate Governance Forum- International Trends in Anti-Money Laundering and Counter Terrorism	3	Yes
			Taiwan Corporate Governance Association	Management Rights Competition and Case Studies	3	
			Taiwan Corporate Governance Association	Strategies for asset inheritance from the trend of taxation reform	3	

Item			The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.	
			Yes	No	Summary description		
Corporate Director Representative	Pou-Ying Chien	2019.6.21	Taiwan Corporate Governance Association		Management Rights Competition and Case Studies	3	Yes
			Taiwan Corporate Governance Association		Strategies for asset inheritance from the trend of taxation reform	3	
Corporate Director Representative	Hsiu-Wei Mai	2019.6.21	Taiwan Corporate Governance Association		Management Rights Competition and Case Studies	3	Yes
			Taiwan Corporate Governance Association		Strategies for asset inheritance from the trend of taxation reform	3	
Independent director	Yu-Juan Yeh	2019.6.21	Taiwan Corporate Governance Association		Management Rights Competition and Case Studies	3	Yes
			Taiwan Corporate Governance Association		Strategies for asset inheritance from the trend of taxation reform	3	
Independent director	Chi-kuang Huang	2019.6.21	Taiwan Corporate Governance Association		Management Rights Competition and Case Studies	3	Yes
			Taiwan Corporate Governance Association		How to use influence to invest to increase corporate value	3	
			Taiwan Corporate Governance Association		Strategies for asset inheritance from the trend of taxation reform	3	
Independent director	Meng-Han Chuang	2019.6.21	Taiwan Stock Exchange		TWSE-Listed Company Governance 3.0-Agenda of the Sustainable Development Blueprint Summit	3	Yes
			Taiwan Corporate Governance Association		Corporate Governance and Compliance	3	
			Taiwan Corporate Governance Association		Management Rights Competition and Case Studies	3	

(II) The directors of the Company uphold the principle of high self-discipline and may present their opinions and answer questions on the motions listed in the board of directors' meeting if they have their own interests or the interests of the corporations they represent, which may be detrimental to the Company's interests, but shall not join in the discussion or vote, and shall recuse themselves from the discussion or vote and shall not exercise their voting rights on behalf of other directors, please refer to page 18 of this annual report.

(III) The Company's purchase of liability insurance for directors

Insured persons	Insurance company	Insurance amount	Insurance period (from and to)
All directors	CATHAY CENTURY INSURANCE CO., LTD.	NT\$15 million	From: November 1, 2019 To: November 1, 2020
All directors	CATHAY CENTURY INSURANCE CO., LTD.	NT\$15 million	From: November 1, 2020 To: November 1, 2021

(IV) The Company's procedures for regularly evaluating the independence of the attesting CPA.

Evaluation date	10th meeting of the 10th Board on March 17, 2021
Evaluation period	Attesting CPA for financial statements from the first quarter of 2021

	Independence Evaluation Items	Meet the independence criteria	
		Yi-lian Han	Ti-Nuan Chien
1	Not an employee of the Company or its affiliates.	✓	✓

Item	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.	
	Yes	No	Summary description		
2			Not a director or supervisor of the Company or its affiliates. However, this restriction does not apply to independent directors of the Company, its parent or subsidiary elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country.	✓	✓
3			Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.	✓	✓
4			Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship under the previous 3 paragraphs.	✓	✓
5			Not a director, supervisor, or employee of a corporate shareholder directly holding 5% or more of the total number of issued shares of the Company, or among the top 5 in shareholdings.	✓	✓
6			Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.	✓	✓
7			Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with commercial, legal, financial, accounting or related services or consulting.	✓	✓
8			Not a person with any of the circumstances under Article 30 of the Company Act.	✓	✓
9			Whether a declaration of independence from CPA was obtained?	✓	✓

Evaluation result: The CPA was assessed to be independent and was reappointed.

(V) Diversity Policy Implementation

The Company has a well-developed system for the election of directors, and all directors are elected in a fair, open and impartial manner in accordance with the provisions of the Articles of Incorporation, the Procedure for Election of Directors and the Corporate Governance Best Practice Principles. The Board of Directors is composed of a diverse and professional board of directors from the construction, industrial and academic industries, supplemented by independent directors with different professional backgrounds, and all of whom possess the knowledge, skills, and education necessary for business execution, as well as the overall ability to make industrial decisions, risk management, and management skills, so that the Board of Directors can make decisions with foresight, objectivity, and thoroughness, and enhance their professionalism through the continuous arrangement of diversified training courses, and perform their duties as faithful business executors and good managers. In addition, the Board of Directors will enhance its professionalism through continuous and diversified training programs, and perform the duties of a good manager and a faithful businessman, so as to fully utilize its management decision-making and leadership supervision functions.

The 6 seats of the 10th Board of Directors were fully re-elected by the Regular Shareholder Meeting in 2019, and the Audit Committee was established and all supervisors were dismissed. 33.33% of directors are employees and 50% of directors are independent. The average age of the board of directors is 66 years old. During their term of office, the directors have in-depth discussions and communication on the operation and future direction of the Company, and jointly plan decisions that have significant impact on organizational growth, performance improvement, operational development, risk management and corporate governance, and fully utilize their respective expertise to guide the Company's operation. and supervise the Board of Directors.

Diversity situation, depending on the academic experience, area of expertise and relevant background of individual directors:

1. The Company's independent directors should be configured in accordance with the development of future business strategies and taking into account their professionalism. The two independent directors have expertise in corporate management, corporate governance and real estate, and during their terms of office,

Item	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	

they make recommendations to the Board of Directors, determine the legality of real estate development, perform supervisory functions, and assist the Company in establishing and implementing corporate governance, and have the necessary knowledge, skills and overall expertise to perform their business. Independent director Zhuang Meng-han holds a master's degree from the Institute of Economics of the Chinese Culture University. He has financial expertise and is now an industrial economic expert. His main experience is a professor at the Department of Industrial Economics of Tamkang University and Deming University of Finance and Economics. His research fields include real estate investment and management and management. Marketing, accumulated rich practical experience in real estate.

- The regular board members are graduates of National Chengchi University's EMBA and Feng Chia University's Architecture Department, and Hawaii Pacific University's HPU's Graduate School of Business Administration, and all have expertise in real estate and business management.

(VI) Education and training of managerial officers on corporate governance in the most recent year (2020) or during the current year up to the date of publication of the annual report:

April 20, 2021

Title	Name	Course organizer	Course name	Training hours
General Manager Deputy general manager	Pou-Ying Chien Dai-Lin Wei	Taiwan Corporate Governance Association	Management Rights Competition and Case Studies	3
		Taiwan Corporate Governance Association	Strategies for asset inheritance from the trend of taxation reform	3
Deputy general manager	Chi-Chang Xie	Taiwan Corporate Governance Association	Management Rights Competition and Case Studies	3
		Taiwan Corporate Governance Association	Strategies for asset inheritance from the trend of taxation reform	3
General Manager Deputy general manager	Pou-Ying Chien Dai-Lin Wei	Taiwan Corporate Governance Association	Management Rights Competition and Case Studies	3
		Taiwan Corporate Governance Association	Strategies for asset inheritance from the trend of taxation reform	3
Deputy general manager	Chi-Chang Xie	Taiwan Corporate Governance Association	Management Rights Competition and Case Studies	3
		Taiwan Corporate Governance Association	Strategies for asset inheritance from the trend of taxation reform	3
Senior manager	Yu-Juan Yeh	Accounting Research and Development Foundation	Employee compensation system in response to the latest Company Act amendments	3
		Taiwan Corporate Governance Association	Management Rights Competition and Case Studies	3
		Taiwan Corporate Governance Association	Strategies for asset inheritance from the trend of taxation reform	3

IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved:

The corporate governance evaluation is divided into five major components, including 1. safeguarding shareholders' rights and treating shareholders equally, 2. strengthening the structure and operation of the board of directors, 3. enhancing information transparency, 4. implementing corporate social responsibility, and 5. others. According to the results of the 2019 annual corporate governance evaluation released on April 30, 2020, the Company's evaluation results were 51% to 65% of the listed companies, which was the same as the previous year. The analysis of the results shows that the Company is better in protecting shareholders' rights and treating shareholders equally, strengthening the structure and operation of the board of directors, and needs improvements in enhancing information transparency and implementing corporate social responsibility.

Item	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
<p>The Company intends to include as necessary improvement items for the following year those indicators that have been implemented but not listed in the annual report or on the Company's website, which have not been scored in the corporate governance evaluation. For the rest, the Company will take into consideration the current operating conditions and strive to improve shareholders' equity. Therefore, the achievement of each evaluation indicator is based on its appropriateness, necessity and cost, and the Company should make every effort to improve.</p>				

(IV) Composition and operation of the Remuneration Committee

1. Information on the members of the Remuneration Committee

Position	Criteria	With at least five years of work experience and the following professional qualifications			Meet the independence criteria (Note)										Number of other public companies in which the individual is concurrently serving as a remuneration committee	Remarks	
		Lecturers or above in public and private colleges and universities in business, legal, financial, accounting or related areas required for the Company's business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations and received certificates required for the Company's business	Work experiences in business, legal, financial, accounting or related areas required for the Company's business.	1	2	3	4	5	6	7	8	9	10			
Independent director	Chun-Ming Yu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	Met
Independent director	Chi-kuang Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Met
Independent director	Meng-Han Chuang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Met

Note : If the members meet the following conditions in the period of 2 years before the assumption of office or within the term of office, put a "✓" in the appropriate boxes.

- (1) Not an employee of the Company or its affiliate.
- (2) Not a Director, Supervisor of the Company or its affiliate (except holding the positions of Independent Directors of the Bank who also act as Independent Directors its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (3) Not a natural person who holds more than 1% of the outstanding shares issued by the Company by the person, spouse, underage children or in the name of a third party, or among the top 10 shareholders.
- (4) Not the spouse, kindred within the 2nd tier or next of kin within the 3rd tier of the managers as stated in (1), or persons stated in (2) and (3).
- (5) Not a Director, Supervisor or employee of the institutional shareholder who directly holds more than 5% of the outstanding shares issued by the Bank, among the top 5 shareholders, or appoints representatives to assume positions as Directors or Supervisors of the Bank under Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (except holding the positions of Independent Directors of the Company who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (6) Not a Director, Supervisor of employee of a third party company held by the same person who also holds the seats of Directors of the Company or more than half of the voting shares. (except holding the positions of Independent Directors of the Company who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (7) Not a Director, Supervisor, or employee of a third party company or institution or the spouse of Director, Supervisor, or employee of a third party company or institution who also holds the position of Chairman, General Manger, or similar position. (except holding the positions of Independent Directors of the Bank who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (8) Not a Director, Supervisor, Manager or shareholder holding more than 5% of the shares of particular company or institution having financial and business transactions with the Company (except such particular company or institution which holds more than 20% but less than 50% of the shares issued by the Bank, and holds the position as Independent Directors of the Company who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (9) Not an owner, partner, Director, Supervisor, Manager or spouse to the owner, partner, Director, Supervisor, Manager of a professional, sole proprietor, partnership, company or institution providing audit service for the Bank or its affiliates, or who have received remunerations of less than NT\$500,000 in accumulation over the last 2 years.except the member of the remuneration committee, public acquisition review committee, or merger and acquisition special committee performing their assigned duties under the Securities and Exchange Act or the Corporate Mergers and Acquisition Act and other applicable laws.
- (10) The particulars inscribed in Article 30 of the Company Act are not applicable.

2. Information on the operation of the Remuneration Committee

(1). There are three members of the Remuneration Committee of the Company.

(2). The term of office of the current members: June 21, 2019 to June 20, 2022, the most recent year (2020) and three meetings (A) of the Remuneration Committee in the most recent year and in the current year up to the date of publication of the annual report; the qualifications and attendance of the members are as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Ratio of attendance in person (%) (B/A)	Remarks
Convener	Chun-Ming Yu	3	0	100%	Previously elected
Member	Chi-kuang Huang	3	0	100%	Previously elected
Member	Meng-Han Chuang	3	0	100%	Previously elected
Other matters to be recorded:					
I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be stated): No such situation.					
II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of of the members' opinions should be stated: No such situation.					

(3). Contents and results of resolutions for the most recent year (2020) and up to the date of publication of the annual report.

Date	Term	Proposal content	Resolution
2020.03.19	4th term - 2nd meeting	1. 2019 distribution of remuneration for employees and directors. 2. Amendment to the Remuneration Committee Charter 3. 2019 Evaluation of Board of Directors' Performance and Distribution of Directors' Remuneration 4. 2019 Managerial Officers and Employees Remuneration Distribution	After the chair consulted all the members present, relevant motions were passed without objection.
2020.11.05	4th term - 3rd meeting	1, Amended the Company's "Regulations Governing the Evaluation of Directors' and Managerial Officers' Performance" 2. Performance evaluation of managerial officers and year-end bonus, performance bonus distribution principles, and salary and remuneration policy review	
2021.3.17	4th term - 4th meeting	1. 2020 distribution of remuneration for employees and directors.	

3. Remuneration Committee Annual Work Highlights

(1). The Remuneration Committee of the Company performs its duties and responsibilities faithfully with the attention of a good administrator and submits its recommendations to the Board of Directors of the Company to which it belongs for discussion.

(2). The Remuneration Committee of the Company shall review annually the policies, systems, standards and structures of salary, performance evaluation and remuneration of directors and officers of the Company. The remuneration of directors and officers should be reasonable and does not deviate significantly from the Company's financial performance, and the remuneration of directors and officers should not be higher than the previous year if there is a significant decline in profits or a long-term loss. The Committee

reviews the performance evaluation criteria of directors in the first quarter of each year and calculates the remuneration distribution with reference to the results of individual directors' performance evaluation and submits them to the Board of Directors for approval, and pays the directors based on the performance evaluation results.

(V) Fulfillment of corporate social responsibility and differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor.

Item	State of operation			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor.
	Yes	No	Summary description	
I. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)	✓		The Board of Directors has approved the "Corporate Social Responsibility Best Practice Principles" and the "Risk Management and Crisis Management Principles", which are followed by the Company.	No major difference
II. Has the Company set up a full-time (part-time) unit to promote corporate social responsibility, together with senior management authorized by the Board of Directors to handle related matters and report to the board on the handling of the matters?	✓		The Administration Department was delegated to form the CSR team, which is composed of members of the Administration Department and the General Manager's Office, and is responsible for promoting corporate responsibility and social welfare on a part-time basis. The team reports twice a year at the Company's colleague days and to the Board of Directors once a year.	No major difference
III. Environmental Issues	✓		1. The Company is in the construction industry, and pays attention to environmental management at each site.	No major difference
(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	✓		2. The company is committed to developing high-performance housing, accommodating the demand of permanent residence, universal design, health and environmental protection and energy saving to reduce the impact on the environment and energy use.	No major difference
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	✓		3. The Company is committed to building sustainable green buildings that comply with energy-saving and carbon-reducing policies of the government, such as Green Building Material Label, Green Building Label, Smart Building Label, Energy Saving Label, Environmental Label, and Housing Performance Label, etc. We aim to develop sustainable green building technologies from the building design stage by combining civil engineering, electrical and mechanical engineering, and materials for construction projects, and by using low-carbon green building materials.	No major difference
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	✓		4. The Company has established office energy-saving regulations and continues to promote energy-saving lighting,	The Company does not keep statistics on greenhouse gas
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for	✓			

Item	State of operation			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor.
	Yes	No	Summary description	
the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?			air-conditioning, and computer and office machines.	emissions, water consumption and total weight of waste, and will enforce them in accordance with the law in the future.
IV. Social Issues				
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	✓		1. The company protects the legitimate rights and interests of employees in accordance with the Labor Standards Act.	No major difference
(II) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?	✓		2. The Company and the Employee Welfare Committee provide employee welfare measures such as labor insurance, national health insurance and group insurance, education and training courses, employee profit-sharing and stock purchase scheme, domestic and overseas travel, recreational activities, bonus system and rewards for outstanding senior employees, pension provision, employee wedding, funeral, maternity, hospitalization and birthday subsidies, etc. In addition, the "Performance Bonus Measures" has been established to appropriately reflect business performance or results in employee remuneration.	No major difference
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	✓		3. The Company has various welfare systems, provides employees with a safe and healthy working environment, and regularly implements safety and health education for employees to establish a good relationship with them. The Company holds colleague days twice a year and safety and health education is regularly provided by the administration department.	No major difference
(IV) Has the Company established an effective career development training program for employees?	✓		4. In order to meet the needs of the construction industry in terms of professional skills and understanding of laws and regulations, the Company has set continuous learning and development of employees as the focus of human resources management, and has planned overall corporate training programs for organizational strategies and personal performance development. The Company provides a variety of training methods and opportunities. In addition to in-house training, we also	No major difference

Item	State of operation			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor.
	Yes	No	Summary description	
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	✓		encourage employees to actively participate in external training courses and on-the-job training to establish an effective career development training program for our employees. 5. The Company has set up an after-sales service department and a customer service hotline, and has formulated relevant policies and complaint procedures for the protection of consumers' rights and interests in each operation process.	No major difference
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?	✓		6. The Company's products and services are provided in accordance with the relevant provisions of the standard contract issued by the Executive Yuan, and if there are conditions for negotiation, we will obtain the consent of the customer. Construction specifications have been established with major suppliers, requiring them to exercise professional care during construction, and any faults are to be adjusted in accordance with the contract. Up to now, the communication with the suppliers is smooth and the implementation situation is good.	No major difference
V. Does the Company make reference to international reporting standards or guidelines to prepare corporate social responsibility or other reports that disclose non-financial information about the Company? Has the assurance or opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?		✓	The Company did not prepare a CSR report for 2020.	In the future, we will enforce it in accordance with the regulations.
<p>VI. If the Company has related practice principles of its own in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation.</p> <p>The Company's Corporate Social Responsibility Best Practice Principles was approved by the Board of Directors and is in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", and the two are not materially different from each other</p>				
<p>VII. Other important information that is helpful to understand its implementation of corporate social responsibility:</p> <p>(I) The Company's systems and measures for environmental protection, community participation, social contribution and social responsibility activities and their implementation</p> <ol style="list-style-type: none"> 1. High-performance housing: With the demand for healthy housing that takes into account sunlight, air and water, universal design considerations for all-age use, and reduced impact on the global environment and energy use, we hope to lead the development trend of future housing. 2. After-sales service: In addition to the strict control of the planning, design and construction process, we also set up an after-sales service department to serve our customers professionally and professionally, and to fulfill our social responsibility as an architect while operating our brand. 				

Item	State of operation		Summary description	The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor.
	Yes	No		
3. Employee Care: To create a stable and quality working environment, to continuously cultivate and develop talents and to continuously provide an environment for learning and growth, so that employees' personal protection and opportunities can be satisfied in the organization and society, is the Company's consistent belief to our employees.				
4. Social participation and feedback: We insist on taking from the community and using it for the community. By participating in social welfare activities, we are committed to nurturing the next generation and managing the community's humanistic and caring environment. It is the Company's original intention and ambition to contribute to the land where the Company is rooted. With our commitment to the construction industry and the cultivation of architectural talent, we hold the annual the Sunty Construction and Investment Elite Brick Award on campus. The Sunty Culture Center is a high-performance experience center, which calls for "permanent residence, energy saving, universal use, and health", and we continue to sponsor public welfare organizations and graduation exhibitions of architecture-related departments in colleges and universities through corporate donations every year. Suntly Development Co, Ltd. is dedicated to building good houses with the insistence on the construction industry, in order to build a good reputation among the industry and consumers. In addition, Sunty hopes to extend this heart to the campus where architectural talents are nurtured, so that we can work together to promote the architectural environment, therefore, we continue to hold the Sunty Construction and Investment Elite Brick Award every year. The 14th Sunty Construction and Investment Elite Brick Award was held in 2020, with nearly 20 people from different schools participating. In addition to helping the school curriculum to connect with the industry, we work together with the school to cultivate talents in the industry, and through study camps, we help students gain a deeper understanding of the practical work of the industry, improve the overall quality of students, and provide opportunities for integration training in the future. In 2020, due to the impact of the COVID-19 epidemic, Sunty's community aesthetic activities and visitations to the Sunty Cultural Center were cancelled. We expect to continue to create a beautiful living environment for our community while the epidemic is being alleviated, and to provide construction-related students with a tour of our experience and achievements in implementing high-performance housing to help them gain a deeper understanding of the industry's practical operations.				
(II) Implementation results of the Company's Good Health Workplace				
1. Corporate Sustainability Goals				
The company's business philosophy is "honesty and pragmatism, active innovation, and insistence on quality" in building healthy and good housing, and the enterprise's sustainability goal is to continuously research and develop a refined living space that is safe to live in, energy-saving and environmentally friendly, and low-carbon health; in addition, the Company also attaches importance to the health maintenance of employees and invests long-term care and attention in employee health checkups, diet, medical insurance, and housing, so as to promote the physical and mental health of employees as well as to enhance the quality of life.				
2. Overview of the implementation of health activities				
We conduct regular annual employee health checks, questionnaire surveys and promote correct concepts, hold a series of seminars to promote employee health, maintain optimal health, and face up to their health problems, continue to promote healthy eating, set up health management zones, and encourage participation in various health activities, etc.				

(VI) The Company's implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.

Evaluation Items	State of operation			The differences from the Ethical Corporate Management for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
I. Formulate ethical corporate management policy and plan (I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	✓		1. With reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Board of Directors has approved the establishment of the Principles for Ethical Management and the Procedures for Ethical Management and Guidelines for Conduct to specifically regulate the matters that the Board of Directors, management and employees should pay attention to when conducting business.	No major difference
(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		2. The Company has established an internal control system and an internal audit system to effectively implement and deter unethical practices.	No major difference
(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?	✓		3. The Company's business philosophy is honesty, pragmatism, proactiveness, and innovation, with honesty as our top priority.	No major difference
II. The implementation of ethical corporate management (I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	✓		1. The Company performs credit investigation operations for its suppliers and, depending on the content of the transaction, will discuss and include the ethical management clause in the contract.	No major difference
(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	✓		2. The General Manager's Office is delegated as a part-time unit to promote corporate ethical management and shall report the implementation status to the Board of Directors once a year. Reported for 2020 at the 10th meeting of the 10th Board on March 17, 2021	No major difference

Evaluation Items	State of operation			The differences from the Ethical Corporate Management for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	✓		3. The Company has established the Procedures for Ethical Management and Guidelines for Conduct, including policies to prevent conflicts of interest, provide appropriate channels of representation, and implement them.	No major difference
(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	✓		4. The Company has established an effective accounting system and internal control system, and internal auditors conduct regular audits in accordance with the audit plan, and has implemented ethical management to avoid fraud.	No major difference
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	✓		5. The Company organizes educational training and promotion to the employees on the semi-annual colleague days, so that the participants can fully understand the principles of ethical management of the Company.	No major difference
III. The operation of the Company's whistleblower reporting system				
(I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	✓		1. There is an external mailbox on the Company's website for whistleblowers to report, and the identity of the whistleblower and the content of the report will be kept confidential by the processor of the relevant unit. If there is any violation of the rules of ethical management, our internal staff will propose punishment according to the rules and regulations of human resources.	No major difference
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	✓		2. The Company has established standard operating procedures for the investigation of whistleblowing matters and related confidentiality mechanisms.	No major difference
(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	✓		3. The Company will treat the whistleblower and the content of the complaint in strict confidentiality and appropriately.	No major difference
IV. Enhance Information Disclosure				
(I) Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	✓		1. The Company has disclosed the contents of the Company's ethical corporate management principles on the Company's website and the Market Observation Post System.	No major difference

Evaluation Items	State of operation		Summary description	The differences from the Ethical Corporate Management for TWSE/TPEx Listed Companies and the reasons therefor.									
	Yes	No											
<p>V. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation:</p> <p>The Company's Board of Directors has approved the establishment of Procedures for Ethical Management and Guidelines for Conduct, which are in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" to specifically regulate the matters to which the Company's personnel should pay attention when performing business. There is no material difference from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>													
<p>VI. Other important information that is helpful to understand the implementation of ethical corporate management (For example, if the Company reviews and amends its ethical corporate management principles.)</p> <p>Since 2014, the Company has established the "Procedures for Ethical Management and Guidelines for Conduct", which was approved by the Board of Directors and reported at the shareholders' meeting. The Company's specific ethical management practices have kept pace with the times and are reviewed and revised at any time in response to external regulations and the needs of ethical management. The Company adheres to the management philosophy of "honesty and pragmatism, active innovation, and insistence on quality", actively realizing the commitments of the ethical management policy, operating steadily and decently, and fulfilling corporate social responsibility with love and care, and moving toward sustainable corporate development.</p> <p>For the current year (2020), we have implemented the ethical management policy; the related implementation status:</p> <p>(I) The Company held an educational training on colleague days, with the theme of "Procedures for Ethical Management and Guidelines for Conduct", to consolidate the Ethical Management Procedures and the important rules for handling internal material information, and through videos and case studies, to educate staff on the points to note when performing business.</p> <table border="1" data-bbox="550 1211 1038 1364"> <thead> <tr> <th>Date</th> <th>Hours</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>2020/1/09</td> <td>0.5 hours</td> <td>52 people</td> </tr> <tr> <td>2020/8/28</td> <td>0.5 hours</td> <td>46 people</td> </tr> </tbody> </table> <p>(II) The directors and senior officers of the Company have signed a letter of commitment to operate in ethical ways and confidentiality, and have undertaken to perform their business in good faith and in accordance with the ethical and trustworthy principles with the due care and diligence of good management.</p>					Date	Hours	Attendance	2020/1/09	0.5 hours	52 people	2020/8/28	0.5 hours	46 people
Date	Hours	Attendance											
2020/1/09	0.5 hours	52 people											
2020/8/28	0.5 hours	46 people											

(VII) Corporate Governance Principles and related rules and regulations

The Company has formulated the Corporate Governance Principles, which was approved by the Board of Directors and is posted on the Company's website.

(VIII) Other important information that is helpful to understand the Company's implementation of corporate governance may also be disclosed.

(IX) The implementation of internal control system

1. Statement of internal control

Sunty Development Co, Ltd.
Statement of internal control system

March 17, 2021

The Company states the following for its 2020 internal control system based on the results of self-evaluation:

- I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control system into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
- V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system was effective as of December 31, 2019 (including the supervision and management of subsidiaries), with an understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.
- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This statement was approved by the Company's Board of Directors on March 17, 2021. Of the 6 directors present, 0 had objections, and the rest all agreed with the content of this statement and declare here.

Sunty Development Co, Ltd.

Chairman: Kuan-Chen Mai

General manager: Pou-Ying Chien

2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed:
No such situation.

(X) During the most recent year (2020) or during the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the results of such punishments may have a material effect on shareholder equity or securities price, the contents of the punishments, major deficiencies and improvements should be listed: No such situation.

(I) Important resolutions of the shareholder meeting and board meeting during the most recent year (2020) or during the current year up to the date of publication of the annual report:

Year/Session of board (shareholder) meeting	Date	Important resolutions
2020 Regular Shareholder Meeting	2020.06.10	<ol style="list-style-type: none"> 1. Adopted 2019 business report and final accounting reports Implementation status: The resolution has been complied with. 2. Adopted 2019 earnings distribution proposal Implementation status: The ex-dividend date of September 1, 2020 was resolved by the Chairman and payment was made on September 20, 2020. 3. Approved the amendment to the Rules of Procedure for Shareholder Meetings Implementation status: In accordance with the revised rules.
10th meeting of the 10th Board	2021.03.17	<ol style="list-style-type: none"> 1. Approved 2020 distribution of remuneration for employees and directors. 2. Approved 2020 business report and financial statements 3. Approved 2020 earnings distribution proposal 4. Approved the amendment to the Company's Articles of Incorporation. 5. Approved the convening of the 2021 Regular Shareholder Meeting and the period for accepting shareholders' proposals 6. Approved 2020 statement of internal control system 7. Approved the appointment of CPA to audit and attest the 2021 financial statements and the evaluation of the independence of the CPA 8. Approved the amendment to the approval authorization chart. 9. Approved the loan facility application with Chinatrust Commercial Bank 10. Approved the renewal of loan facilities with First Commercial Bank, Chengdong Branch, China Bills Finance Corporation and Taishin International Bank.
9th meeting of the 10th Board	2020.11.05	<ol style="list-style-type: none"> 1. Approved 2021 business plan and budget 2. Approved 2021 annual internal audit plan 3. Amended the "Regulations Governing the Evaluation of Directors' and Managerial Officers' Performance" 4. Approved the loan facility application with Tien Mu Branch of Hua Nan Commercial Bank. 5. Approved the loan facility application with Cathay United Bank. 6. Approved the renewal of loan facility application with Chinatrust Commercial Bank
8th meeting of the 10th Board	2020.08.05	<ol style="list-style-type: none"> 1. Approved the loan facility application with Mega International Commercial Bank. 2. Approved the renewal of loan facilities with the Chung Hsiao Branch of Taiwan Cooperative Bank, Gongguan Branch of Union Bank of Taiwan, Corporate Finance Division of Far Eastern International Bank, and Dazhi Branch of Bank of Kaohsiung.
7th meeting of the 10th Board	2020.07.17	<ol style="list-style-type: none"> 1. Approved the acquisition of 5 pieces of land and buildings, including Lot 407, Fushun 1st Section, Shihlin District, Taipei
6th meeting of the 10th Board	2020.05.07	<ol style="list-style-type: none"> 1. The change of location of the Company's 2020 Regular Shareholder Meeting was approved due to the impact of COVID-19 pandemic outbreak.

Year/Session of board (shareholder) meeting	Date	Important resolutions
5th meeting of the 10th Board	2020.03.19	<ol style="list-style-type: none"> 1. Approved the acquisition of 17 housing and car parking units allocated by the implementers of the urban renewal rights conversion project in Wuxing Section 3, Lot 196, Xinyi District, Taipei City 2. Approved 2019 distribution of remuneration for employees and directors and supervisors. 3. Approved 2019 business report and financial statements 4. Approved 2019 earnings distribution proposal 5. Approved the amendments of certain provisions of the "Rules of Procedure for Shareholders Meetings" 6. Approved the amendments of certain provisions of the "Regulations Governing Board Meetings" 7. Approved the convening of the 2020 Regular Shareholder Meeting and the period for accepting shareholders' proposals 8. Approved.2019 statement of internal control system 9. To cooperate with the internal rotation of the CPA firm, approved to change the CPA for financial statement attestation starting from the first quarter of 2020 and the evaluation of the independence of the CPA. 10. Approved the amendment to certain provisions of the Company's Audit Committee Charter 11. Approved the amendment to certain provisions of the Company's Remuneration Committee Charter 12. Approved the Company's loan facility application with Tien Mu Branch of Hua Nan Commercial Bank. 13. Approved the acquisition of 3 lots of land in Wanhua District, Taipei City, Taiwan, including 86-4, 86-5, 86-35, a small section of Youth section

(XII). During the most recent year (2020) or during the current year up to the date of publication of the annual report, if board directors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: No such situation.

(XIII). For the most recent year (2020) or the current year up to the date of publication of the annual report, summary of the resignation and discharge of the Company's Chairman, general managers, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer: The Company does not yet have a corporate governance officer, and there is no such situation in the rest.

V. Information on CPA professional fee

CPA firm	CPA name		Audit period	Remarks
KPMG International	Yi-lian Han	Ti-Nuan Chien	January 1, 2020 to December 31, 2020	None

Table of CPA professional fee ranges

Unit: NT\$ thousand

Amount range		Item of professional fees	Audit fees	Non-audit fees	Total
1	Less than NT\$2,000 thousand				
2	NT\$2,000 thousand (inclusive) ~ NT\$4,000 thousand		✓		✓
3	NT\$4,000 thousand (inclusive) ~ NT\$6,000 thousand				

Item of professional fees		Audit fees	Non-audit fees	Total
Amount range				
4	NT\$6,000 thousand (inclusive) ~ NT\$8,000 thousand			
5	NT\$8,000 thousand (inclusive) ~ NT\$10,000 thousand			
6	More than NT\$10,000 thousand (inclusive)			

(I) If the non-audit fees paid to the attesting CPA, the CPA firm and its affiliates account for at least one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed: No such situation.

Unit: NT\$ thousand

CPA firm	CPA name	Audit fees	Non-audit fees				
			System design	Business registration	Human resource	Others	Subtotal
KPMG International	Yilian Han Ti-Nuan Chien	2,980	0	0	0	0	0

Whether the period covered by the CPA's audit encompass the full fiscal year: Yes
Audit period: January 1, 2020 to December 31, 2020
Non-audit services: No such situation.

(II) The audit fee paid in the year of the replacement of CPA firm is less than the audit fee in the year before the change: No such situation.

(III) The audit fee has decreased by 10% or more from the previous year: No such situation.

VI. Information on the replacement of CPA (For the last two years and subsequent periods)

(I) About the predecessor CPA

Date of replacement	March 19, 2020		
Reason for replacement and explanation	In accordance with the internal rotation of KPMG International, the attesting CPA of the Company were changed from Ti-Nuan Chien and Kuo-Yang Tseng to Yilian Han and Ti-Nuan Chien with effect from the first quarter of 2020.		
Indicate whether the appointment is terminated or not accepted by the client or CPA	Situation	Certified Public Accountant	Client
	Parties		
	Proactively terminated the appointment	Not applicable	Not applicable
	Not accepted (continued) the appointment	Not applicable	Not applicable
Opinions on audit reports issued within the last two years without qualification and reasons	None		
Any disagreement with the issuer	None		
Additional Disclosures (To be disclosed in accordance with Article 10(6)(1)(d) to (1)(g) of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None		

(II) About the successor CPA

CPA firm	KPMG International
CPA name	Yilian Han, Ti-Nuan Chien
Date of appointment	March 19, 2020
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	None

Written opinion of the successor CPA on matters on which the successor CPA disagreed with the predecessor CPA	None
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(III) The predecessor CPA's reply to Item 1 of Paragraph 6 of Article 10 and Item 3 of Item 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

VII. The Chairman, general manager, or officers in charge of financial or accounting matters of the Company has worked in the firm of the CPA or its affiliated companies within the last year: No such situation.

VIII. Any equity transfer or change in equity pledge by a director, supervisor, managerial officer, or shareholder with 10% stake or more during the most recent year (2020) or during the current year up to the date of publication of the annual report.

(I) Changes in shareholdings of directors, managers and major shareholders

Unit: Thousand Shares

Title	Name	2020		As of April 20, 2021	
		No. of shares held Increase or decrease	No. of shares pledged Increase or decrease	No. of shares held Increase or decrease	No. of shares pledged Increase or decrease
Chairman	Kuan-Chen Mai	0	0	0	0
Director	Ding Yang Investment Co., Ltd.	0	0	0	0
	Representative: Bo-Yin Chien	0	0	0	0
Director	Ding Yang Investment Co., Ltd.	0	0	0	0
	Representative: Hsiu-Wei Mai	0	0	0	0
Independent director	Chun-Ming Yu	0	0	0	0
Independent director	Chi-kuang Huang	0	0	0	0
Independent director	Meng-Han Chuang	0	0	0	0
General Manager	Pou-Ying Chien	0	0	0	0
Deputy general manager	Chi-Chang Xie	0	0	0	0
Deputy general manager	Dai-Lin Wei	0	0	0	0
Senior manager	Hsiu-Wei Mai	0	0	0	0
Senior manager	Yu-Juan Yeh	0	0	0	0
Major shareholder	Chengyang Investment Co, Ltd.	0	0	0	0
Major shareholder	Shangyang Investment Co, Ltd.	0	0	0	0
Major shareholder	Ding Yang Investment Co., Ltd.	0	0	0	0

Note: The Company has an audit committee and no longer has supervisors.

(II) The counterparty to whom the shares are transferred is a related party: No such situation.

(III) The counterparty to whom the shares are pledged is a related party: No such situation.

IX. Information on the relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another

Unit: Shares; April 20, 2021

Name	Shareholding by the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another		Remarks
	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Name	Relation	
Cheng Yang Investment Co., Ltd.	41,303,941	11.72%	-	-	0	-	ShangYang Investment Co., Ltd. Ding Yang Investment Co., Ltd. Xing Yang Investment Co., Ltd. Yuan Shang Co., Ltd. Hsin Tung Yang Real Estate Agent Co., Ltd.	The Chairman is the same person	None
							Mai Xiu-ren	Director	None
Representative: Kuan-Chen Mai	5,037,363	1.43%	2,406,461	0.68%	0	-	Chengyang Investment Co., Ltd. ShangYang Investment Co., Ltd. Ding Yang Investment Co., Ltd. Xing Yang Investment Co., Ltd. Yuan Shang Co., Ltd. Hsin Tung Yang Real Estate Agent Co., Ltd.	Company of which the individual is the Chairman	None
ShangYang Investment Co., Ltd.	41,234,312	11.70%	-	-	0	-	Chengyang Investment Co., Ltd. Ding Yang Investment Co., Ltd. Xing Yang Investment Co., Ltd. Yuan Shang Co., Ltd. Hsin Tung Yang Real Estate Agent Co., Ltd.	The Chairman is the same person	None
							Mai Xiu-ren	Director	None
Representative: Kuan-Chen Mai	5,037,363	1.43%	2,406,461	0.68%	0	-	(Please refer to page 43 of this annual report.)		None
Ding Yang Investment Co., Ltd.	40,738,478	11.56%	-	-	0	-	Chengyang Investment Co., Ltd. ShangYang Investment Co., Ltd. Xing Yang Investment Co., Ltd. Yuan Shang Co., Ltd. Hsin Tung Yang Real Estate Agent Co., Ltd.	The Chairman is the same person	None
							Mai Xiu-ren	Director	None
Representative: Kuan-Chen Mai	5,037,363	1.43%	2,406,461	0.68%	0	-	(Please refer to page 43 of this annual report.)		None

Name	Shareholding by the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another		Remarks
	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Name	Relation	
Xing Yang Investment Co., Ltd.	30,856,309	8.76%	-	-	0	-	Chengyang Investment Co., Ltd. ShangYang Investment Co., Ltd. Ding Yang Investment Co., Ltd. Yuan Shang Co., Ltd. Hsin Tung Yang Real Estate Agent Co., Ltd.	The Chairman is the same person	None
							Mai Xiu-ren	Director	None
Representative: Kuan-Chen Mai	5,037,363	1.43%	2,406,461	0.68%	0	-	(Please refer to page 43 of this annual report.)		None
Yuan Shang Co., Ltd.	27,072,005	7.68%	-	-	0	-	Chengyang Investment Co., Ltd. ShangYang Investment Co., Ltd. Ding Yang Investment Co., Ltd. Xing Yang Investment Co., Ltd. Hsin Tung Yang Real Estate Agent Co., Ltd.	The Chairman is the same person	None
							Mai Xiu-ren	Director	None
Representative: Kuan-Chen Mai	5,037,363	1.43%	2,406,461	0.68%	0	-	(Please refer to page 43 of this annual report.)		None
Shi Yang Construction Co., Ltd.	25,855,653	7.34%	-	-	0	-	Ding Yang Investment Co., Ltd.	The Chairman is the same person	None
Representative: Chen Lu-qing	0	0	0	0	0	0	None	None	None
Cathy United Bank holding J-Ten Ltd. Investment Account	23,933,000	6.79%	-	-	-	-	None	None	None

Name	Shareholding by the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another		Remarks
	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Name	Relation	
Ding Yang Construction Co., Ltd.	21,993,819	6.24%	-	-	0	-	Shi Yang Construction Co., Ltd.	The Chairman is the same person	None
Representative: Chen Lu-qing	0	0	0	0	0	0	None	None	None
Hsin Tung Yang Real Estate Agent Co., Ltd.	19,087,948	5.42%	-	-	0	-	Chengyang Investment Co., Ltd. ShangYang Investment Co., Ltd. Ding Yang Investment Co., Ltd. Xing Yang Investment Co., Ltd. Yuan Shang Co., Ltd.	The Chairman is the same person	None
							Mai Xiu-ren	Director	None
Representative: Kuan-Chen Mai	5,037,363	1.43%	2,406,461	0.68%	0	-	Please refer to page 46 of this annual report.		None
Mai Xiu-ren	7,270,215	2.06%	-	-	0	-	Chengyang Investment Co., Ltd. ShangYang Investment Co., Ltd. Ding Yang Investment Co., Ltd. Xing Yang Investment Co., Ltd. Yuan Shang Co., Ltd. Hsin Tung Yang Real Estate Agent Co., Ltd.	Company of which the individual is a director	None

X. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company

Unit: Shares; April 20, 2021

Investee enterprises (Note)	Investment by the Company		Directors, supervisors, managerial officers, and investments controlled either directly or indirectly		Total investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Hsin Tung Yang Construction Co., Ltd.	11,357,999	70.11%	1,187,148	7.33%	12,545,147	77.44%
Suntly Land Development Co., Ltd.	120,000	100.00%	0	0.00%	120,000	100.00%
Suntly International Land Development Co., Ltd.	12,380,000	100.00%	0	0.00%	12,380,000	100.00%
Great Harbor Limited	16,320	51.00%	0	0.00%	16,320	51.00%
Cheng Du Sheng Yang Real Estate Development Limited Company (Note 1)	0	0.00%	-	100.00%	-	100.00%

Note: The Company's Investments accounted for using the equity method.

Note 1: It is a 100% subsidiary of Great Harbor Limited, a subsidiary of the Company, with an investment amount of USD 44,500 thousand. The company is organized as a limited company.

IV. Capital Raising

I. Capital and shares

(I) Source of capital

Unit: NT\$ thousand, thousand shares; April 20, 2021

Year Month	Issue price	Authorized capital		Paid-in capital		Remarks			
		Number of shares	Amount	Number of shares	Amount	Source of capital		Using property other than cash as payment of shares	Others
						Issuance of common stock for cash	Capital increase from earnings		
1993.3	10	500	5,000	500	5,000	5,000	0	0	-
2002.6	10	25,000	250,000	10,000	100,000	70,000	25,000	0	Letter Jing-Shou-Shang-Zi No.09101310080
2003.6	10	25,000	250,000	14,093	140,930	0	40,930	0	Letter Tai-Cai-Zheng-Yi-Zi No.092011642
2004.7	10	25,000	250,000	18,488	184,880	0	43,950	0	Letter Jing-Guan-Zheng-Yi-Zi No. 0930132053
2005.8	10	25,000	250,000	21,861	218,612	0	33,732	0	Letter Jing-Guan-Zheng-Yi-Zi No. 0940123606
2006.8	10	25,000	250,000	23,154	231,543	0	12,931	0	Letter Jing-Guan-Zheng-Yi-Zi No. 0950130637
2007.11	12	60,000	600,000	83,154	831,543	600,000	0	0	Private placement Letter Jing-Guan-Zheng-Fa-Zi No. 1000017419
2012.4	13.8	150,000	1,500,000	123,154	1,231,543	400,000	0	0	Letter Jing-Guan-Zheng-Fa-Zi No. 1000065162
2013.3	10	500,000	5,000,000	302,314	3,023,143	0	0	1,791,600 Capital increase for merger	Letter Jing-Guan-Zheng-Fa-Zi No. 1010060567
2013.12	25	500,000	5,000,000	352,154	3,523,143	500,000	0	0	Letter Jing-Guan-Zheng-Fa-Zi No. 1020044183

April 20, 2021

Type of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	352,314,309 shares	147,685,691 shares	500,000,000 shares	Outstanding shares are shares of the TWSE-listed company

Note: The Company does not use the shelf registration system for the issuance of marketable securities.

(II) Shareholder structure

Unit: Persons, Shares; April 20, 2021

Shareholder structure Number	Governance agency	Financial institution	Other corporation	Individual	Foreign institution and individual	Total
Number of persons	0	0	26	3,152	24	3,202

Shareholder structure Number	Governance agency	Financial institution	Other corporation	Individual	Foreign institution and individual	Total
Shareholding (shares)	0	0	251,119,036	72,943,276	28,251,997	352,314,309
Shareholding percentage (%)	0%	0%	71.28%	20.70%	8.02%	100.00%

(III) Equity dispersion profile

Unit: Persons, Shares; April 20, 2021

Shareholding range	Number of shareholders	No. of shares held	Shareholding percentage (%)
1 To 999	647	109,872	0.03%
1,000 To 5,000	1,688	3,576,441	1.01%
5,001 To 10,000	324	2,669,288	0.76%
10,001 To 15,000	117	1,490,556	0.42%
15,001 To 20,000	73	1,323,478	0.38%
20,001 To 30,000	91	2,355,234	0.67%
30,001 To 50,000	84	3,318,520	0.95%
50,001 To 100,000	83	5,991,684	1.70%
100,001 To 200,000	43	6,038,107	1.71%
200,001 To 400,000	18	5,124,946	1.45%
400,001 To 600,000	7	3,513,981	1.00%
600,001 To 800,000	4	2,927,188	0.83%
800,001 To 1,000,000	3	2,704,200	0.77%
More than 100,000,000	20	311,170,814	88.32%
Total	3,202	352,314,309	100.00%

Note: As of the date of publication of the annual report, the Company has not issued any preferred shares.

(IV) List of major shareholder

Unit: Shares; April 20, 2021

Name of major shareholder	Shares	Shareholding	Shareholding percentage
Cheng Yang Investment Co, Ltd.		41,303,941	11.72%
Shang Yang Investment Co, Ltd.		41,234,312	11.70%
Ding Yang Investment Co., Ltd.		40,738,478	11.56%
Xing Yang Investment Co., Ltd.		30,856,309	8.76%
Shi Yang Construction Co., Ltd.		27,072,005	7.68%
Yuan Shang Co., Ltd.		25,855,653	7.34%
Cathy United Bank holding J-Ten Ltd.Investment Account		23,933,000	6.79%
Ding Yang Construction Co., Ltd.		21,993,819	6.24%
Hsin Tung Yang Real Estate Agent Co., Ltd.		19,087,948	5.42%
Xiu-ren Mai		7,270,215	2.06%

Note: List the shareholders whose equity interest is 5% or more. If there are less than 10 such shareholders, the names of the shareholders whose equity interest is among the top 10, the amount and percentage of their shareholding should be disclosed.

(V) Information on market price, net worth, earnings, dividend per share for the most recent two years

Unit: NT\$, thousand shares

Item		Year	2019	2020	The current year up to April 20, 2021 (Note 2)
Market price per share	Highest		17.20	15.95	16.05
	Lowest		10.85	11.00	12.8
	Average		12.75	13.74	13.84
Net worth per share	Before distribution		14.69	14.60	Not applicable
	After distribution		14.19	14.60	Not applicable
Earnings per Share	Weighted Average number of shares		352,314	352,314	352,314
	Basic Earnings per Share	Before adjustment	0.60	0.40	Not applicable
		After adjustment	0.60	0.40	Not applicable
Dividends Per Share	Cash dividends		0.5	0 ^(Note 1)	Not applicable
	Stock dividends	Stock dividends from earnings	0	0 ^(Note 1)	Not applicable
		Stock dividends from capital surplus	0	0 ^(Note 1)	Not applicable
	Cumulative unpaid dividend		0.5	0 ^(Note 1)	Not applicable
Return on investment analysis	Price to earning ratio (Note 3)		21.25	21.25	Not applicable
	Price to dividend ratio (Note 3)		25.50	25.50	Not applicable
	Cash dividend yield % (Note 3)		0.04	0.04	Not applicable

Note 1: The proposal for the distribution of the 2020 earnings has been approved by the board of directors on March 17, 2021 and is pending adoption by the shareholders' meeting.

Note 2: There is no information reviewed by the CPA for 2021; the rest of the information is for the current year as of the date of publication of the annual report.

Note 3: Price to earning ratio = average closing price per share for the year/earnings per share.

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

Cash dividend yield = dividend per share/average closing price per share for the year

(VI) The Company's dividend policy and implementation

1. Dividend policy as defined in the Company's Articles of Incorporation.

Article 20-1 of the Company's Articles of Incorporation: If there are any current net profits in the annual final accounts of the Company, the Company shall first pay taxes, make up for losses, and if there is any remaining balance, 10% shall be set aside as legal reserve, and special reserve shall be set aside in accordance with the regulations of the competent authorities; the remaining balance shall be added to the accumulated unappropriated earnings of the previous year and the adjustment of the current year's unappropriated earnings to get the accumulated distributable earnings, and the Board of Directors shall set aside the appropriate amount, prepare an earnings distribution proposal, and submit it to the shareholder meeting for resolution. Of this, cash dividends shall not be less than 10% of the total dividends to shareholders. As the Company is now in the stage of business expansion, the Board of Directors should give priority to the Company's future capital expenditure budget and capital requirements when preparing the earnings distribution proposal, and shall only distribute earnings in subsequent years when there are surplus funds. 」

2. Proposal for dividend distribution at the shareholders' meeting.

About the Company's 2020 earnings distribution, The Board of Directors' Meeting on March 17, 2021 resolved to retain the unappropriated earnings pending adoption at the 2021 Regular Shareholders' Meeting.

(VII) The effect of the stock dividends to be resolved at the shareholder meeting on the Company's operating performance and earnings per share.

The Company had no stock dividends in 2020, so it was not applicable.

(VIII) Remuneration for employees and directors

1. The percentage or range of remuneration for employees and directors as set forth in the Company's Article of Incorporation are as follows.

Article 20 of the Company's Articles of Incorporation: The Company shall set aside not less than 2% and not more than 10% of its annual net profits as remuneration for employees, and not more than 3% as remuneration for directors. However, when the Company still has accumulated losses, it should reserve the make-up amount in advance.

2. The basis for estimating the amount of remuneration for employees and directors for the current period, the basis for calculating the number of shares distributed as employee remuneration, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

The amount of employee remuneration of \$4,993,000 and the amount of director's remuneration of \$1,664,000 for the year ended December 31, 2020 were estimated by multiplying the net profits before tax of the Company for the period before deducting employee and director's remuneration by the distribution percentages of employee remuneration and director's remuneration as stipulated in the Company's Articles of Incorporation and were reported as operating costs or operating expenses for the year ended December 31, 2020. If the actual distribution of employees' and directors' remuneration differs from the estimated amount, the difference is accounted for as a change in accounting estimate and recognized as profit or loss for the year ended December 31, 2020.

3. Distribution of remuneration approved by the Board of Directors.

(1). Amount of remuneration with employees and directors distributed in cash or stock. If there is a difference from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference, and the treatment of the difference shall be disclosed.

Unit: NT\$

Distribution status		Amount of remuneration approved by the Board of Directors.	Difference from the amount estimated in the year in which the expense is recognized	The amount of the difference, the reason for the difference, and the treatment of the difference
Item description				
Remuneration to employees	Cash	NT\$4,993,000	NT\$4,993,000	No difference
	Stock	NT\$0	NT\$0	No difference
Remuneration to Directors	Cash	NT\$1,664,000	NT\$1,664,000	No difference
	Stock	NT\$0	NT\$0	No difference

(2) The percentage of the amount of employee remuneration distributed in stock to the net profits after tax and total employee remuneration in the stand-alone financial statements for the period: Not applicable.

4. The difference between the actual amount of profits sharing with employees and directors in the previous year (2019) (including the number of shares distributed, the amount and the price of the shares) and the recognized amount of profits sharing with employees and directors, the reasons for the difference and the treatment of the difference should be described.

Unit: Shares; NT\$

Item description		Distribution status	Amount of actual distribution	Amount of recognized expenses	The amount of the difference, the reason for the difference, and the treatment of the difference
Remuneration to employees	Cash		NT\$6,607,000	NT\$6,607,000	No difference
	Stock	Number of shares	0 shares	-	No difference
		Amount	NT\$0	NT\$0	
		Share price	-	-	
Remuneration to Directors	Cash		NT\$2,202,000	NT\$2,202,000	No difference
	Stock	Number of shares	0 shares	-	No difference
		Amount	NT\$0	NT\$0	
		Share price	-	-	

(IX) Repurchase of the Company's shares: No such situation.

II. Issuance of corporate bonds: No such situation.

III. Issuance of preferred shares: No such situation.

IV. Issuance of global depository receipts: No such situation.

V. Employee stock option plan and employee restricted stock: No such situation.

VI. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: No such situation.

VII. Financing planning and implementation

(I) Planning content

Analysis of previous issues or private placements of marketable securities that have not yet been completed or have been completed within the last three years and the benefits of the plans have not yet been realized: None.

(II) Implementation status: None

V. Operation Overview

I. Business Activities

(I) Business Scope

1. The main contents of the business, the current products and the proportion of business

Main business activities	Current products	2020 sales amount NT\$ thousand	Proportion of business
Housing and Building Development	Proceeds from sale of house and land	2,672,639	83.10%
Contract works for civil construction	Construction revenues	486,685	15.13%
Residence and Building Rental and Sales Business	Rental revenues, etc.	56,945	1.77%
Total		3,216,269	100.00%

Note: This represents the consolidated operating revenues of the Company.

2. New products or services planned to be developed

The Company will select projects to adopt "permanent, environmental, universal, and healthy" high performance housing design to create product differentiation and irreplaceability, and establish our brand and reputation.

(II) Industry overview

1. Industry current state and development of the industry:

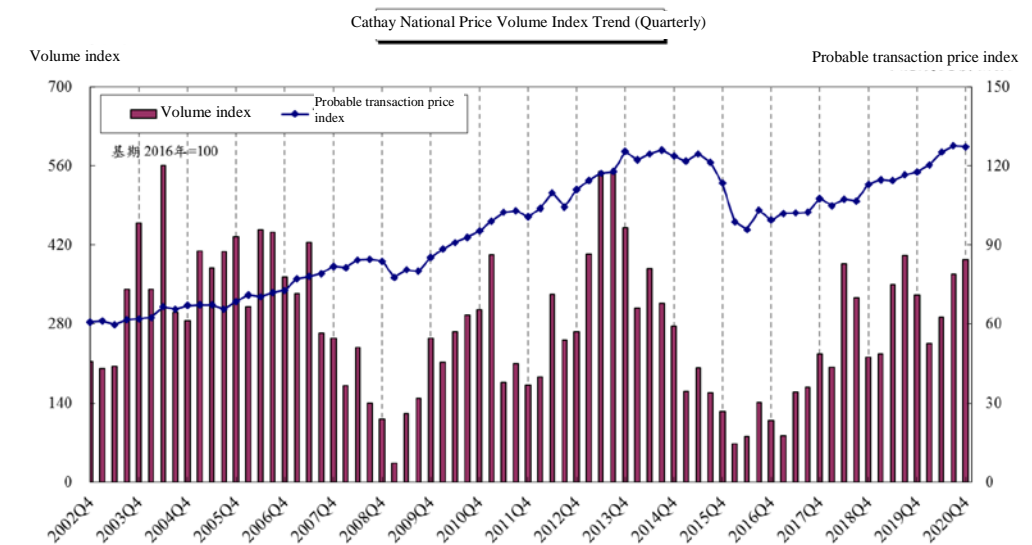
(1) Industry current state

The real estate market plays an important role in the development of Taiwan's economy. Since the domestic real estate market has been in a state of oversupply for a long time, and the housing prices have been rising for more than a decade, the competent authorities have not only introduced the luxury tax in 2021, but also tightened the mortgage loans year by year against the speculative areas of investors. The following year, the housing price control policy was continued, real estate bank loans were tightened and a real price registration system was implemented. The biggest test for the domestic housing market since 2015 is the change of tax system. With the advent of the era of heavy real estate taxation and the disappearance of real estate investment value preservation, the attractiveness of real estate investment has gradually weakened and market capital has shifted from the housing market to other investment tools. The number of new projects and transaction volumes in the country have been declining, and the transaction prices in various areas have also been declining. The real estate regulation policy changes from tightening to loosening. The adjustment of the real estate taxation system, such as Taxation on Property Transactions Based on Actual Selling, the controversy over the holding tax and the adjustment of the new version of Taipei City housing tax, are the key factors affecting the housing market. In 2018, with the central bank's significant relaxation of mortgage credit control and interest rate reduction, as well as the steady recovery of the domestic economy, people's confidence in buying homes increased and housing prices began to show signs of stopping their decline. The housing market rebounded in 2019, but with the continued rise in development-related costs, development companies' concessions were limited, affecting overall transaction performance. In 2020, the overall domestic housing market experienced rising price, stable volume and warm buying intentions. The chaotic situation of pre-sale red slip transactions

has disappeared from the market after the government has taken control.

Looking ahead to the housing market in 2021, it is expected that the domestic economy will grow moderately, but the prices of iron, steel, and building materials will rise, and the government will introduce new measures to crack down on housing speculation, such as targeted and prudent measures for real estate loans and real transaction price registration 2.0, etc. Coupled with the unresolved labor shortage, it is expected that there will be a change in sales behavior with stable prices and shrinking volume.

In the long run, the development of the housing market under the interaction of various factors, including the follow-up of the COVID-19 epidemic, the control of real estate credit risk by financial institutions and the promotion of quantitative easing policies by global central banks, will be the focus of observation in the future. Real estate is still one of the important investment tools for the public. As the wait-and-see atmosphere in the market may gradually subside, the real estate market is expected to return to a rational stage and move towards stable development.



Source: Cathay Real Estate Index, 4Q2020

(2). Future development

Since the construction industry is known as the "locomotive industry", its future growth is closely related to the general economic environment, national income, government policies and population, etc. Therefore, its future development can be generally discussed in three aspects: economic environment, social demographics and government regulations.

A. Economic environment

According to the "National Income Statistics and Forecast Economic Growth" report published by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan in recent years, the economic growth rate ranged from 2.22% to 4.72% from 2012 to 2014, and the overall economic environment showed a steady growth; in 2015, the economic growth rate was 1.47% in the second half of the year due to the weak growth of foreign demand, and rose quarter by quarter from 2016. Thanks to structural factors such as the return of Taiwanese businesses to Taiwan and the strong demand for semiconductors and components brought about by the epidemic and emerging technologies, Taiwan's economic performance was better than originally estimated, with a positive economic growth rate of 3.11% for 2020. The GDP forecast was raised to 4.64% for 2021 by the Directorate-General of Budget, Accounting and Statistics.

Gross Domestic Product and Economic Growth Rate in Recent Years

Year (Quarter)	Real GDP Amount (Chain value using 2016 as the reference year)	Economic Growth
	Before seasonal adjustment (NT\$ million)	Year-over-year (yoy)
2012	15,779,909	2.22
2013	16,171,821	2.48
2014	16,935,007	4.72
2015	17,183,235	1.47
2016	17,555,268	2.17
2017	18,136,589	3.31
2018	18,642,014	2.79
2019	19,194,635	2.96
2020 (p)	19,791,301	3.11
Q1	4,642,890	2.51
Q2	4,726,198	0.35
Q3 (r)	5,088,208	4.26
Q4 (p)	5,344,005	5.09

Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan

Note: (p) for preliminary statistics, (r) for revisions

B. Social factors

According to the monthly report of the Ministry of the Interior, the total population of Taiwan exceeded 23 million in July 2008 and has continued to increase since then. In 2020, Taiwan faced negative natural population growth for the first time, which was exacerbated by the epidemic that affected international migration. As of February 2021, the total population of Taiwan has reached 23.53 million. The demand for real estate in Taiwan is expected to increase due to the natural growth of the population, as the area is small and densely populated with limited land resources. Taiwan's social structure has changed from an agricultural society to an industrial and commercial society, and the family structure has gradually changed from the large families of the rural period to small families. As a result, the number of households has increased from 8,058,000 in 2011 to 8,942,000 as of February 2021. Therefore, the basic demand for housing caused by the increase in population and the change in household structure will continue to exist. In the long run, as national income rises year by year and consumption habits gradually change, a high quality living environment becomes the goal of modern people, and a lifestyle based on the pursuit of better quality living space will lead to continued home purchases and home exchanges, which will also bring long-term and stable development for the construction industry.

Population and household registration statistics in Taiwan in the last decade

Year	Population (Thousands of people)	Population growth rate (%)	Number of household (Thousands of households)	Household growth rate (%)	Population density (People/km ²)
2011	23,225	0.27	8,058	1.52	642
2012	23,316	0.39	8,186	1.60	644
2013	23,374	0.25	8,286	1.22	646
2014	23,434	0.26	8,383	1.16	647
2015	23,492	0.25	8,469	1.03	649
2016	23,539	0.20	8,561	1.09	650
2017	23,571	0.13	8,649	1.02	651
2018	23,589	0.08	8,734	0.99	651
2019	23,603	0.06	8,832	1.13	652
2020	23,561	-1.77	8,933	0.43	650
2021 Up to February	23,539	-0.38 (Increase or decrease from last month)	8,942	0.05 (Increase or decrease from last month)	650

Source: Department of Household Registration

C. Government policy

Real estate is a highly policy-related industry, and the easing or tightening of government policies can be a major influence on housing prices and transaction volumes.

I. The government has been trying to cool off housing market since 1990, and the housing market has been depressed

In order to suppress soaring housing prices, the government has implemented a series of suppressive policies for development companies since 1989, including credit control, floor area ratio control, and suppression of development companies' financing, as well as restricting the total volume of development for building permits applied for after a certain period. It is not easy for development companies to apply for finance, but they need to apply for a lot of licenses and rush for construction to avoid the impact of floor area ratio. This led to a large number of remaining houses for sale and failing development companies, and a 10-year consolidation period that began in 2000, a time of real estate downturn.

II. 2000 economic boom and housing market deregulation

In 2000, the Asian financial crisis, the change of ruling parties, and the dot-com bubble were all crises, so the government began to deregulate and encourage consumers to buy homes, including the extension of construction and completion dates for high-volume construction licenses applied for in the previous phase, reducing the pressure on development companies to launch projects and reduce market supply. In addition, a large number of preferential mortgage loans were offered to consumers, with subsidized interest rates, and a 50% reduction in Land Value Increment Tax to reduce the cost of buying and selling. After more than two years of the incentives, the housing market showed an upward trend, causing the bull market of the five years that began in 2004 to continue.

In 2008, due to the financial tsunami, housing prices fell back, the capital chain broke, and a large number of foreclosed properties appeared. The U.S. Federal Reserve launched quantitative

easing, generating a large amount of capital in the market, and coincided with the reduction of Taiwan's bequest tax, so capital flowed back into the real estate market, and the housing boom began again in 2010.

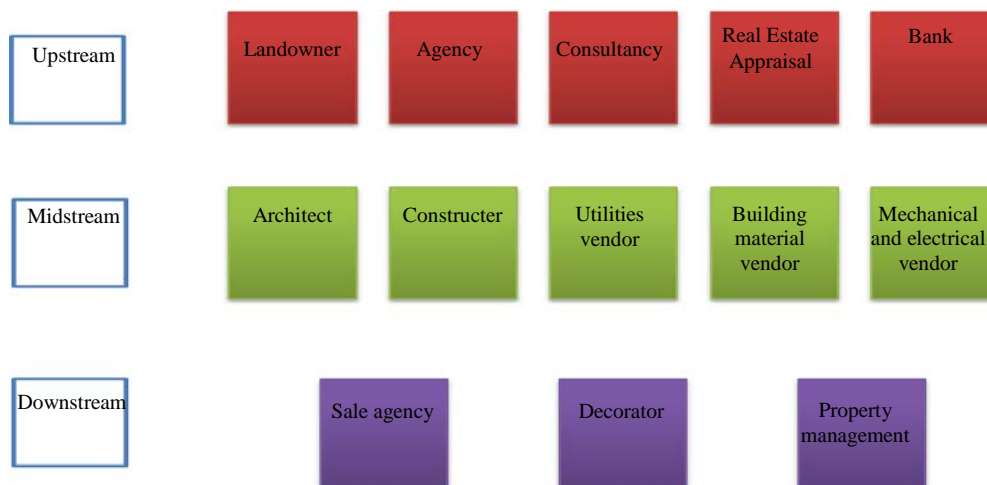
III. Since 2011, the housing market began to be suppressed.

After the financial tsunami, housing prices soared and the government began to suppress the housing market in 2011, including luxury tax, taxes on luxury residences, loan restriction policy, adjustment of land value increment tax, housing tax...etc. as well as transaction tax, holding tax, loan, capital gains tax were all reviewed and adjusted. Although the initial results seemed to be limited, the continued waves of policies that came out made the housing market reverse downward in 2015, with a significant drop.

At the current stage, after the 2016 house and land combined tax, the government has been trying to deregulate, including the fine-tuning of the luxury residence tax, the relaxation of mortgage controls, the extension of building licenses, and the freezing of increase in housing taxes, in order to bring the housing market back to a neutral position. The forward-looking infrastructure plan proposed in 2017 has unleashed major construction benefits for counties and cities, especially rail construction, which has helped boost domestic demand, create jobs, promote population movement, increase storefront value and tourism value, and affect the regional housing market. In 2018, the passage of the amendment to the urban renewal ordinance brought benefits to the real estate market. In 2019, after the nine-in-one election, local governments successively processed land tenders and actively promoted investment to boost the economy, and the Executive Yuan promoted the action plan for Taiwanese businesses to return to Taiwan for investment. The central government has accelerated the urban renewal business, and the number of applications and residential licenses issued for unsafe and old buildings has reached a new high. In 2020, the government proposed a sound real estate market plan and the reintroduction of selective credit controls by the central bank to curb undue speculation by investors. The follow-up development of the 2021 COVID-19 epidemic and the government's new measures to combat housing speculation, such as prudent measures for real estate loans and real price registration 2.0, will have an impact on the future development of the housing market.

2. The correlation among the upstream, midstream and downstream industries:

The construction investment industry is known as the locomotive industry, its upstream industry covers a variety of building materials supply industry, the downstream includes individuals and companies who purchase houses, in addition to housing sales agencies, land Scrivener, construction management and financial institutions to support the sales system, and its relationship with the upstream and downstream industries are as follows.



In the whole system, the development companies are in a coordinating and integrating position, and their relationship with each industry is complementary and interdependent. The development companies acquire the land from the landowner, obtain a loan from a financial institution, commission an architect to plan and a constructor to build the building, and then sell it through an agency or sells it directly to the purchaser.

3. Product development trend and competition

(1). Development trend

The products launched by the real estate industry must be in keeping with the market at each stage of economic development, so the future development trends are as follows.

a. Products tend to be diversified, refined and humanized

In addition to residential buildings, diversified products such as commercial buildings, factory buildings, leisure houses, senior citizen houses, green houses, and technological houses have emerged in the market to meet the needs of customers from different classes. In the future, with the gradual increase of national income, the buyers' demand for housing will not only focus on practicality, but also on the living environment, local living function, exterior design, layout, quality of building materials and equipment, etc. Therefore, the future product planning will develop towards diversification, humanization and refinement.

b. Community Comprehensive Planning and Design

In the future, new communities should emphasize the integrity of living functions, such as nurseries, sports fields, libraries, leisure and entertainment facilities, etc., in order to fully meet the needs of modern people for a basic living environment.

c. Suburbanization of residential construction

Since the population in the metropolitan area has become saturated, and the government is actively promoting various urban projects and transportation construction, in addition, because of the difficulty of obtaining urban land and high housing prices, developers are moving to the suburbs.

d. Increased demand for residential security

Due to the collapse of buildings during the earthquake and the deterioration of social security, consumers are increasingly demanding the safety of home structure design, management security and other software and hardware planning, and this has become a principle that consumers pay special attention to when purchasing a home.

e. Implementation of architectural branding system

As national income gradually increases, home buyers are demanding more and more sophisticated housing quality in terms of exterior design, interior layout, building materials, and public facilities planning. In order to meet the needs of consumers, the construction industry will tend to focus on human comfort, healthy living and internet technology in product planning. Therefore, the establishment of a vertical service network from land development, product design, housing construction, product sales to after-sales service, and the establishment of brand awareness in the minds of consumers will be the guarantee of the sales of projects.

(2). Competition

In the current situation that the overall economic stability of the country is still lacking, the housing market price trend is expected to continue to consolidate and correct the pattern, the market is generally poor sales of high unit price luxury residential projects, and because the customers are mainly rational owner-occupied first purchase, home exchange, coupled with the trend of fewer children, will gradually plan for small and medium-sized square footage products, the main focus of new projects will be low total price products. The long-term goal is to consider the scarcity of land in the complete area of Greater Taipei, which makes land

acquisition and integration costs significantly higher, and makes it more difficult to develop individual projects. In addition to expanding the scope of development to areas outside of Greater Taipei, we will further expand to the densely developed metropolitan areas in the central and southern part of the city, with a view to diversifying the development approach and reserving sufficient project resources.

(III) Technology and R&D Overview

1. R&D expenses invested during the most recent year or during the current year up to the date of publication of the annual report.

Since the construction industry is different from the general manufacturing industry, especially the high-tech industry, which requires more research and development and design of new products, no research and development expenses were incurred in the recent year.

2. Technology or product successfully developed

By introducing the unique SI technology, Skeleton&Infill structure and interior decoration system are designed separately, and at the same time, we develop the high performance housing design that is "permanent, environmental, universal and healthy" to create product differentiation and irreplaceability.

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

1. Short-term business development plan

- (1). Considering that customers are mainly rational owner-occupied first-time buyers and home replacement buyers, coupled with the trend of fewer children, we will gradually plan for small and medium sized products, and low total price products will be the main focus of new projects.
- (2). Considering the current capital size, human resources, return on investment and capital turnover efficiency, the Company's short-term business development will focus on investing in the construction and sale of small and medium-sized projects in the Greater Taipei area.
- (3). We keep an eye on the political and economic situation and changes in the real estate boom and bust cycle to take hold of market information and use it as a basis for product positioning and marketing strategies.
- (4). Control the cost and quality of construction projects.
- (5). Offer customer service and product after-sales service.

2. Long-term business development plan

- (1). In view of the increasing difficulty in acquiring land for construction and development in Taipei City, the Company will adopt a flexible and diversified land development strategy to evaluate and develop investment targets such as real estate transactions or related non-performing debt assets, as well as to actively deploy selected urban renewal projects in the Greater Taipei area.
- (2). Expand the development area beyond Greater Taipei and further into the densely developed metropolitan areas of Central and Southern Taiwan.
- (3). In addition to improving quality and reducing costs with respect to construction management, we will continue to research and adopt high performance housing designs that are "permanent, environmentally, universal, and healthy" to increase the competitiveness of our products and build brand awareness.

II. Market and production and sales overview

(I) Market analysis

1. Sales area of main products: Mainly engaged in the development and construction of residential buildings and the sale of real estate in the Greater Taipei area

Project launch year	Main project name	Sale area	Remarks
2020	Sunty Cheng Zhong	Zhongzheng District, Taipei City	Post-construction house
	Sunty Shi Li Hua	Zhongzheng District, Taipei City	Post-construction house
	Sunty Shu Ya	Neihu District, Taipei City	Post-construction house
	Ju Sunty	Zhongzheng District, Taipei City	Presale
	Sunty International ONE 360	Xinyi District, Taipei City	Presale
Expected in 2021	Sunty Yi Ju	Wanhua District, Taipei City	Presale

2. Market share

In 2020, the Company's main project were "Sunty Cheng Zhong", "Sunty Shi Li Hua", "Sunty Shu Ya", "Ju Sunty" and "Sunty International ONE 360" in Taipei City. Based on the 2020 projects in Taipei City and New Taipei City released by the Taiwan Real Estate Research Center of CATHAY REAL ESTATE DEVELOPMENT CO., LTD., the Company's market share was less than 1%.

In addition, because of the geographical and immovable nature of the real estate industry and the special nature of the product planning, the competition is different from that of the general industry, and most of the competition is within the region. The Company's main product is residential buildings, mainly in the Greater Taipei area, and its competitors include construction companies with brand names in the Greater Taipei area. The Company's good construction brand image is deeply rooted in the Greater Taipei area, and our customers are all quality customers in Taipei City. Due to the superb quality of construction planning and implementation, the Company has already won the trust and recognition of customers, and has witnessed the phenomenon that customers always follow the Company and purchase the Company's new projects. The area where new projects are launched is in line with the trend of economic development in the area.

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

(1). Supply side

From the number of construction and user licenses issued in recent years in Taiwan by the Construction and Planning Agency, it can be seen the number of construction licenses issued increased after the financial tsunami with the recovery of the economy, and the number of construction licenses issued by the end of 2013 had climbed to more than 33,000; From 2014 to 2016, the real estate market was characterized by a wait-and-see and delayed-home buying atmosphere, with the market focusing on the sale of remaining homes and a continuous decline in the number of construction licenses issued and total floor area. The number of construction licenses issued began to rebound in 2017 due to the stabilization of the market, urban renewal and new construction of social housing, and the introduction of the new rain shelter system in 2018. The number of building licenses issued in 2019 was representing a 0.74% decline. The number of building licenses issued and the total floor area in 2020 were 25,980 and 41,521,000 square meters respectively, representing a 4.28% decline and a 12.73% increase compared to the same period in 2019.

Building Construction License Statistics for the past 10 years

Year	Number (License)	Increase or decrease over previous year (%)	Total floor area (Thousands of square meters)	Increase or decrease over previous year (%)
2011	33,161	11.67	34,148	9.54
2012	31,237	(5.80)	32,883	(3.71)
2013	33,531	7.34	39,760	20.91
2014	31,994	(4.58)	38,634	(2.83)
2015	27,643	(13.60)	32,596	(15.63)
2016	22,511	(18.56)	26,235	(19.51)
2017	25,035	11.21	29,884	13.91
2018	27,344	9.22	33,984	13.72
2019	27,143	(0.74)	36,928	8.66
2020	25,980	(4.28)	41,521	12.44

Source: Inquiry website of Department of Statistics, Ministry of the Interior

According to the research data of Cathay Real Estate Index press release, the project amount and the number of marketable houses in 2020 were NT\$1,324.8 billion and 92,727 respectively, representing a 4.11% growth and 3.62% decline from the NT\$1,272.5 billion and 96,212 households in 2019. In 2020, the number of new projects rebounded with increased price and stable volume. In 2021, under the government's regulatory policies, the main key to the continued upturn of the residential market will be whether or not the rigid demand for self-occupation can continue to be supported.

2019 and 2020 Quarterly Project Launch Status

Year Item	2019					2020				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Number of Projects	200	256	301	259	1,016	202	253	289	295	1,039
Number of houses in the project	17,319	24,395	30,120	24,378	96,212	21,242	22,381	25,495	23,609	92,727
Amount of the project (NT\$ 100 million)	2,232	3,337	4,182	2,974	12,725	2,678	3,827	3,495	3,248	13,248

Source: Cathay Real Estate Index press releases for 2019 and 2020 (CATHAY REAL ESTATE DEVELOPMENT CO., LTD./Taiwan Real Estate Research Center, National Chengchi University)

(2). Demand side

- a. As a result of the 331 earthquake in 2002, the safety of buildings has been given renewed attention, and the seismic resistance of brick, reinforced steel and concrete houses no longer meets the safety requirements. Therefore, those who cannot meet the new seismic standards have been gradually eliminated from the market, and it is expected that the demand for renovation or replacement will increase in the real estate market in the future.
- b. With the stable domestic political situation and the expected economic recovery due to the liberalization of policies in the future, the outlook for the overall economic development is promising and the corporate income and national income are expected to increase. The increasing demand for high quality residential and office buildings in the future will drive the willingness of builders to implement projects.
- c. The convenient transportation network of Taipei Metro will effectively shorten the distance between the urban area and the suburbs, which will significantly increase customers' willingness to buy houses in the suburbs, such as the opening of the MRT Ban Nan Line to Yongning Station in recent years, which has driven the purchase of houses in Banqiao and Tucheng. The planned MRT network will be extended to Tamsui New Town, resulting in a large development project in Tamsui New Town. Under the current political and economic situation, national income is expected to grow in the future, which will also raise the demand for housing quality, so the demand for home replacement will also emerge, and the purchase area will gradually develop to the suburban scenic and elegant areas due to convenient transportation.

With the above analysis, it is expected that the demand for homeownership and home exchange will increase under the influence of favorable factors such as the stable domestic political and economic situation. Therefore, in the medium to long term, the market sentiment is expected to ease and the real estate market will return to a rational stage, which will help the supply and demand in the real estate market to become more balanced and move towards a stable development.

4. Competitive advantages, favorable and unfavorable factors of development prospects, and corresponding measures

(1). The Company's competitive advantages

A. Professional management team

From the first project to the present, the planning and construction of each building has been the result of careful research and detailed quality requirements. The building was built with the mindset that "we shall live there", and the professionals made full use of their expertise before deciding on various humane plans. We are able to provide the perfect building to our customers because professionalism and quality are the basic requirements in the selection of the cooperative vendors.

B. Forward-looking land development

The Company's planning department has abundant land information and a sound training system, so our planning staff has complete knowledge of land administration and law, as well as good communication and coordination skills and the ability to analyze the development potential of different sectors of area. Therefore, we are able to identify and develop land lots with value increment potential in advance and cooperate with landowners. In addition, we are able to evaluate and develop investment targets in real estate transactions or related non-performing assets, and we have a better grasp of land sources than other companies in the same industry for prime locations in the Greater Taipei area, where land is already hard to come by.

C. Successful product positioning

The Company conducts detailed and precise market research and analysis to launch products that meet market needs and conducts product blue ocean strategies. By introducing the unique SI technology, Skeleton&Infill structure and interior decoration system are designed separately, and at the same time, we develop the high performance housing design that is "permanent, environmental, universal and healthy" to create product differentiation and irreplaceability.

(2). Favorable and unfavorable factors of development prospects, and corresponding measures

A. Favorable factors of future development

(a). Real estate is the tool for value preservation and investment

Land acquisition is the first step for building houses, and land is immovable and irreplaceable. Since Taiwan is small and densely populated, land is more rare, and the population is increasing, the demand for land is increasing, making it more difficult to obtain land. In addition, under the concept of "having land is having money" and the expected price increase, real estate is still an investment and preservation tool for the general public.

(b). The government promotes economic programs and major construction projects to boost the domestic economy

In order to improve the domestic economic environment and enhance international competitiveness, the government is actively promoting a number of major economic programs and implementing specific administrative measures to promote private investment, including the "economic revitalization program". In addition, the government is actively promoting construction projects such as express railways and a number of land development projects, which will provide many construction opportunities to promote various industries and boost the economic boom and stimulate the real estate market.

(c). Major public construction projects in Greater Taipei.

The Taipei metropolitan area is the best economic, social, political and cultural area in Taiwan. A number of large-scale construction projects are currently underway in the Greater Taipei metropolitan area, and these large-scale construction projects will have a huge positive impact on the spatial structure and economic development of the Greater Taipei area, which will have a positive stimulating effect on the Company's business expansion and operation.

(d). Quality of life improved and the house replacement population increased

As the trend of the times evolves, the desire to improve the quality of life is increasing, and home buyers are paying attention to quality upgrades, and the demand for overall housing planning standards is relatively higher. Home buyers are no longer just looking for a living space, they are looking for quality of housing, structural safety, living function, accessibility, etc. They are mainly looking for quality of life. As a result, the house replacement population will gradually increase, which is conducive to the promotion of high quality products.

B. Unfavorable factors of future development, and corresponding measures

(a). Land is not easy to acquire and construction costs are higher

Land is one of the most important factors in the housing construction industry, and land is non-increasing and immovable. Land in Taiwan is limited, and as the population grows naturally, the amount of land available for building houses is decreasing, and in a situation where the supply of land does not meet the demand, making the cost of land acquisition gradually increase as well.

Corresponding measures

We adopt a flexible and diversified land development strategy, not only evaluating and developing investment targets such as real estate transactions, but also cooperating with the government's urban renewal and old community renewal programs to acquire lower-cost land.

(b). Project cost increases year by year

Due to the fluctuation of international oil prices and market supply and demand problems, some materials such as steel prices remain high, and due to the government's major projects starting one after another, there is a strong demand for manpower, which has a crowding effect with the construction industry's labor demand, resulting in the phenomenon of rising wages and difficulty in finding manpower. This, coupled with the significant increase in the current value of the announced land, will increase the amount of taxes that people will have to pay when selling their homes, resulting in a continuous increase in the control of the housing costs.

Corresponding measures

In order to cope with the continuous increase of various costs in the future and to strengthen cost control, the Company not only strengthens land development and product planning to increase the added value of products to resist the impact of external unfavorable factors, but also improves operational processes, strengthens internal management and shortens the construction period to reduce the impact of cost increase. In order to enhance the competitiveness of our products.

(c). Doubts about the interest rate recovery

At present, Taiwan's interest rate is among one of the lowest in the world, coupled with the recent rise in prices, so in order to avoid negative real interest rates and to combat inflation, the central bank can raise interest rates and exchange rates as a means. If interest rates rise, in addition to the company's interest expenses will increase, the burden of home buyers will also increase, affecting their demand for housing, and even make a large number of debt buyers or investors sell their houses, which will further affect prices.

Corresponding measures

The Company intends to adopt a prudent financial strategy and use bank financing, cash capital increase and other capital raising strategies to ensure that its operating capital is secure. In terms of land development, the company also adopts a prudent strategy and does not blindly launch projects to avoid capital pressure. In terms of home buyers, due to the current abundance of fee capital, there will not be a significant impact in the short term.

(II) Important Applications and of Major Products

1. Important applications of major products

Residential building: dwelling, suites, parking spaces.

Commercial buildings: stores, shopping malls, offices, parking spaces.

2. Manufacturing Processes



(III) The supply of major raw materials

Name of major product	Supply condition
Land	The Company has land development personnel and has established various other real estate development channels to proactively find suitable sources. And depending on the actual needs and the landowner's intention, we can cooperate in the form of joint construction or evaluate buyout for self-built and engage in urban renewal of prime locations, and the source of supply should not be in shortage.
Construction work and materials	The Company entrusts the construction project to construction companies under the principle of "work and materials" and selects qualified construction companies, and effectively controls the project progress, construction quality and construction material costs. There have been no shortages or interruptions in the supply of materials.

(IV) The names of suppliers and customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and proportion.

1. Information on major customers in the most recent 2 years

Unit: NT\$ thousand

Item	2019				2020			
	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer
1	Changyin Construction Co., Ltd.	350,290	17.79%	None	Others	3,216,269	100.00%	None
2	Others	1,618,791	82.21%					
	Net sales	1,969,081	100.00%	-	Net sales	3,216,269	100.00%	-

Note 1: As of the date of publication of the annual report, there is no financial information that has been audited or reviewed by CPA.

Note 2: The reason for the change: The construction industry is unique in that the sales target is the general public and there is no specific sales target, and the target sales target is extremely dispersed. In addition, the construction business is project contracting, and it is reasonable to change according to the progress of the project.

1. Information on major suppliers in the most recent 2 years

Unit: NT\$ thousand

Item	2019				2020			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer
1	Jinzang Construction Engineering Co., Ltd.	157,696	10.56%	None	Six people including Lin ○○	778,358	30.76%	None
2	Others	1,335,307	89.44%	None	Ministry of National Defense (Youth	543,400	21.47%	None

Item	2019				2020			
	Name	Amount	As a percentage of net purchases for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%).	Relationship with the issuer
					Section)			
3					Yifeng Construction Co., Ltd.	281,505	11.12%	None
					Others	927,502	36.65%	-
	Net purchases	1,493,003	100.00%	-	Net purchases	2,530,765	100.00%	-

Note 1: The reason for increase or decrease: mainly due to the purchase for new projects in 2020; owing to the nature of the industry, there is no continuity of suppliers from year to year, and the construction projects are contracted out with the construction work, which results in an increase or decrease with the progress of the projects.

(V) Production quantity and amount for the most recent two years

Year and amount	2019		2020	
	Quantity (house)	Amount (NT\$ thousand)	Quantity (house)	Amount (NT\$ thousand)
Major products				
Residential building Note	11	535,687	19	324,091

Note: In 2019, the participants of the urban renewal project were allocated 37 parking spaces and 11 houses in Sunty Shi Li Hua.

Note: In 2020, the participants of the urban renewal project were allocated 11 parking spaces and 19 houses in Sunty Shu Ya.

(VI) Sales quantity and amount for the most recent two years

Year and amount	2019		2020	
	Quantity (house)	Amount (NT\$ thousand)	Quantity (house)	Amount (NT\$ thousand)
Major products				
House and land sales Note	2018	1,246,194	2012	2,672,639
Revenues from construction work		660,535		486,685
Rental revenues		53,034		54,827
Others		9,318		2,118
Total		1,969,081		3,216,269

Note: 2020 included the shortage payment agreement for the joint construction and house allocation with the landowners of Sunty Shu Ya and Shi Li Hua.

III. The number of employees for the most recent 2 years, and during the current year up to the date of publication of the annual report, their average years of service, average age, and education distribution.

Year		End of 2019	End of 2020	As of April 20, 2021
Number of employees	Managerial officer	6	6	6
	Sales personnel	6	5	5
	Development personnel	9	9	10
	Planning personnel	6	6	6
	Construction personnel	17	17	19
	General staff	24	24	25
	Total	68	67	71
Average age		46.83	47.8	47.7
Average years of service		10.06	10.9	10.6
Education distribution (%)	Doctorate	0.00	0.00	0.00
	Master	26.47	25.37	23.94
	University	67.65	68.66	70.43
	High school	5.88	5.97	5.63
	Below high school	0.00	0.00	0.00

IV. Environmental Protection Expenditure

(I) The losses suffered due to environmental pollution in the most recent year (2020) and in the current year up to the date of publication of the annual report

The Company's business has no environmental pollution problem and therefore has not yet suffered any losses due to environmental pollution, and no significant environmental capital expenditures are expected in the future.

(II) Implementation of the EU Restriction of Hazardous Substances Directive (ROHS): Not applicable.

V. Labor Relations

(I) The Company's employee welfare programs, continuing education, training, retirement systems and their implementation, as well as labor-management agreements and various employee rights protection measures.

1. Employee welfare programs

The Company and the Employee Welfare Committee provide the following employee benefit measures.

- (1). Labor insurance, national health insurance and group insurance
- (2). Education and Training Courses
- (3). Employee bonus and stock purchase plan
- (4). Domestic and foreign travel, recreational activities
- (5). Bonus system and reward for outstanding senior colleagues
- (6). Appropriation of pension reserve
- (7). Employee benefits for marriage, bereavement, childbirth, hospitalization, and birthday

2. Employee education and training

In order to meet the needs of the construction industry in terms of professional skills and understanding of laws and regulations, the Company has set continuous learning and development of employees as the focus of human resources management, and has planned overall corporate training programs for organizational strategies and personal performance development. The Company provides a variety of training methods and opportunities. In addition to in-house training, we also encourage employees to actively participate in external training courses and on-the-job training.

The results of the Company's education and training for the most recent year (2020) are as follows:

Course	Total attendance	Total hours	Total costs (NT\$ thousand)
Professional trainings	392	1269	274
Management ability	42	293	
General Knowledge Training	4	44	

3. Information on employee retirement system

In accordance with the Labor Pension Act, the Company makes monthly contributions of not less than 6% of monthly wages to the Company's pension fund, which is deposited in the personal pension account. As of the date of publication of the annual report, the Company has no employees who have retired.

4. The Company holds regular labor-management meetings and maintains harmonious labor relations at all times. The Company has established comprehensive and thorough measures for employee motivation, communication, training, benefits and retirement, and has integrated the interests of employees with those of the Company. To date, there have been no labor disputes.
5. The Company attaches great importance to the health maintenance of its employees, and has long invested in employee health checkups, diet, medical insurance, and housing care and attention to promote the physical and mental health of employees and enhance the quality of life. Please refer to page 37 of this annual report for an overview of the health promotion activities in 2019.
6. Please refer to page 31 of this annual report for further education and training for the Company's managerial officers in relation to corporate governance.

7. Salary policy

The Company's salary policy is based on a combination of the Company's overall salary position in the market, industry salary surveys and the Company's internal fairness. Combine organizational performance and employee performance evaluation to appropriately reflect employee contribution and participation; strive for fairness, objectivity and impartiality. The performance and contribution of the current period will be rewarded in the form of annual awards and bonuses. Future higher responsibility and salary will be given to those who have potential and are expected to contribute more.

The principle of salary payment is a fixed annual salary of 12 months, and a fixed annual salary of 2 months is budgeted as year-end bonus, and a performance bonus is provided according to the company's operating performance.

8. The Company's personnel involved in the transparency of financial information obtain the relevant licenses specified by the competent authorities:

Title	License
Audit officer	International internal auditor (Certified Internal Auditor, abbreviated as CIA)

9. The Company has established a "Code of Ethical Conduct" and "Procedures for Handling Material Inside Information", and provides regular training to employees on "Information Security Management" and "Securities Market Overview and Securities Laws and Regulations", covering laws and regulations related to the handling of material inside information and confidentiality, in order to educate and inform all employees to avoid violations and insider trading.

(II) Losses incurred due to labor-management disputes in the most recent year and in the current year up to the date of the publication of the annual report

No such situation. The Company attaches great importance to the welfare and development of its employees and is committed to maintaining harmonious labor relations. So far, no major labor disputes have occurred and the possibility of labor disputes at present and in the future is assessed to be low.

VI. Important Contracts

Nature of the contracts	The parties involved	Contract start and end date	Main content	Restriction clause
Project contracting	HSIN TUNG YANG CONSTRUCTION CO., LTD.	2015.07.20~ Post construction warranty period expired	"South Yanping Road Project" Contract for Foundation construction Works	None
	Yifeng Engineering Co., Ltd.	2015.10.12~ Post construction warranty period expired	"South Yanping Road Project" Contract for new construction utilities	None
	HSIN TUNG YANG CONSTRUCTION CO., LTD.	2015.11.11~ Post construction warranty period expired	"South Yanping Road Project" Contract for structural construction Works	None
	HSIN TUNG YANG CONSTRUCTION CO., LTD.	2015.08.03~ Post construction warranty period expired	"Banqiao North Gate Street Project" contract for new construction works	40% allocation with Shi Yang Construction Co., Ltd. according to the investment and construction ratio, and contract signed separately
	Xinyang Construction Co., Ltd.	2016.06.30~ Post construction warranty period expired	"Banqiao North Gate Street Project" contract for new construction utilities	

Nature of the contracts	The parties involved	Contract start and end date	Main content	Restriction clause
	HSIN TUNG YANG CONSTRUCTION CO., LTD.	2016.08.16~ Post construction warranty period expired	"South Yanping Road Project" Contract for decoration Works	None
	Jinzang Construction Engineering Co., Ltd.	2016.08.30~ Post construction warranty period expired	"Songjiang Changchun Project" contract for new construction works	None
	Chenfeng Construction Co., Ltd.	2016.08.30~ Post construction warranty period expired	"Jin Long Road Project" contract for new construction works	None
	Xingyang Construction Co., Ltd.	2017.12.29~ Post construction warranty period expired	"Songjiang Changchun Project" Contract for new construction utilities	None
	Yifeng Construction Co., Ltd.	2018.01.24~ Post construction warranty period expired	"Guandu Project" contract for new construction works	None
	Qinya Utilities Engineering Co., Ltd.	2018.02.12~ Post construction warranty period expired	"Jin Long Road Project" Contract for new construction utilities	None
	Yifeng Engineering Co., Ltd.	2018.02.22~ Post construction warranty period expired	"Guandu Project" Contract for new construction utilities	None
	Chenfeng Construction Co., Ltd.	2020.02.20~ Post construction warranty period expired	"Zhongli Project" contract for new construction works	None
	Qiaozheng Mechanical & Electrical Co., Ltd.	2020.12.11~ Post construction warranty period expired	"Zhongli Project" Contract for new construction utilities	None
	Yifeng Construction Co., Ltd.	2020.03.16~ Post construction warranty period expired	"Suntly Quo Yong - Ritz District" contract for new construction works	None
	Yifeng Engineering Co., Ltd.	2020.06.30~ Post construction warranty period expired	"Suntly Quo Yong - Ritz District" Contract for new construction utilities	None
	Yifeng Construction Co., Ltd.	2020.03.16~ Post construction warranty period expired	"Suntly Guo Yong - Regent District" contract for new construction works	None
	Yifeng Engineering Co., Ltd.	2020.06.30~ Post construction warranty period expired	"Suntly Guo Yong - Regent District" Contract for new construction utilities	None
	HSIN TUNG YANG CONSTRUCTION CO., LTD.	2020.04.15~ Post construction warranty period expired	"Ju Suntly Project" contract for new construction works	None
	Xingyang Construction Co., Ltd.	2020.08.03~ Post construction warranty period expired	"Ju Suntly Project" Contract for new construction utilities	None
HSIN TUNG YANG CONSTRUCTION CO., LTD.	2020.12.31~ Post construction warranty period expired	"Suntly International Project" foundation and structural new construction work	None	
Xingyang Construction Co., Ltd.	2021.02.25~ Post construction warranty period expired	"Suntly International Project" Contract for new construction utilities	None	
Architect appointment contract	Jin Yi-rong Architects	2006.11.28~application for user license	"Yixian Project" planning and design architect	None
	Jian Jun-qing Architects	2009.11.20~application for user license	"Yongji Project" planning and design architect	None
	Zhou Meng-long, Jian Zhi-cong, Ke Zhi-ming Architects	2014.03.20~application for user license	"Guandu Project" planning and design architect	None
	Huang Mo-chun Architects	2015.01~application for user license	"Dexing East Road Project" planning and design architect	None
	HCCH and Associates Architects	2018.02.27~application for user license	"Zhongli Project" planning and design architect	None

Nature of the contracts	The parties involved	Contract start and end date	Main content	Restriction clause
	Gao Zhong-ting Architects	2018.05.24~application for user license	"Yonghe Xinyi AB Project" planning and design architect	None
	TMA Architects	2018.07.24~application for user license	"Minqun Market Project" planning and design architect	None
	HCCH and Associates Architects	2019.01.15~Acquisition of Green Building Label	"Shilin Fulin Road Project" planning and design architect	None
Real estate pre-sale agreement	Likai Construction Co., Ltd.	2019.12.31~consignment sale of pre-bid property	"Songren Road Project" pre-sale agreement	None
Government-led urban renewal	Taoyuan City Government	2017.12 ~ house delivery	"Zhongli Project" government-led urban renewal appointment contract	None
Superficies contract	Northern Region Office, National Property Administration, Ministry of Finance.	Duration of superficies 2011.10.11~2061.10.10	"Suntu Yu Jian" set superficies	None
Borrowing contract	Hua Nan Commercial Bank	2018.04.25-2024.04.25	Mid-term secured loan, mid-term loan	None
	KGI Commercial Bank	2017.05.18-2021.05.18	Mid-term secured loan, mid-term loan	None
	Taipei Fubon Bank	2018.04.19-2022.10.19	Mid-term secured loan, mid-term loan	None
	Chinatrust Commercial Bank	2019.05.15-2025.05.15	Mid-term secured loan	None
	Taishin International Bank	2020.04.30-2021.04.30	Short-term loan	None
	Hua Nan Commercial Bank	2020.05.29-2021.05.29	Short-term loan, short-term secured loan	None
	Taiwan Business Bank	2020.05.29-2021.05.29	Short-term loan	None
	Shanghai Commercial & Savings Bank	2020.06.07-2021.06.07	Short-term loan	None
	O-Bank Co., Ltd.	2020.06.29-2021.06.28	Short-term loan	None
	Mega International Commercial Bank	2020.07.30-2021.07.29	Short-term loan	None
	Bank of Kaohsiung	2020.09.14-2021.09.14	Short-term secured loan, short-term loan	None
	Mega International Commercial Bank	2020.09.16-2026.09.15	Mid-term loan	None
	Union Bank of Taiwan	2020.09.30-2021.09.30	Short-term loan	None
	Cathay United Bank	2020.10.06-2025.10.06	Mid-term secured loan	None
	Far Eastern International Bank	2020.10.07-2021.10.07	Short-term loan	None
	Taiwan Cooperative Bank	2020.10.23-2021.10.23	Short-term loan	None
	Hua Nan Commercial Bank	2020.10.27-2026.10.27	Mid-term secured loan, mid-term loan	None
	Chinatrust Commercial Bank	2020.12.31-2021.12.31	Short-term loan, short-term secured loan	None
	Hua Nan Commercial Bank	2020.12.31-2025.12.31	Mid-term loan	None
	First Commercial Bank	2021.03.04-2022.03.04	Short-term loan	None

VI. Finance Overview

I. Condensed balance sheets and comprehensive income statements for the most recent 5 years

(I) Condensed balance sheets

1. Condensed balance sheets - IFRS (consolidated)

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years				
		2016	2017	2018	2019	2020
Current assets		7,310,131	8,204,434	9,036,322	9,642,260	9,874,487
Property, Plant and Equipment		289,850	284,144	279,150	158,172	156,488
Intangible assets		291	0	146	150	1,604
Other assets		1,778,394	1,249,879	1,093,519	1,313,831	1,295,515
Total assets		9,378,666	9,738,457	10,409,137	11,114,413	11,328,094
Current liabilities	Before distribution	2,930,977	3,382,029	4,146,091	4,976,363	5,269,477
	After distribution	2,930,977	3,382,029	4,322,248	5,152,520	5,269,477
Non-current liabilities		751,151	704,407	592,775	464,587	426,399
Total liabilities	Before distribution	3,682,128	4,086,436	4,738,866	5,440,950	5,695,876
	After distribution	3,682,128	4,086,436	4,915,023	5,617,107	5,695,876
Equity attributable to shareholders of parent company		5,024,620	5,074,514	5,161,164	5,175,225	5,143,926
Share capital		3,523,143	3,523,143	3,523,143	3,523,143	3,523,143
Additional paid-in capital		802,339	802,339	802,339	802,339	802,339
Retained earnings	Before distribution	740,580	769,170	876,188	905,469	871,356
	After distribution	740,580	769,170	700,031	729,312	871,356
Other equities		(41,442)	(20,138)	(40,506)	(55,726)	(52,912)
Treasury shares		0	0	0	0	0
Non-controlling interests		671,918	577,507	509,107	498,238	488,292
Total Equity	Before distribution	5,696,538	5,652,021	5,670,271	5,673,463	5,632,218
	After distribution	5,696,538	5,652,021	5,494,114	5,497,306	5,632,218

Note: 1. The above financial information for each year has been audited and attested by CPA.

2: As of the date of publication of the annual report, there is no financial information that has been audited or reviewed by CPA.

2. Condensed balance sheets - IFRS (stand-alone)

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years				
		2016	2017	2018	2019	2020
Current assets		4,575,493	6,187,940	7,385,779	8,149,938	8,456,097
Property, Plant and Equipment		105,105	103,285	101,780	101,092	100,287
Intangible assets		168	0	97	62	644
Other assets		2,680,074	2,109,200	1,925,590	1,926,437	1,906,414
Total assets		7,360,840	8,400,425	9,413,246	10,177,529	10,463,442
Current liabilities	Before distribution	2,282,660	2,757,528	3,708,113	4,598,406	4,944,425
	After distribution	2,282,660	2,757,528	3,884,270	4,774,563	4,944,425
Non-current liabilities		53,560	568,383	543,969	403,898	375,091
Total liabilities	Before distribution	2,336,220	3,325,911	4,252,082	5,002,304	5,319,516
	After distribution	2,336,220	3,325,911	4,428,239	5,178,461	5,319,516
Equity attributable to shareholders of parent company		5,024,620	5,074,514	5,161,164	5,175,225	5,143,926
Share capital		3,523,143	3,523,143	3,523,143	3,523,143	3,523,143
Additional paid-in capital		802,339	802,339	802,339	802,339	802,339
Retained earnings	Before distribution	740,580	769,170	876,188	905,469	871,356
	After distribution	740,580	769,170	700,031	729,312	871,356
Other equities		(41,442)	(20,138)	(40,506)	(55,726)	(52,912)
Treasury shares		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total Equity	Before distribution	5,024,620	5,074,514	5,161,164	5,175,225	5,143,926
	After distribution	5,024,620	5,074,514	4,985,007	4,999,068	5,143,926

Note: 1. The above financial information for each year has been audited and attested by CPA.

2: As of the date of publication of the annual report, there is no financial information that has been audited or reviewed by CPA.

(II) Condensed comprehensive income statements

1. Condensed comprehensive income statements - IFRS (consolidated)

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent 5 years (Note 1)				
	2016	2017	2018	2019	2020
Operating income	1,481,603	1,461,374	2,725,277	1,969,081	3,216,269
Operating profit margins	230,597	132,042	439,270	525,531	505,894
Operating profits or losses	(14,931)	(125,518)	123,331	228,360	160,199
Non-operating income and expense	(30,110)	71,082	40,557	19,493	6,284
Net profits before tax	(45,041)	(54,436)	163,888	247,853	166,483
Net profits for the period from continuing operations (before tax)	(45,041)	(54,436)	163,888	247,853	166,483
Losses from discontinued operations	0	0	0	0	0
Net profits for the period (after tax)	(49,811)	(44,865)	62,218	238,158	143,161
Other comprehensive income for the period (net after-tax)	(131,855)	17,304	(30,410)	(31,658)	7,228
Total comprehensive income for the period	(181,666)	(27,561)	31,808	206,500	150,389
Net profits attributable to shareholders of parent company	41,020	26,479	106,414	209,901	141,319
Net profits attributable to non-controlling interests	(90,831)	(71,344)	(44,196)	28,257	1,842
Comprehensive income attributable to shareholders of parent company	(39,765)	49,894	86,650	196,313	144,858
Comprehensive income attributable to non-controlling interests	(141,901)	(77,455)	(54,842)	10,187	5,531
Basic earnings per share	0.12	0.08	0.30	0.60	0.40

Note: 1. The above financial information for each year has been audited and attested by CPA.

2: As of the date of publication of the annual report, there is no financial information that has been audited or reviewed by CPA.

2. Condensed comprehensive income statements - IFRS (stand-alone)

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent 5 years (Note 1)				
	2016	2017	2018	2019	2020
Operating income	249,684	188,149	1,376,182	1,230,916	2,631,377
Operating profit margins	98,691	91,470	300,989	391,349	396,078
Operating profits or losses	(42,515)	(30,370)	78,934	182,006	134,496
Non-operating income and expense	90,624	64,038	50,921	29,408	25,268
Net profits before tax	48,109	33,668	129,855	211,414	159,764
Net profits for the period from continuing operations (before tax)	48,109	33,668	129,855	211,414	159,764
Losses from discontinued operations	0	0	0	0	0
Net profits for the period (after tax)	41,020	26,479	106,414	209,901	141,319
Other comprehensive income for the period (net after-tax)	(80,785)	23,415	(19,764)	(13,588)	3,539
Total comprehensive income for the period	(39,765)	49,894	86,650	196,313	144,858
Net profits attributable to shareholders of parent company	41,020	26,479	106,414	209,901	141,319
Net profits attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to shareholders of parent company	(39,765)	49,894	86,650	196,313	144,858
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Basic earnings per share	0.12	0.08	0.30	0.60	0.40

Note: 1. The above financial information for each year has been audited and attested by CPA.

2: As of the date of publication of the annual report, there is no financial information that has been audited or reviewed by CPA.

(III) CPA name and audit opinion

Year	CPA firm	CPA name	Audit opinion
2020	KPMG	Yilian Han, Ti-Nuan Chien (Note)	Unqualified opinion
2019		Ti-nuan Chien, Kuo-Yang Tseng	Unqualified opinion
2018		Ti-nuan Chien, Kuo-Yang Tseng (Note)	Unqualified opinion
2017		Ti-nuan Chien, Kuo-Yang Tseng	Unqualified opinion
2016		Kuo-Yang Tseng, Shi-Chin Chi	Unqualified opinion

Note: The Company's change of CPA was to accommodate the internal staff rotation of KPMG International.

II. Financial analysis for the most recent 5 years - IFRS (consolidated)

Analysis item		Financial analysis for the most recent 5 years (Note 1)				
		2016	2017	2018	2019	2020
Capital Structure	Debts to assets ratio (%)	39.26	41.96	45.53	48.95	50.28
	Long-term capital to property, plant, and equipment ratio	2,224.49	2237.04	2,243.61	3,880.62	3871.62
Liquidity	Current ratio (%)	249.41	242.59	217.95	193.76	187.39
	Quick ratio (%)	40.45	52.71	28.03	29.05	32.47
	Interests coverage multiplier (times)	0.08	-0.46	3.14	4.44	3.21
Operating performance (%)	Accounts receivable turnover rate (times)	4.48	4.97	9.86	7.85	14.55
	Average collection days	81	73	37	46	25
	Inventory turnover rate (times)	0.20	0.21	0.32	0.19	0.35
	Accounts payable turnover rate (times)	2.56	2.65	4.85	2.82	6.03
	Average sales days	1825	1738	1140	1921	1042
	Property, plant and equipment turnover rate (times)	4.90	5.09	9.68	9.01	20.44
	Total assets turnover rate (times)	0.15	0.15	0.27	0.18	0.29
Profitability	Return on assets (%)	-0.07	-0.25	0.92	2.31	1.30
	Return on equity (%)	0.81	0.52	2.08	4.06	2.74
	Percentage of net profits before tax to paid-in capital (%)	-1.28	-1.55	4.65	7.03	4.73
	Net profit margins (%)	-3.36	-3.07	2.28	12.09	4.45
	Earnings per share (NT\$) - after retrospective adjustments	0.12	0.08	0.30	0.60	0.40
Cash flows	Cash flows ratio (%)	3.65	-10.08	-25.78	1.98	5.49
	Cash flow adequacy ratio (%)	-7.41	-12.81	-120.74	-103.30	-42.33
	Cash reinvestment ratio (%)	1.55	-6.67	-20.46	-1.96	1.99
Leverage	Operating leverage	-12.56	-0.49	2.76	1.98	2.33
	Financial leverage	0.22	0.84	1.45	1.06	1.02

The reasons for the changes in financial ratios in the consolidated financial statements for the last 2 years: (Exempted if the change is less than 20%)

1. The changes in the financial ratios of interest coverage multiplier, operating performance and profitability were mainly due to the stabilization of the housing market and the increase in rigid demand, which led to the increase in sales revenues and cost of goods sold as the post-construction house projects were nearing completion. And the decrease in gross and net profits was due to the difference in profitability of the projects, which resulted in the change in relevant financial ratios.
2. The change in the cash flow related financial ratio was due to the increase in net cash inflow from operating activities as a result of the decrease in inventory held for sale and the increase in contract liabilities due to the sales of post-construction houses and pre-sale houses during the period, which resulted in an increase in the financial ratio of cash flow.

Note 1: The above financial information for each year has been audited and attested by CPA.

Note 2: As of the date of publication of the annual report, there is no financial information that has been audited or reviewed by CPA.

Note 3: The equations for calculations to be disclosed at the end of this statement are shown below:

1. Financial Structure:

- (1) Liabilities to assets ratio = total liabilities/total assets
- (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.

2. Ability to Repay Debts:

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets – inventory – prepayments)/current liabilities.
- (3) Debt service coverage ratio = EBIT/interest expense in current period.

3. Utility:

- (1) Receivables turnover (including account receivables and note receivables from operation) = net sale/the balance of average receivables in each period including account receivables and note receivables from operation.
- (2) Average days of payment collection = 365/receivable turnover.
- (3) Inventory turnover = cost of goods sold/average inventory.
- (4) Payables turnover (including account payables and note payables from operation) = net sale/the balance of average payables in each period including account payables and note payables from operation.
- (5) Average days of sale = 365/inventory turnover.
- (6) Property, plant, and equipment turnover = net sale/net average property, plant, and equipment.
- (7) Total assets turnover = net sale/total average assets.

4. Profitability:

- (1) Return on Assets (ROA) = [net income + interest expense x (1 – tax rate)]/average total assets.
- (2) Return on Equity (ROE) = net income/total average equity.
- (3) Net profit rate = net income/net sales.
- (4) Earnings per share = (income attributable to the shareholders of the parent company – dividend of preferred shares)/weighted average quantity of outstanding shares.

5. Cash Flows:

- (1) Cash flow ratio = net cash flows from operation/current liabilities.
- (2) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years/(capital expenditures + increase in inventory + cash dividend) in the last 5 years.
- (3) Cash reinvestment ration = (net cash flow from operation – cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operational leverage = (net operating income – variable operating cost and expense)/operating income.
- (2) Financial leverage = operating income/(operating income – interest expenses).

II. Financial analysis for the most recent 5 years - IFRS (stand-alone)

Analysis item		Year	Financial analysis for the most recent 5 years (Note 1)				
		2016	2017	2018	2019	2020	
Capital Structure	Debts to assets ratio (%)	31.74	39.59	45.17	49.15	50.84	
	Long-term capital to property, plant, and equipment ratio	4,831.53	5,463.42	5,605.36	5,518.86	5,503.22	
Liquidity	Current ratio (%)	200.45	224.40	199.18	177.23	171.02	
	Quick ratio (%)	21.14	43.78	11.87	17.44	21.90	
	Interests coverage multiplier (times)	1.25	0.85	2.67	3.87	3.11	
Operating performance (%)	Accounts receivable turnover rate (times)	6.48	2.16	15.76	34.97	82.81	
	Average collection days	56	169	23	10	4	
	Inventory turnover rate (times)	0.04	0.02	0.18	0.12	0.32	
	Accounts payable turnover rate (times)	1.01	0.43	3.97	2.77	6.98	
	Average sales days	9125	18250	2028	3041	1140	
	Property, plant and equipment turnover rate (times)	2.32	1.81	13.42	12.13	26.13	
	Total assets turnover rate (times)	0.03	0.02	0.15	0.13	0.25	
Profitability	Return on assets (%)	0.62	0.34	1.52	2.24	1.39	
	Return on equity (%)	0.81	0.52	2.08	4.06	2.74	
	Percentage of net profits before tax to paid-in capital (%)	1.37	0.96	3.69	6.00	4.53	
	Net profit margins (%)	16.43	14.07	7.73	17.05	5.37	
	Earnings per share (NT\$) - after retrospective adjustments	0.12	0.08	0.30	0.60	0.40	
Cash flows	Cash flows ratio (%)	-4.42	-28.26	-34.34	2.13	4.83	
	Cash flow adequacy ratio (%)	38.04	19.21	-78.55	-79.52	-52.26	
	Cash reinvestment ratio (%)	-2.50	-16.90	-27.12	-1.72	1.38	
Leverage	Operating leverage	-1.91	-2.43	2.68	1.79	2.11	
	Financial leverage	0.84	0.98	1.84	1.07	1.02	
<p>The reasons for the changes in financial ratios in the consolidated financial statements for the last 2 years: (Exempted if the change is less than 20%)</p> <ol style="list-style-type: none"> 1. The changes in the quick ratio was mainly due to the the sales of pre-sale cases and construction period price trusts have increased, so the quick ratio has increased compared with last years. 2. The changes in the financial ratios of Operating performance and Profitability, were mainly due to the stabilization of the housing market and the increase in rigid demand, which led to the increase in sales revenues and cost of goods sold as the post-construction house projects were nearing completion. And the decrease in gross and net profits was due to the difference in profitability of the projects, which resulted in the change in relevant financial ratios. 3. The change in the cash flow related financial ratio was due to the increase in net cash inflow from operating activities as a result of the decrease in inventory held for sale and the increase in contract liabilities due to the sales of post-construction houses and pre-sale houses during the period, which resulted in an increase in the financial ratio of cash flow. 							

Note 1: The above financial information for each year has been audited and attested by CPA.

Note 2: As of the date of publication of the annual report, there is no financial information that has been audited or reviewed by CPA.

Note 3: The equations for calculations to be disclosed at the end of this statement are shown below:

1. Financial Structure:

- (1) Liabilities to assets ratio = total liabilities/total assets
- (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.

2. Ability to Repay Debts:

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets – inventory – prepayments)/current liabilities.
- (3) Debt service coverage ratio = EBIT/interest expense in current period.

3. Utility:

- (1) Receivables turnover (including account receivables and note receivables from operation) = net sale/the balance of average receivables in each period including account receivables and note receivables from operation.
- (2) Average days of payment collection = 365/receivable turnover.
- (3) Inventory turnover = cost of goods sold/average inventory.
- (4) Payables turnover (including account payables and note payables from operation) = net sale/the balance of average payables in each period including account payables and note payables from operation.
- (5) Average days of sale = 365/inventory turnover.
- (6) Property, plant, and equipment turnover = net sale/net average property, plant, and equipment.
- (7) Total assets turnover = net sale/total average assets.

4. Profitability:

- (1) Return on Assets (ROA) = [net income + interest expense x (1 – tax rate)]/average total assets.
- (2) Return on Equity (ROE) = net income/total average equity.
- (3) Net profit rate = net income/net sales.
- (4) Earnings per share = (income attributable to the shareholders of the parent company – dividend of preferred shares)/weighted average quantity of outstanding shares.

5. Cash Flows:

- (1) Cash flow ratio = net cash flows from operation/current liabilities.
- (2) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years/(capital expenditures + increase in inventory + cash dividend) in the last 5 years.
- (3) Cash reinvestment ration = (net cash flow from operation – cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operational leverage = (net operating income – variable operating cost and expense)/operating income.
- (2) Financial leverage = operating income/(operating income – interest expenses).

III. Audit Committee's Audit Report on the Latest Annual Financial Statements (2020)

Audit Committee's Audit Report

The Board of Directors has prepared the Company's business report, financial statements and earnings proposal for the year ended December 31, 2020, where the financial statements have been audited by Yilien Han, CPA and Ti-Nuan Chien, CPA from KPMG, who have issued the audit report. The above-mentioned business report, financial statements and earnings distribution proposal have been examined by the Audit Committee and are found to be in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Suntly Development Co, Ltd.

Audit Committee Convener: Chun-Ming Yu

March 17, 2021

- IV. For the most recent annual financial statements (2020): Please refer to the page 89 onwards of this annual report.
- V. For the stand-alone financial statements of the Company for the most recent year (2020), audited and attested by CPA: Please refer to pages 161 onwards.
- VI. The Company or its affiliates have experienced financial difficulties in the most recent year (2020) or during the current year up to the date of publication of the annual report and their effects on the Company's financial status: No such situation.

VII. Review and analysis of financial status and financial performance and risk

I. Financial status

Unit: NT\$ thousand

Item	Year	Dec. 31, 2019	Dec. 31, 2020	Difference	
				Amount	%
Current assets		9,642,260	9,874,487	232,227	2.41%
Funds and investments		19,924	19,924	0	0.00%
Fixed assets (Property, Plant and Equipment)		158,172	156,488	(1,684)	-1.06%
Intangible assets		150	1,604	1,454	969.33%
Other assets		1,293,907	1,275,591	(18,316)	-1.42%
Total assets		11,114,413	11,328,094	213,681	1.92%
Current liabilities		4,976,363	5,269,477	293,114	5.89%
Non-current liabilities		464,587	426,399	(38,188)	-8.22%
Total liabilities		5,440,950	5,695,876	254,926	4.69%
Capital stock		3,523,143	3,523,143	0	0.00%
Additional paid-in capital		802,339	802,339	0	0.00%
Retained earnings		905,469	871,356	(34,113)	-3.77%
Other equities		(55,726)	(52,912)	2,814	-5.05%
Total shareholders' equity of the parent company		5,175,225	5,143,926	(31,299)	-0.60%
Non-controlling interests		498,238	488,292	(9,946)	-2.00%
Total Equity		5,673,463	5,632,218	(41,245)	-0.73%
<p>The main reasons for the significant changes and impacts: The changes in the current period were not significant and therefore are not described separately.</p> <p>If the impact is significant, the future corresponding measures should be stated: None.</p>					

II. Financial performance

Unit: NT\$ thousand

Item	Year	Dec. 31, 2019		Dec. 31, 2020		Increase or decrease	Change (%)
		Subtotal	Total	Subtotal	Total		
Sale		1,969,081		3,216,269		1,247,188	63.34%
Less: Sales returns		0		0		0	-
Net Sale revenues			1,969,081		3,216,269	1,247,188	63.34%
Operating costs			1,443,550		2,710,375	1,266,825	87.76%
Operating profit margins			525,531		505,894	(19,637)	-3.74%
Operating expenses			297,171		345,695	48,524	16.33%
Selling and marketing expenses		72,649		133,340		60,691	83.54%
Administrative expenses		222,625		210,449		(12,176)	-5.47%
R&D expenses		1,897		1,906		9	0.47%
Net operating profits			228,360		160,199	(68,161)	-29.85%
Non-operating income and expense			19,493		6,284	(13,209)	-67.76%
Net profits before tax			247,853		166,483	(81,370)	-32.83%
Less: Income tax expenses			9,695		23,322	13,627	140.56%
Net profits for the period			238,158		143,161	(94,997)	-39.89%
Other comprehensive income (net after-tax)			(31,658)		7,228	38,886	-122.83%
Total comprehensive income for the period			206,500		150,389	(56,111)	-27.17%
Net profits for the period attributable to			238,158		143,161	(94,997)	-39.89%
Shareholders of parent company		209,901		141,319		(68,582)	-32.67%
Non-controlling interests		28,257		1,842		(26,415)	-93.48%
Total comprehensive income attributable to			206,500		150,389	(56,111)	-27.17%
Shareholders of parent company		196,313		144,858		(51,455)	-26.21%
Non-controlling interests		10,187		5,531		(4,656)	-45.71%
<p>The main reasons for the significant changes are as follows:</p> <p>The difference between net sales revenues and operating costs was mainly due to the continued sales of the City Center project and the launch of the Shu Li Hua and Shu Ya sales projects, and the difference in the size and profitability of the two projects, which resulted in changes in revenues and costs for the period.</p> <p>Expected sales volume and forecast basis, possible impact on the Company's future finance and business matters and corresponding measures:</p> <p>In response to adjustments in market supply and demand, the economic environment and changes in the taxation system, we will maintain a prudent attitude in developing quality projects and operating steadily in the future.</p>							

III. Cash flows

(I) Analysis of changes in cash flow for the most recent year (2020)

Item \ Year	2019	2020	Increase or decrease %
Cash flows ratio (%)	1.98	5.49	177.27%
Cash flow adequacy ratio (%)	(103.30)	-42.33	-59.02%
Cash reinvestment ratio (%)	(1.96)	1.99	-201.53%
<p>Analysis of changes in cash flows:</p> <p>Due to the timing of the launch of sales projects and the recovery of the housing market, the cash inflow from operating activities increased in 2020 compared to 2019 due to the decrease in inventory held for sale and the increase in contract liabilities, with a corresponding change in the cash flow ratio.</p>			

(II) Improvement plan for liquidity deficiency: None.

(III) Cash flow analysis for the coming year (2021)

Unit: NT\$ thousand

Cash balance at the beginning of the period (1)	Cash inflow for the whole year (2)	Cash outflow for the whole year (3)	Cash balance (shortfall) (1)+(2)-(3)	Remedies for cash shortfall	
				Investment plan	Financing plan
221,927	1,919,298	1,826,599	314,626	-	-
<p>Cash flow analysis:</p> <p>The Company expects to generate a net cash inflow of approximately \$92,699 thousand after taking into account the payments for the 2021 construction project and the development of new projects, as well as the receipts from construction projects for the year.</p> <p>Remedies for cash shortfall: None.</p>					

IV. Effect of major capital expenditures on finance and business matters in the most recent year (2020): No such situation.

V. Investment policy for the most recent year (2020), the main reasons for profit or loss, improvement plan and investment plan for the coming year.

(I) Investment policy

The Company's most recent investments were in Hsin Tung Yang Construction Co., Ltd., Sunty International Land Development Co., Ltd., Sunty Land Co., Ltd., Great Harbor Limited and Cheng Du Sheng Yang Real Estate Development Limited Company all of which were made in the industry in consideration of the development of the construction business.

(II) The main reasons for profits or losses for the most recent year and improvement plan.

Hsin Tung Yang Construction Co., Ltd. has built an excellent image with its rich construction experience, meticulous construction quality, and good service. In 2020, with the efforts of all employees, the profitability still performed at a fairly high level.

In order to improve the financial structure, the Company's 100%-owned subsidiaries, Sunty International Land Development Co., Ltd. and Sunty Land Development Co., Ltd. each underwent capital reduction to cover accumulated losses.

Cheng Du Sheng Yang Real Estate Development Limited Company has been affected by Chengdu's purchase restriction policy and covid-19 pandemic, which have affected the sales of shops in the project of Gangway Plaza in Shuangnan, resulting in a small loss in 2020. Great Harbor Limited recognized a small loss on its investment in Cheng Du Sheng Yang and paid the expenses of management and sales for 2020, resulting in a small loss in 2020 too.

Unit: NT\$ thousand, Shares; December 31, 2020

Investor	Relationship with the Company	Investment amount at the beginning of the period	Investment amount at the end of the period	Number of shares at the end of the period	Shareholding percentage	Carrying amount	profits or losses for the period of the Investee	Investment gain or loss recognized during the period
Hsin Tung Yang Construction Co., Ltd.	Subsidiary of the Company	108,700	108,700	11,357,999	70.11%	151,238	13,375	25,646
Sunty International Land Development Co, Ltd	Subsidiary of the Company	180,000	123,800	12,380,000	100.00%	116,179	-4,118	-4,118
Sunty Land Co, Ltd.	Subsidiary of the Company	20,000	1,200	120,000	100.00%	1,127	-71	-71
Great Harbor Limited	Subsidiary of the Company	1,044,112	1,044,112	16,320	51.00%	510,986	-1,665	7,427
Cheng Du Sheng Yang Real Estate Development Limited Company	Great Harbor's investment	969,450 (US34,500)	969,450 (US34,500)	(Note 1)	(Note 1)	388,894 CNY89,876	-267 CNY(63)	8,140 CNY1,906

Note 1: It is a 100% subsidiary of Great Harbor Limited, a subsidiary of the Company

(III) Investment plans for the coming year: None.

VI. Analysis and assessment of risks for the most recent year (2020) or during the current year up to the date of publication of the annual report

(I) The impact of the changes in interest rate and exchange rate, and inflation on the Company's profitability and future corresponding measures:

1. The impact of the changes in interest rate on the Company's profitability and future corresponding measures:

The interest income and expenses of the Company and its significant subsidiary, Hsin Tung Yang Construction Co., Ltd. accounted for a relatively small percentage of operating revenues and therefore had little impact on profit or loss. The Company and its subsidiaries have good credit relationships with banks and have good credit standing for the most recent year and up to the date of publication of the annual report. In the future, the Company will pay close attention to changes in interest rates and global economic trends, and will actively compete with banks for the lowest interest rates and take necessary measures in a timely manner to avoid the risk of interest rate increases.

2. The impact of the changes in exchange rate on the Company's profitability and future corresponding measures:

The impact on the Company's profitability

Foreign exchange losses of the Company and investees amounted to \$3,701 thousand, accounting for -0.12% and -2.31% of the operating revenues and operating profits for 2020. The Company's foreign exchange losses were mainly due to fluctuations in the exchange rates of the USD and RMB, which resulted from the translation of foreign currency-denominated cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables. There was no significant loss on foreign currency exchange, which indicates that the Company and the investees have good risk management ability to respond to exchange rate changes and does not affect the normal operation of the Company and the investees.

Future corresponding measures

A. The quotation of business includes the consideration of price adjustment due to the change of exchange rate in order to protect the reasonable profit of the Company.

B. For the foreign exchange position, the finance department works closely with the banks to keep track of the changes in the foreign exchange market in order to take timely measures.

3. The impact of inflation on the Company's profitability and future corresponding measures:

In recent years, prices have risen as a result of rising raw material and energy prices, but the overall economy and industry still show a steady growth pattern, resulting in inflation that is still under control. In addition, the Company and its investees actively maintain good interaction with customers and suppliers, and adjust product prices and raw material inventories in a timely manner in response to price fluctuations to reduce the impact of inflation.

(II) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivative transactions, the main reasons for profit or loss, and future corresponding measures:

The Company has adopted a prudent and conservative investment policy and has not engaged in high-risk and high-leverage investments in the most recent year or as of the date of the annual report, and currently has no loans to others or derivative transactions.

For the most recent year and as of the date of the annual report, Sunty International Land Development Co., Ltd. a subsidiary of the Company, has provided a performance guarantee for the Company's pre-sale housing project, "Suntly Lai Fong", based on the regulation of the Consumer Protection Act, for the period from the date of signing of the buyer's contract to the date of obtaining the user license. The maximum guarantee amount is estimated to be approximately NT\$680 million, i.e., the construction cost for the completion of the project; all the endorsements or guarantees are carried out in accordance with the Company's "Operating Procedures for Endorsement and Guarantee".

In addition, the Company and its significant subsidiaries have established the "Procedures for Lending Funds to Others", "Procedures for Endorsement and Guarantee" and "Procedures for Acquisition or Disposal of Assets", which have been approved by the shareholders' meeting, as the basis for future execution of related matters to strengthen the control of transaction procedures.

(III) Future R&D plans and the estimated expenses

Considering that the construction industry is different from the general manufacturing industry or high-tech industry that requires research and development and design of new products, the Company and its significant subsidiaries have not established a dedicated research and development department and have no related research and development expenses and specific results.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's finance and business and corresponding measures

There was no significant impact on the Company's finance and business matters as a result of significant domestic and foreign policy and legal changes in recent years. The Company and its significant subsidiaries are always aware of the changes in policies and laws and regulations, and seek professional advice from CPA in order to prepare necessary measures and countermeasures in a timely manner.

(V) The impact of important changes in technology or industry on the Company's finance and business and corresponding measures

The Company and Hsin Tung Yang Construction Co., Ltd. currently generate revenues and profits mainly from land development, investment and residential construction in the Greater Taipei area, while Cheng Du Sheng Yang Real Estate Development Limited Company which is a sub-investment of Great Harbor Limited, is mainly involved in real estate development in Mainland China.

In response to changes in technology and industry, the Company and its investees keep abreast of market changes, actively obtain industry information through various means and accurately grasp the pulse of industry information in order to expand business, There has been no material impact on the Company's finance and business matters due to technological changes or industry changes.

(VI) The impact of change in corporate image on corporate crisis management and corresponding measures

All the employees and managerial officers of the Company and its important subsidiaries operate the Company steadily based on the corporate values of "honesty and pragmatism, active innovation, and insistence on quality". To our customers and investors, we have always maintained our corporate image of "responsibility" and "sincerity", and we will maintain our good corporate image in the future. So there will be no problem related to the change of corporate image.

(VII) Expected benefits and possible risks of mergers and acquisitions and corresponding measures: No such situation..

(VIII) Expected benefits and possible risks of plant expansion and corresponding measures: No such situation.

(IX) Risks of concentrations of purchases or sales and corresponding measures:

The Company generates revenue and profits mainly through land investment and residential construction. The main purchase items are land, and the land purchase methods are extremely diversified, ranging from bidding for authorities holding land assets to purchasing land from private parties or joint construction, and the Company adopts appropriate land investment strategies mainly in consideration of the current market conditions in order to reduce the Company's land development risks. There is no risk of concentration of construction land acquisition. In addition, due to the characteristics of the industry, in order to control the quality standard of new construction projects, the Company and its subsidiaries have contracted qualified construction companies for the construction works, and since there are many Grade A construction companies in the country, and there are many choices of organizations or contractors for utilities, electrical and mechanical, and design, the Company has no risk of concentration of purchases. In addition, the sales targets of the Company's projects are the general public and corporate firms, so there is no concentration of sales. The main raw materials of HSIN TUNG YANG CONSTRUCTION CO., LTD. are steel, concrete, cement, sand and red bricks. Except for some materials supplied by property owners according to contracts, the main bulk building materials are available domestically. The Company has established good relationships and interactions with various suppliers over the years in accordance with its sustainable management philosophy, and the supply situation is normal, so there is no risk of concentration of major raw materials. In addition, its sales are mainly derived from contract works for the parent company and obtaining factory and residential projects through tender and bargaining. Due to the limited scale of operation and the duration of construction, which is 2-3 years, its revenues are concentrated in a few property owners, so its sales are concentrated in certain customers as a characteristic of the industry. The

property owner will be changed upon completion of the project. Therefore, there is no risk of concentration of sales. Other subsidiaries are still in the planning stage of development projects, so there is no risk of concentration of purchases or sales.

- (X) The impact on the Company and risks of the massive transfer or change of shares by directors or major shareholders with 10% stake or more and corresponding measures: No such situation.
- (XI) The impact on the Company and risks of change in management rights and corresponding measures: Not applicable: No such situation
- (XII) Litigation or non-litigation events
If the Company, its directors, general managers, de facto persons in charge, major shareholders with more than 10% stake, or subordinate companies have been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices:
None of the final and binding judgments or significant litigation, non-litigation or administrative disputes related to the Company, its directors, general managers, de facto persons in charge, major shareholders with more than 10% stake, or subordinate companies are material and the results of which have not yet had a significant impact on shareholders' equity or securities prices, nor have they been found to have affected the normal operation or business of the Company.
- (XIII) Other major risks and corresponding measures

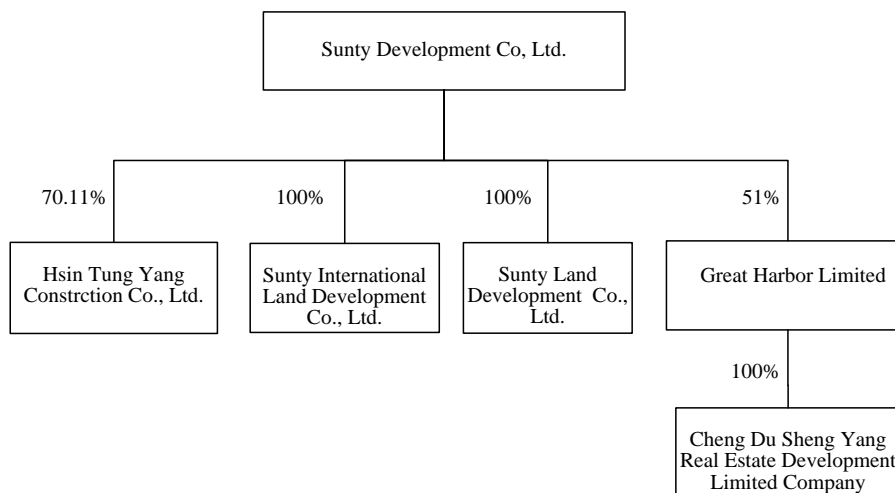
VII. Other important matters: None

VIII. Special Matters

I. Information on affiliates

The Company has not prepared any consolidated business reports, consolidated financial statements of affiliates, or relationship reports for the most recent year (2020).

(I) Organizational Chart of Affiliates



(II) Relationship with affiliated companies and mutual shareholdings

Unit: Thousand shares, NT\$ thousand, thousand; April 20, 2021

Affiliate name	Relationship with the Company	Affiliate held by the Company			The Company held by affiliate		
		Shareholding percentage	Number of shares	Investment Amount (Up to 2021.3.31)	Shareholding percentage	Number of shares	Investment Amount
Hsin Tung Yang Construction Co., Ltd.	Subsidiary of the Company	70.11%	11,358	108,700	-	0	-
Suntly International Land Development Co., Ltd.	Subsidiary of the Company	100%	12,380	123,800	-	0	-
Suntly Land Development Co., Ltd.	Subsidiary of the Company	100%	120	1,200	-	0	-
Great Harbor Limited	Subsidiary of the Company	51%	16,320 shares	US\$34,500 thousand	-	0	-
Cheng Du Sheng Yang Real Estate Development Limited Company	Great Harbor's investment	(Note 1)	(Note 1)	(Note 1)	-	0	-

Note 1: It is a 100% subsidiary of Great Harbor Limited, with an investment amount of USD 44,500 thousand. The company is organized as a limited company.

- II. Private placement of securities during the most recent year (2020) or during the current year up to the date of publication of the annual report: No such situation.
- III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year (2020) or during the current year up to the date of publication of the annual report: No such situation.
- IV. Other matters that require additional explanation: None
- V. Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, which has occurred during the most recent year (2020) or during the current year up to the date of publication of the annual report: No such situation.

Representation Letter

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

Company name: Sunty Development Co., Ltd.
Chairman: Mai, Kuan-Chen
Date: March 17, 2021



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Sunty Development Co., Ltd.:

Opinion

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

In our opinion, 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

1. Revenue recognition of property sales

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

Description of key audit matter:

The real estate industry, in which the Group is into, is deeply affected by politics and economics, therefore the management has evaluated and set up relevant internal control procedures. The Group's sales revenue of real estates was \$2,672,639 thousand for the year ended 2020. The appropriateness timing and accuracy of revenue recognition have significant impact on financial statement. Therefore, the revenue recognition is considered as one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included testing the effectiveness of the design and implementing the internal control system of sales revenue. Inspection of sales contracts, bank account transaction record and real estate ownership transfer document, etc. In addition, testing the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue

2. Construction contracts

Refer to Note 4(o) for the accounting policies on construction contract; Note 5(c) for details on the significant accounting assumptions and judgments, and major sources of the estimation uncertainty on construction contract; Note 6(u)“Revenues from contracts with customers” for revenue recognition of construction contract.

Description of key audit matter:

The Group has been engaged in civil and construction projects. The contract revenue for the year ended 2020 was \$486,685 thousand, which represents 15% of operating income. The revenue and costs of its work are recognized and measured in accordance with IFRS 15. The estimated total cost and completion of the projects involved management's estimates and judgments, including: additional or incremental costs, changes in design, cost increases or decreases, or other additional costs, and determines the completion of the projects based on contract activities at the end of reporting date. Therefore, the revenue recognition of construction contract is considered as one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included testing the effectiveness of the design and implementing the internal control system of sales revenue and receipts of construction contract, purchasing and outsourcing, and estimating the project budget. Compared and evaluated whether there is any significant abnormality in the contract revenue changes, estimated total costs, and completion levels. In addition, we considered the accuracy and integrity of the accrual calculation, accumulated contribution inputs and key assumptions, and considered the historical accuracy of the income and cost. We also assessed the adequacy of the Group's disclosures of its revenue and expense recognition

3. Valuation of Inventory

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

Description of key audit matter:

The property of the Group involves a large portion of capital infusion and long-term payback, the inventory was presented with lower of cost or net realizable value method. Since the Group focuses on real estate industry, which is deeply affected by politics, economics, and revolution of housing and land taxation, the judgment of net realizable value relies on management (i.e. Sales price, sales expenses or profit analysis) Thus, the valuation of inventory is one of the most important evaluation in performing our audit procedures.

How the matter was addressed in our audit:

Our principal audit procedures included understanding and evaluating the management's accounting treatment and control on the net realizable value of inventory ; obtaining the Group management's data of inventory valuation, inspecting and recalculating the net realizable value of inventory to ensure if it is adequate. The net realizable value can be assessed in both ways: through reviewing the recent selling price of the premises, or by inquiring the selling price of premises nearby from the "Actual Selling Price of Real Estate" website.

Other Matter

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance (including the 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yilien Han and Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019				
	Amount	%	Amount	%	Amount	%	Amount	%			
Assets											
Current assets:											
1100 Cash and cash equivalents (note 6(a))	\$	221,927	2	346,223	3	2100 Short-term borrowings (note 6(l))	\$	2,506,000	22	2,693,000	24
1110 Current financial assets at fair value through profit or loss (note 6(b) and (x))		353,637	3	320,115	3	2130 Current contract liabilities (notes 6(v) and 9)		2,127,026	19	1,380,594	13
1140 Current contract assets (notes 6(k))		97,983	1	122,610	1	Notes payable		1,879	-	80,188	1
1150 Notes receivable, net (notes 6(c) and 7)		29,790	-	26,256	-	Accounts payable		360,352	3	442,574	4
1170 Accounts receivable, net (note 6(c))		97,921	1	70,377	1	Accounts payable to related parties (note 7)		2,065	-	12,081	-
1180 Accounts receivable - related parties, net (notes 6(c) and 7)		-	-	3,388	-	Other payables (notes 6(q), (x) and 7)		219,549	2	316,681	3
1200 Other receivables, net (notes 6(d) and 7)		393	-	674	-	Current provisions (note 6(o))		9,561	-	12,769	-
1220 Current income tax assets		3,013	-	1,530	-	Current lease liabilities (note 6(n))		6,892	-	5,222	-
1320 Inventory (for construction) (notes 6(e) and 8)		7,682,030	68	7,829,379	71	Long-term borrowings, current portion (note 6(m))		30,000	-	30,000	-
1410 Prepayments		50,172	-	39,911	-	Other current liabilities-others		6,153	-	3,254	-
1476 Other current financial assets (note 6(k), 8 and 9)		904,311	8	553,769	5			5,269,477	46	4,976,563	45
1479 Other current assets, others		2,010	-	832	-	Non-Current liabilities:					
1480 Current incremental costs of obtaining a contract		431,300	4	327,196	3	Long-term borrowings (note 6(m))		309,000	3	339,000	3
		9,874,487	87	9,642,260	87	Non-current provisions (note 6(o))		39,633	-	45,912	-
						Deferred tax liabilities-others (note 6(r))		-	-	412	-
Non-current assets:						Non-current lease liabilities (note 6(n))		73,205	1	74,685	1
1510 Non-current financial assets at fair value through profit or loss (note 6(b) and (x))		19,924	-	19,924	-	Guarantee deposits (note 6(x))		4,561	-	4,578	-
1600 Property, plant and equipment (notes 6(h) and 8)		156,488	2	158,172	2			426,399	4	464,587	4
1755 Right-of-use assets (note 6(i))		153,970	1	156,817	1			5,695,876	50	5,440,950	49
1760 Investment property, net (notes 6(j) and 8)		997,959	9	1,021,356	9	Total liabilities					
1780 Intangible assets		1,604	-	150	-	Equity attributable to owners of the Company (note 6(s)):					
1840 Deferred tax assets (note 6(r))		42,777	-	48,453	-	Share capital		3,523,143	31	3,523,143	32
1975 Non-current net defined benefit asset (note 6(g))		3,168	-	1,484	-	Capital surplus		802,339	7	802,339	7
1980 Other non-current financial assets (notes 6(k), 7, 8 and 9)		77,717	1	65,797	1	Retained earnings		871,356	8	905,469	8
		1,453,607	13	1,472,153	13	Other equity interest		(52,912)	-	(55,726)	-
						Total equity attributable to owners of the Company:		5,143,926	46	5,175,225	47
						Non-controlling interests (note 6(g))		488,292	4	498,238	4
						36XX		5,632,218	50	5,673,463	51
Total assets						Total equity		11,328,094	100	11,114,413	100
						Total liabilities and equity					
								11,328,094	100	11,114,413	100

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (notes 6(u) and 7)	\$ 3,216,269	100	1,969,081	100
5000	Operating costs (notes 6(e) and 7)	<u>2,710,375</u>	<u>84</u>	<u>1,443,550</u>	<u>73</u>
5900	Gross profit from operations	<u>505,894</u>	<u>16</u>	<u>525,531</u>	<u>27</u>
Operating expenses (note 7):					
6100	Selling expenses (note 6(k))	133,340	4	72,649	4
6200	Administrative expenses	210,449	7	222,625	11
6300	Research and development expenses	<u>1,906</u>	<u>-</u>	<u>1,897</u>	<u>-</u>
		<u>345,695</u>	<u>11</u>	<u>297,171</u>	<u>15</u>
6900	Net operating income	<u>160,199</u>	<u>5</u>	<u>228,360</u>	<u>12</u>
Non-operating income and expenses:					
7100	Interest income (notes 6(w) and 7)	2,060	-	4,221	-
7020	Other gains and losses (notes 6(w) and 7)	7,394	-	28,187	1
7050	Finance costs (notes 6(e) and (w))	<u>(3,170)</u>	<u>-</u>	<u>(12,915)</u>	<u>(1)</u>
		<u>6,284</u>	<u>-</u>	<u>19,493</u>	<u>-</u>
7900	Profit before income tax	166,483	5	247,853	12
7950	Less: Income tax expenses (note 6(r))	<u>23,322</u>	<u>-</u>	<u>9,695</u>	<u>-</u>
	Profit for the period	<u>143,161</u>	<u>5</u>	<u>238,158</u>	<u>12</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(q))	1,034	-	2,328	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>1,034</u>	<u>-</u>	<u>2,328</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	6,898	-	(37,791)	(2)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>704</u>	<u>-</u>	<u>(3,805)</u>	<u>-</u>
	Items that may be reclassified to profit or loss	<u>6,194</u>	<u>-</u>	<u>(33,986)</u>	<u>(2)</u>
8300	Other comprehensive income (net of tax)	<u>7,228</u>	<u>-</u>	<u>(31,658)</u>	<u>(2)</u>
	Total comprehensive income	<u>\$ 150,389</u>	<u>5</u>	<u>206,500</u>	<u>10</u>
	Profit (loss), attributable to:				
8610	Owners of the Company	\$ 141,319	5	209,901	11
8620	Non-controlling interests	<u>1,842</u>	<u>-</u>	<u>28,257</u>	<u>1</u>
		<u>\$ 143,161</u>	<u>5</u>	<u>238,158</u>	<u>12</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 144,858	5	196,313	10
8720	Non-controlling interests	<u>5,531</u>	<u>-</u>	<u>10,187</u>	<u>-</u>
		<u>\$ 150,389</u>	<u>5</u>	<u>206,500</u>	<u>10</u>
	Basic earnings per share (NT dollar) (note 6(t))				
9750	Basic earnings per share	<u>\$ 0.40</u>		<u>0.60</u>	
9850	Diluted earnings per share	<u>\$ 0.40</u>		<u>0.59</u>	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Total other equity interest	Total equity	
	Retained earnings									
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements			Total equity attributable to owners of parent
Balance at January 1, 2019	3,523,143	802,339	597,053	20,138	258,997	876,188	(40,506)	5,161,164	509,107	5,670,271
Retroactive application of adjustments to the new criteria	-	-	-	-	(6,095)	(6,095)	-	(6,120)	(25)	(6,120)
Balance at January 1, 2019	3,523,143	802,339	597,053	20,138	252,902	870,093	(40,506)	5,155,069	509,082	5,664,151
Profit for the period	-	-	-	-	209,901	209,901	-	209,901	28,257	238,158
Other comprehensive income, net of tax	-	-	-	-	1,632	1,632	(15,220)	(13,588)	(18,070)	(31,658)
Total comprehensive income	-	-	-	-	211,533	211,533	(15,220)	196,313	10,187	206,500
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	10,642	-	(10,642)	-	-	-	-	-
Special reserve	-	-	-	20,368	(20,368)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(176,157)	(176,157)	(176,157)	(176,157)	-	(176,157)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	(1,663)	(1,663)
Non controlling interests (net of tax)	-	-	-	-	-	-	-	-	(19,368)	(19,368)
Balance at December 31, 2019	3,523,143	802,339	607,695	40,506	257,268	905,469	(55,726)	5,175,225	498,238	5,673,463
Profit for the period	-	-	-	-	141,319	141,319	-	141,319	1,842	143,161
Other comprehensive income, net of tax	-	-	-	-	725	725	2,814	3,539	3,689	7,228
Total comprehensive income	-	-	-	-	142,044	142,044	2,814	144,858	5,531	150,389
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	20,990	-	(20,990)	-	-	-	-	-
Special reserve	-	-	-	15,220	(15,220)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(176,157)	(176,157)	(176,157)	(176,157)	-	(176,157)
Non controlling interests (net of tax)	-	-	-	-	-	-	-	-	(15,477)	(15,477)
Balance at December 31, 2020	3,523,143	802,339	628,685	55,726	186,945	871,356	(52,912)	5,143,926	488,292	5,632,218

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	2019
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 166,483	247,853
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	33,064	31,611
Amortization expense	605	119
Net gain on disposal of financial assets /liabilities at fair value through profit or loss	(5,591)	(32,533)
Interest expense	3,170	12,915
Interest income	(2,060)	(4,221)
Dividend income	(2,289)	(1,918)
Loss on disposal of property, plant and equipment	24	49
Gain on foreign investment	-	(87)
Impairment loss	-	1,726
Gain on lease modification	(19)	-
Total adjustments to reconcile profit (loss)	26,904	7,661
Changes in operating assets and liabilities:		
Mandatorily measured at fair value through profit or loss	(26,526)	(74,978)
Decrease (increase) in contract assets	24,627	(40,334)
Decrease (increase) in notes receivables	(3,534)	28,939
Decrease (increase) in account receivables (including related parties)	(24,156)	70,646
Decrease (increase) in other receivables	(179)	4,066
Decrease (increase) in inventories	203,172	(85,453)
Decrease (increase) in prepayments	(10,280)	8,494
Increase in other financial assets (current and non-current)	(362,154)	(441,682)
Decrease (increase) in other current assets	(1,178)	934
Increase in current incremental costs of obtaining a contract	(104,104)	(238,495)
Increase in net defined benefit liabilities	(650)	(1,134)
Total changes in operating assets	(304,962)	(768,997)
Increase in contract liabilities	746,035	566,043
Increase (decrease) in notes payables	(78,309)	79,113
Decrease in accounts payables	(92,274)	(33,201)
Increase (decrease) in other payables	(97,306)	106,379
Decrease in provisions	(9,487)	(6,102)
Increase (decrease) in other current liabilities	2,899	(3,312)
Total changes in operating liabilities	471,558	708,920
Total changes in operating assets and liabilities	166,596	(60,077)
Total adjustments	193,500	(52,416)
Cash inflow generated from operations	359,983	195,437
Interest received	2,520	4,138
Interest paid	(53,120)	(60,976)
Income taxes paid	(20,203)	(40,298)
Net cash flows from (used in) operating activities	289,180	98,301

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	2019
Cash flows from (used in) investing activities:		
Proceeds from disposal of subsidiaries	-	1,750
Acquisition of property, plant and equipment	(499)	(830)
Proceeds from disposal of property, plant and equipment	286	49
Acquisition of intangible assets	(2,000)	(59)
Acquisition of investment properties	-	(40,056)
Increase in other financial assets	(307)	-
Decrease in other financial assets	-	78,232
Dividends received	2,289	1,918
Net cash flows from (used in) investing activities	(231)	41,004
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,128,000	2,040,000
Repayments of short-term loans	(2,315,000)	(1,840,000)
Increase in short-term notes and bills payables	339,905	549,799
Decrease in short-term notes and bills payables	(339,905)	(599,782)
Repayments of long-term loans	(30,000)	(183,375)
Decrease in guarantee deposits received	(34)	(14,025)
Increase in refundable deposits	-	(56,894)
Payment of lease liabilities	(4,739)	(2,971)
Cash dividends paid	(176,157)	(176,157)
Non controlling interests (net of tax)	(15,477)	(19,368)
Net cash flows used in financing activities	(413,407)	(302,773)
Effect of exchange rate changes on cash and cash equivalents	162	(318)
Net increase (decrease) in cash and cash equivalents	(124,296)	(163,786)
Cash and cash equivalents at beginning of period	346,223	510,009
Cash and cash equivalents at end of period	\$ 221,927	346,223

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Suntly Development Co., Ltd. (hereinafter referred to as Sun Property Development), originally known as Ocean Bright Co., LTD, was established in March 1993. It engaged in business activities related to medicine and medical equipments. The Company's shares were traded on Taipei Exchange from October 18, 2004 and traded on the Taiwan Stock Exchange since December 24, 2014. Since 2008 the Group has entered the business of residents and commercial buildings developing, leasing and selling.

Suntly Development Co., LTD (hereinafter referred to as Sun Development) was established on September 24, 1987, and primarily engaged in business of construction, sales, and leasing of residential and commercial buildings.

In response to the government's policy of encouraging mergers and acquisitions, Sun Property Development was merged with Suntly Development for enhancing the overall utilization of resources and expanding the scale of operation. On November 9, 2012, the shareholders of both companies passed the resolution in an interim shareholders' meeting. The consolidation has been registered and approved by FSC on January 24, 2013. According to consolidation agreement, the conversion ratio is 1.7 Sun Development's ordinary share. The date of consolidation was set at 21 March 2002. After the merger, Suntly Property Development was legally the surviving company and Sun Development was the elimination company. On April 3, 2013, the surviving company was approved by the Ministry of Economic Affairs to change its name to "Suntly Development Co., LTD" (hereinafter referred to as the Company). The registered address is 11th floor, No. 289, Section 4, Zhongxiao East Road, Da-an District, Taipei City.

The Company and its subsidiaries (hereinafter referred to as "the Group") are principally engaged in residential and building development, leasing and sales, urban renewal and construction projects, etc.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 17, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) Impact of adopting new, revised, or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

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

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

(Continued)

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

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

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

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

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: <ul style="list-style-type: none"> • the incremental costs – e.g. direct labor and materials; and • an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. 	

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC.

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(Continued)

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

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary as well as any related non-controlling interests. Any interest retained in the former subsidiary is measured at fair value at the date when control is lost. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill) and liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

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

Name of investor	Name of Subsidiary	Principal activity	Shareholding		Description
			December 31, 2020	December 31, 2019	
The Company	Hsin Tung Yang Construction Co., Ltd. (hereinafter referred to as Hsin Tung Yang Construction)	Comprehensive construction industry, etc.	70.11 %	70.11 %	The Company hold more than 50% interest of the subsidiary directly
The Company	Sunty International Land Development Co., Ltd. (hereinafter referred to as Sunty International)	Housing and Building Development, Rental and Hotel	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly

(Continued)

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

Name of investor	Name of Subsidiary	Principal activity	Shareholding		Description
			December 31, 2020	December 31, 2019	
The Company	Sunty Land Development Co., Ltd. (hereinafter referred to as Sunty Land Development)	Housing and Building Development, Rental and Hotel	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly
The Company	Great Harbor Limited (Hereinafter referred to as G. H.)	Investment Holding	51.00 %	51.00 %	The Company hold more than 50% interest of the subsidiary directly
G.H.	Cheng Du Sheng Yang Real Estate Development Limited Company (hereinafter referred to as Cheng Du Sheng Yang)	Real estate development	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

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

(ii) Foreign operations

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

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

(Continued)

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

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

(e) Classification of current and non-current assets and liabilities

As the Group's operating cycle is longer than a year, assets and liabilities related to the operation are classified as current or non-current by their operating cycle. An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

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

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

- (i) It is expected to be settled in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting date; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

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

(Continued)

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through profit or loss (FVTPL)

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

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

3) Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. ◦

4) Impairment of financial assets

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

(Continued)

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

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

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

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

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

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

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;

(Continued)

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

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

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

(Continued)

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes expenditures incurred in bringing them to their existing location and condition, and capitalization of interest.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses. The methods of determining the net realizable value are as follows:

- (i) Land held for development: Net realizable value is by referring to the estimate made by the competent authorities in accordance with the prevailing market conditions.
- (ii) Construction in progress: Net realizable value is the estimated selling price (prevailing market conditions) less the estimated cost and selling expense needed to complete.
- (iii) Property and land held for sale: Net realizable value is the estimated selling price (prevailing market conditions) less the estimated cost and selling expense needed to sell the real estate.

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

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is initially recognized at cost and then subsequently measured at cost again. The depreciation expense is appropriated in accordance with the depreciable amount after the initial recognition. The depreciation methods, useful lives, and residual values of investment property are same as the practice of the property, plant, and equipment.

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5~45 years
2) Transportation equipment	5 years
3) Office and other equipment	3~5 years

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

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

(k) Lease

(i) Identifying a lease

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

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

As a practical expedient, the Group elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- 4) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

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

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

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

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(Continued)

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

(l) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives (3~5 years) of intangible assets, other than goodwill, from the date that they are available for use.

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

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

(n) Provisions

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

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue recognition

(i) Revenue from contracts with customers

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

1) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. An enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer

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

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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2) Construction contracts

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

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

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

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

For residential properties, and public constructions, the Group offers a standard warranty to provide assurance that they comply with agreed upon specifications and has recognized warranty provisions for this obligation; please refer to note 6(s).

3) Consulting services and Management services

The Group provides advisory and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered.

4) Rental revenues

The rental income arising from investment property is recognized in accordance with the straight-line method over the lease period; also, the given lease incentives is deemed as part of the overall rent income and it is credited to the rent income in accordance with the straight-line method over the lease period. The income generated from the sublease of property is recognized as operating revenue.

5) Financing components

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

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

(ii) Revenue from contracts with customers-Incremental costs of obtaining a contract

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

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(q) Income Taxes

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

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

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

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(r) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

(s) Operating segments

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

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows: None.

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

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for further description of the valuation of inventories.

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

(b) Estimation of total revenue and cost of construction contracts

Construction contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs; or the completion of a physical proportion of the contract work. Estimated total contract costs of contracted items are assessed and determined by the management based on the nature of activities, expected sub contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts.

The Group's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. The valuation group periodically reviews significant unobservable inputs and adjustments. If the input data for valuation models is provided by external third parties (such as agency and pricing service institution), the valuation group would evaluate the evidence supporting such input data in order to ensure that the fair value measurement and hierarchy meet the IFRSs. The Group regularly evaluates investment property using the evaluation methods and parametric assumptions announced by FSC.

The Group uses the observable market data to evaluate its assets and liabilities. The different inputs of levels of fair value hierarchy in determination of fair value are as follows:

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

If there is any movement of financial instruments measured at fair value between Level 1, Level 2, and Level 3, the Group recognizes the movement at the reporting date.

Please refer to note 6(x), financial instruments, for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash and cash on hand	\$ 877	1,069
Demand deposits	206,489	241,748
Checking account deposits	5,467	2,055
Time deposits	9,094	101,351
Cash and cash equivalents in the statements of cash flows	\$ 221,927	346,223

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

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

(b) Financial Assets and Liabilities at Fair Value through Profit or Loss (“FVTPL”)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Mandatorily measured at fair value through profit or loss:		
Beneficiary certificate	\$ 273,831	239,401
Stocks listed on domestic markets	79,806	80,714
Unlisted common shares	<u>19,924</u>	<u>19,924</u>
Total	<u>\$ 373,561</u>	<u>340,039</u>

As of December 31, 2020 and 2019, the financial assets were not pledged.

(c) Notes and accounts receivable (including related parties)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 29,790	26,256
Accounts receivable (including related parties)	<u>97,921</u>	<u>73,765</u>
	<u>\$ 127,711</u>	<u>100,021</u>

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

	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance Provision</u>
Current	\$ <u>127,711</u>	-	<u>-</u>
	<u>December 31, 2019</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance Provision</u>
Current	\$ <u>100,021</u>	-	<u>-</u>

The Group hadn't recognized loss allowance and reversed in 2020 and 2019.

(d) Other receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other receivables	<u>\$ 393</u>	<u>674</u>

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- (i) The Group set up the construction partnership with others in 2010. The refundable deposit and prepaid deposit amounted to \$340,000 thousand. In March, 2015, due to the landlord's financial position, the land had seized and conducted auction by Shilin District Court. As a result, the aforementioned land was no longer eligible for fulfill the contract. The Group initiated the necessary litigation and transferred the deposits into other receivables. as well as recognized the impairment loss amounted to \$186,747 thousand.
- (ii) For the year ended December 31, 2018, and 2015, the Group received notice from the court about distributing the obligation after the auction. According to the received amount from the obligation, the reversal of impairment loss amounted to \$25,489 thousand and \$55,535 thousand. The debtor was unable to repay the debt obligation; the Group eliminated the loss allowance amounted to \$105,723 thousand, after receiving the court's obligation certificate for the year ended 2019.
- (iii) For further credit risk information, please refers to note 6(x).
- (e) Inventories Construction industry

	December 31, 2020	December 31, 2019
Prepayments for land and buildings	\$ 42,624	78,904
Land held for construction site	2,084,656	714,186
Construction in progress	4,651,609	4,274,566
Buildings and land held for sale	<u>903,141</u>	<u>2,761,723</u>
	<u>\$ 7,682,030</u>	<u>7,829,379</u>

- (i) For the years ended December 31, 2020 and 2019, the cost of goods sold amounted to \$2,252,582 thousand and \$827,759 thousand, respectively.
- (ii) The write-down of inventories to net realizable value amounted to \$8,286 and \$37,198, for the years ended December 31, 2020 and 2019, respectively.
- (iii) For the years ended December 31, 2020 and 2019, construction in progress of the Group is calculated using a capitalization rate of 1.64% and 1.82%, respectively. The interest capitalized amounted to \$49,724 and \$45,784 thousand, respectively.
- (iv) For the information on inventories pledged as collateral, as of December 31, 2020 and 2019, please refer to Note 8.
- (f) Loss control of subsidiaries

On September 16, 2019, the Group's Board of Directors approved to dispose 50% of the shares of its subsidiary at the amount of \$1,750 thousand. The carrying amount of the net assets was \$3,325 thousand. The proportionate share of the carrying amount of the net assets was \$1,663 thousand. The gain on disposal included in the consolidated income statement under "other gain and losses" amounted to \$87 thousand. Please refer to note 6 (w). The Group received the disposal proceeds and completed the progress in November 2019. The subsidiary's carry amount of the net assets is as follows:

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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Cash and cash equivalents	\$	217
Prepayments		<u>3,108</u>
Carrying amount of the net assets	\$	<u>3,325</u>

(g) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiary</u>	<u>Majoe operation place/ Country</u>	<u>Percentage of non- controlling interests</u>	
		<u>December 31, 2020</u>	<u>December 31, 2019</u>
Great Harbor Limited	Samoa	49.00 %	49.00 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information is the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

Consolidated financial information for Great Harbor Limited:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 1,124,783	1,118,762
Non Current assets	7,529	7,928
Current Liabilities	(150,432)	(148,042)
Non current Liabilities	<u>(2,997)</u>	<u>(3,517)</u>
Net assets	<u>\$ 978,883</u>	<u>975,131</u>
Non-controlling interests	<u>\$ 423,799</u>	<u>429,511</u>
	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Sales revenue	<u>\$ 102,854</u>	<u>82,496</u>
Net income	\$ (1,665)	2,780
Other comprehensive income	<u>6,898</u>	<u>(38,298)</u>
Comprehensive income	<u>\$ 5,233</u>	<u>(35,518)</u>
Profit, attributable to non-controlling interests	<u>\$ (9,092)</u>	<u>1,408</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ (5,712)</u>	<u>(17,359)</u>

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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	For the years ended December 31	
	2020	2019
Net cash flows from operating activities	\$ 13,732	(156,062)
Net cash flows from investing activities	-	78,210
Net cash flows from financing activities	(1,014)	(14,208)
Effect of exchange rate changes on cash and cash equivalents	<u>\$ 12,718</u>	<u>(92,060)</u>

(h) Property, plant and equipment

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

	Land	Buildings and construction	Facilities	Office equipment	Construction in progress	Total
Cost or deemed cost:						
Balance at January 1, 2020	\$ 165,839	88,986	1,576	8,608	12,293	277,302
Additions	-	205	-	294	-	499
Disposal	-	-	(1,059)	(2,266)	-	(3,325)
Effect of changes in foreign exchange rates	-	-	-	16	-	16
Balance at December 31, 2020	<u>\$ 165,839</u>	<u>89,191</u>	<u>517</u>	<u>6,652</u>	<u>12,293</u>	<u>274,492</u>
Balance at January 1, 2019	\$ 165,839	88,835	19,001	8,682	138,025	420,382
Retroactive adjustment for IFRS 16	-	-	-	-	(125,732)	(125,732)
Adjusted balance at January 1, 2019	165,839	88,835	19,001	8,682	12,293	294,650
Additions	-	151	80	599	-	830
Disposal	-	-	(17,512)	(562)	-	(18,074)
Transfer in/ out	-	-	7	(7)	-	-
Effect of changes in foreign exchange rates	-	-	-	(104)	-	(104)
Balance at December 31, 2019	<u>\$ 165,839</u>	<u>88,986</u>	<u>1,576</u>	<u>8,608</u>	<u>12,293</u>	<u>277,302</u>
Depreciation and impairments loss:						
Balance at January 1, 2020	\$ 38,200	60,190	1,322	7,125	12,293	119,130
Depreciation for the year	-	1,298	77	499	-	1,874
Disposal	-	-	(1,034)	(1,981)	-	(3,015)
Effect of changes in foreign exchange rates	-	-	-	15	-	15
Balance at December 31, 2020	<u>\$ 38,200</u>	<u>61,488</u>	<u>365</u>	<u>5,658</u>	<u>12,293</u>	<u>118,004</u>
Balance at January 1, 2019	\$ 38,200	58,838	18,625	7,084	18,485	141,232
Retroactive adjustment for IFRS 16	-	-	-	-	(6,192)	(6,192)
Adjusted balance at January 1, 2019	38,200	58,838	18,625	7,084	12,293	135,040
Depreciation	-	1,352	106	708	-	2,166
Disposal	-	-	(17,416)	(560)	-	(17,976)
Transfer in/ out	-	-	7	(7)	-	-
Effect of changes in foreign exchange rates	-	-	-	(100)	-	(100)
Balance at December 31, 2019	<u>\$ 38,200</u>	<u>60,190</u>	<u>1,322</u>	<u>7,125</u>	<u>12,293</u>	<u>119,130</u>
Carrying amounts:						
Balance at December 31, 2020	<u>\$ 127,639</u>	<u>27,703</u>	<u>152</u>	<u>994</u>	<u>-</u>	<u>156,488</u>
Balance at January 1, 2019	<u>\$ 127,639</u>	<u>29,997</u>	<u>376</u>	<u>1,598</u>	<u>119,540</u>	<u>279,150</u>
Balance at December 31, 2019	<u>\$ 127,639</u>	<u>28,796</u>	<u>254</u>	<u>1,483</u>	<u>-</u>	<u>158,172</u>

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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The Group had paid the royalty for the lease of the superficies at Land no. 583, Jianxing Section, West-central District, Tainan City (recognized construction in progress on December 31, 2018). As of January 1, 2019, the Group had reclassified under the right-to-use assets; please note 6(i) for details.

As of December 31, 2020 and 2019, the Group's property, plant and equipment pledged as collateral, please refer to Note 8.

(i) Right-of-use assets

The Group leases assets including land and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Office equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost:					
Balance at January 1, 2020	\$ 154,225	2,502	1,990	6,129	164,846
Additions	-	3,396	1,524	1,133	6,053
Disposal	-	-	(1,254)	(257)	(1,511)
Effect of changes in foreign exchange rates	-	6	-	-	6
Balance at December 31, 2020	<u>\$ 154,225</u>	<u>5,904</u>	<u>2,260</u>	<u>7,005</u>	<u>169,394</u>
Balance at January 1, 2019	\$ -	-	-	-	-
Retroactive adjustment for IFRS 16	154,046	2,541	1,990	257	158,834
Adjusted balance at January 1, 2019	154,046	2,541	1,990	257	158,834
Additions	179	-	-	5,872	6,051
Effect of changes in foreign exchange rates	-	(39)	-	-	(39)
Balance at December 31, 2019	<u>\$ 154,225</u>	<u>2,502</u>	<u>1,990</u>	<u>6,129</u>	<u>164,846</u>
Depreciation and impairment losses:					
Balance at January 1, 2020	\$ 5,260	930	529	1,310	8,029
Depreciation for the year	3,499	1,734	523	2,306	8,062
Disposal	-	-	(418)	(257)	(675)
Effect of changes in foreign exchange rates	-	8	-	-	8
Balance at December 31, 2020	<u>\$ 8,759</u>	<u>2,672</u>	<u>634</u>	<u>3,359</u>	<u>15,424</u>
Balance at January 1, 2019	\$ -	-	-	-	-
Depreciation for the year	3,534	948	529	1,310	6,321
Impairment loss	1,726	-	-	-	1,726
Effect of changes in foreign exchange rates	-	(18)	-	-	(18)
Balance at December 31, 2019	<u>\$ 5,260</u>	<u>930</u>	<u>529</u>	<u>1,310</u>	<u>8,029</u>
Carrying amount:					
Balance at December 31, 2020	<u>\$ 145,466</u>	<u>3,232</u>	<u>1,626</u>	<u>3,646</u>	<u>153,970</u>
Balance at January 1, 2019	<u>\$ 154,046</u>	<u>2,541</u>	<u>1,990</u>	<u>257</u>	<u>158,834</u>
Balance at December 31, 2019	<u>\$ 148,965</u>	<u>1,572</u>	<u>1,461</u>	<u>4,819</u>	<u>156,817</u>

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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The royalty of the superficies agreement was \$138,000 thousand. After evaluating the agreement, the Group sent the letter to Southern Region Branch, National Property Administration, MOF, to request the termination of the agreement in October 2016. On February 10, 2017, National Property Administration replied that the Group could not terminate the agreement because it had fulfilled the starting requirement. In January and July 2018, the Group filed a lawsuit for requesting the royalties return. However, Both Tainan District Court and Taiwan High Court made the decision against the Group in June 2018 and March 2019. In April 2019, the Group filed an appeal to the Supreme Court. The Supreme Court dismissed the appeal and affirmed the first instance's decision and the case is closed.

The Group recognized the impairment loss amounted to \$1,726 thousand under the other gains and losses after evaluating the carrying amount of the right-to-use assets exceed its recoverable amount.

(j) Investment property

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

	<u>Owned property</u>		<u>Right-of-use assets</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Land</u>	
Cost:				
Balance at January 1, 2020	\$ 92,310	1,072,828	31,432	1,196,570
Lease modifications	-	-	(269)	(269)
Balance at December 31, 2020	<u>\$ 92,310</u>	<u>1,072,828</u>	<u>31,163</u>	<u>1,196,301</u>
Balance at January 1, 2019	\$ 52,985	1,072,097	-	1,125,082
Retroactive adjustment for IFRS 16	-	-	32,596	32,596
Adjusted balance at January 1, 2019	52,985	1,072,097	32,596	1,157,678
Additions	39,325	731	-	40,056
Lease modifications	-	-	(1,164)	(1,164)
Balance at December 31, 2019	<u>\$ 92,310</u>	<u>1,072,828</u>	<u>31,432</u>	<u>1,196,570</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2020	\$ 6,291	168,161	762	175,214
Depreciation for the year	-	22,418	710	23,128
Balance at December 31, 2020	<u>\$ 6,291</u>	<u>190,579</u>	<u>1,472</u>	<u>198,342</u>
Balance at January 1, 2019	\$ 6,291	145,799	-	152,090
Depreciation for the year	-	22,362	762	23,124
Balance at December 31, 2019	<u>\$ 6,291</u>	<u>168,161</u>	<u>762</u>	<u>175,214</u>

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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	<u>Owned property</u>		<u>Right-of-use assets</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Land</u>	
Carrying amount:				
Balance at December 31, 2020	\$ <u>86,019</u>	<u>882,249</u>	<u>29,691</u>	<u>997,959</u>
Balance at January 1, 2019	\$ <u>46,694</u>	<u>926,298</u>	<u>32,596</u>	<u>1,005,588</u>
Balance at December 31, 2019	\$ <u>86,019</u>	<u>904,667</u>	<u>30,670</u>	<u>1,021,356</u>
Fair value:				
Balance at December 31, 2020				\$ <u>1,009,117</u>
Balance at December 31, 2019				\$ <u>1,021,356</u>

In August 2011, the Group signed a contract with the National Property Administration for the establishment of land development rights on the national land at No.5, Guanguan Section, Banqiao District, New Taipei City. The lifetime of the land is until October 2061. The Group's project "Sun-yang-you-see" is completed and promoted by the building lease transfer method and the land lease method. The annual rent of the superficies is calculated based on the declaration of land value and is adjustable depend on the amount of the declaration.

Measurement of the fair value of investment property is based on an independent evaluative (with professional qualifications) or the Group used income approach or sales comparison approach (for more information, please check the recent selling price of the premises, or by inquiring the selling price of premises nearby from the "Actual Selling Price of Real Estate" website). Under the valuation techniques for financial instruments measured at fair value, the inputs are categorized at level 3.

As of December 31, 2019, the investment property of the Group held in trust for the business needs, and the carrying amount amounted to \$17,507 thousand. The transfer registration was released and completed in November 2020. In addition, the portion of the investment property mentioned before pledged as collateral for borrowing and credit line; please refer to Note 8 for more information.

(k) Other financial assets and incremental costs of obtaining a contract

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other financial assets – current	\$ 904,311	553,769
Incremental costs to obtaining a contract	431,300	327,196
Other financial assets – non-current	<u>77,717</u>	<u>65,797</u>
	<u>\$ 1,413,328</u>	<u>946,762</u>

(i) Other current and non-current financial assets

The warranty of the construction contract, the guarantee of the green building contract of the urban renewal, the trust of pre-sale building and land, and the guarantee of joint construction, etc.

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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(ii) Current incremental costs of obtaining a contract

The Group expects that the service fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Group has therefore capitalized them as contract costs. Capitalized service fees are amortized when the related revenues are recognized. Capitalized service fees are amortized when the related revenues are recognized. For the years ended December 31, 2020 and 2019, the Group recognized \$116,903 thousand and \$53,116 thousand of amortized expense.

(iii) Collateral

As of December 31, 2020 and 2019, the other financial assets were pledged as collateral, please refer to note 8.

(l) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured bank loans	\$ 240,000	640,000
Secured bank loans	<u>2,266,000</u>	<u>2,053,000</u>
Total	<u>\$ 2,506,000</u>	<u>2,693,000</u>
Unused short-term credit lines	<u>\$ 6,010,656</u>	<u>4,622,703</u>
Range of interest rates	<u>1.40%~1.60%</u>	<u>1.50%~2.04%</u>

(i) The Group borrowed \$2,128,000 thousand and \$2,040,000 thousand of its short term loans, for the years ended December 31, 2020 and 2019, respectively. In addition, the Group repaid \$2,315,000 thousand and \$1,840,000 thousand for the years ended December 31, 2020 and 2019, respectively.

(ii) Refer to note 8 for a description of the Group's assets pledged as collateral to secure the bank loans.

(m) Long-term borrowings

The details of long-term borrowings were as follows:

	<u>December 31, 2020</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	NTD	1.98%	2025	\$ 339,000
Less: current portion				<u>(30,000)</u>
				<u>\$ 309,000</u>
Unused long-term credit lines				<u>\$ -</u>

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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	December 31, 2019			
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	2.20%	2025	\$ 369,000
Less: current portion				(30,000)
				\$ 339,000
Unused long-term credit lines				\$ -

(i) As of December 31, 2020 and 2019, the repayment amount are \$30,000 thousand and \$183,375 thousand, respectively.

(ii) Please refer to note 8 and 6(x) for a description of the Group's assets pledged as collateral for bank loans, and for disclosure of liquidity risk.

(n) Lease liabilities

Lease liabilities of the Group were as follows:

	December 31, 2020	December 31, 2019
Current	\$ 6,892	5,222
Non-current	\$ 73,205	74,685

For the maturity analysis, please refer to note 6(x) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	For the year ended December 31	
	2020	2019
Interest on lease liabilities	\$ 1,172	1,692
Expenses relating to short-term leases	\$ 7,554	8,346

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

	For the year ended December 31	
	2020	2019
Total cash outflow for leases	\$ 13,465	13,009

The Group leases vehicles and office space with lease terms of one to five years. The aforementioned leases are short-term or leases of low value items which the Group has elected not to recognize right-of-use assets and lease liabilities for these leases. In addition, the annual rent is calculated based on the declaration of land value for the current period of 50 years. The above future rent payable is evaluated in accordance with the present obligation at the reporting date and calculated at the declared of the land value for the year ended December 31, 2020. The Group has not considered the increase of the declaration of land value in the future.

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(o) Provisions-warranty

	December 31, 2020	December 31, 2019
Current	\$ 9,561	12,769
Non-current	39,633	45,912
Balance on December 31, 2020	<u>\$ 49,194</u>	<u>58,681</u>

For the years ended December 31, 2020 and 2019, the details of warranty were as follows:

	2020		2019	
	Current	Non-current	Current	Non-current
Balance on January 1, 2020	\$ 12,769	45,912	15,102	49,681
Warranty made during the year	-	3,639	-	5,442
Warranty used during the year	(3,208)	(1,646)	(9)	(9,211)
Warranty reversed during the year	-	(8,272)	(2,324)	-
Balance on December 31, 2020	<u>\$ 9,561</u>	<u>39,633</u>	<u>12,769</u>	<u>45,912</u>

The provision for warranties mainly relates to property sales and construction contract for the years ended December 31, 2020 and 2019. The warranties are estimated based on the historical data, the Group expects that most of the liability occur within 1 year after sales.

(p) Operating lease

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

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

	December 31, 2020	December 31, 2019
Less than one year	\$ 34,982	32,898
One to two years	26,877	25,728
Two to three years	26,499	25,687
Three to four years	25,853	25,578
Four to five years	25,853	25,518
More than five years	583,009	578,207
Total undiscounted lease payments	<u>\$ 723,073</u>	<u>713,616</u>

For the years ended December 31, 2020 and 2019, rental revenues from investment properties amounted to \$28,582 thousand and 28,159 thousand, respectively.

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(q) Employee benefits

(i) Defined benefit plans

The reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	\$ 37,956	40,243
Fair value of plan asset	(41,124)	(41,727)
Net defined benefit liabilities	\$ (3,168)	(1,484)

The Group's employee benefit liabilities were as follows:

	December 31, 2020	December 31, 2019
Vacation liability	\$ 6,684	5,913

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

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to \$41,124 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31	
	2020	2019
Defined benefit obligations at January 1	\$ 40,243	44,000
Current service cost and interest cost	512	552
Remeasurements loss (gain):		
— Actuarial loss (gain) arising from experience	283	(863)
Benefits paid	(3,082)	(3,446)
Defined benefit obligations at December 31	\$ 37,956	40,243

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

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

	For the years ended December 31	
	2020	2019
Fair value of plan assets at January 1	\$ 41,727	42,022
Interest income	417	427
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	1,317	1,465
Contributions paid by the employer	745	1,259
Benefits paid	(3,082)	(3,446)
Fair value of plan assets at December 31	\$ 41,124	41,727

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31	
	2020	2019
Current service costs	\$ 110	112
Net interest of net liabilities for defined benefit obligations	(15)	13
	\$ 95	125

Expenses recognized in the consolidated income statement were as follows:

	For the years ended December 31	
	2020	2019
Operating expenses	\$ 95	125
Actual return on plan assets	\$ 1,734	1,892

5) Actuarial assumptions

The principal actuarial assumptions of the actuarial valuation were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.75 %	1.00 %
Future salary increase rate	2.75 %	2.75 %

(Continued)

SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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The expected allocation payment to be made by the Group to the defined benefit plans for the one year period after the reporting date is \$0. The weighted average lifetime of the defined benefits plans is 8.1 years.

6) Sensitivity analysis

Calculations of the present value of the defined benefit obligation were based on the judgements and estimates made on the actuarial assumptions as of the balance sheet date, including discount rate, employee turnover rate and future salary changes. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2020 and 2019 shall be as follows:

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2020		
Discount rate (0.25%)	\$ (457)	469
Future salary increasing (1.00%)	1,923	(1,762)
December 31, 2019		
Discount rate (0.25%)	(660)	680
Future salary increase (1.00%)	2,791	(2,544)

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

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

(ii) Defined contribution plans

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

For the years 2020 and 2019, the Group's pension costs under the defined contribution method were \$6,271 thousand and \$6,402 thousand, respectively. Contributions to the Bureau of Labor Insurance were \$6,115 thousand and \$6,247 thousand, respectively.

(Continued)

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

(r) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Current tax expense		
Current period	\$ 1,154	4,902
Land value increment tax	17,655	3,750
Adjustment for prior years	<u>(89)</u>	<u>537</u>
	<u>18,720</u>	<u>9,189</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>4,602</u>	<u>506</u>
Income tax expense	<u>\$ 23,322</u>	<u>9,695</u>

(ii) The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ (704)</u>	<u>3,805</u>

(iii) The reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Profit excluding income tax	\$ 166,483	247,853
Income tax expense at domestic statutory tax rate	\$ 33,297	49,570
Effect of tax rates in foreign jurisdiction	(83)	139
Investment losses	(15,000)	-
Change in provision in prior periods	(89)	537
Valuation gains relating to financial assets	(1,118)	(6,507)
Income from tax exemption on land	(2,217)	(28,263)
Current-year losses for which no deferred tax asset was recognized	837	5,054
Land value increment tax	17,655	3,750
Others	<u>(9,960)</u>	<u>(14,585)</u>
Total	<u>\$ 23,322</u>	<u>9,695</u>

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

(iv) Deferred tax asset and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized with respect to the following items:

	December 31, 2020	December 31, 2019
The carryforward of unused tax losses	\$ 12,550	14,910
Tax effect of deductible Temporary Differences	3,490	3,490
	\$ 16,040	18,400

The The ROC Income Tax Act allows tax losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The deferred tax assets have not been recognized in respect of the these items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2019, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of occurrence</u>	<u>Unused balance</u>	<u>Expiry year</u>
2013	\$ 5,240	2023
2014	10,780	2024
2015	8,428	2025
2016	7,240	2026
2017	10,551	2027
2018	7,041	2028
2019	9,288	2029
2020	4,185	2030
	\$ 62,753	

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

2) Recognized deferred tax assets and liabilities

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

	Provisions	Exchange differences on translation of foreign financial statements	Others	Total
Deferred tax asset:				
Balance at January 1, 2020	\$ 11,736	13,933	22,784	48,453
Recognized in profit or loss	(1,897)	-	(3,117)	(5,014)
Recognized in other comprehensive income	-	(704)	-	(704)
Exchange differences on translation of foreign financial statements	-	-	42	42
Balance at December 31, 2020	<u>\$ 9,839</u>	<u>13,229</u>	<u>19,709</u>	<u>42,777</u>
Balance at January 1, 2019	\$ 12,956	10,128	21,942	45,026
Recognized in profit or loss	(1,220)	-	1,126	(94)
Recognized in other comprehensive income	-	3,805	-	3,805
Exchange differences on translation of foreign financial statements	-	-	(284)	(284)
Balance on December 31, 2019	<u>\$ 11,736</u>	<u>13,933</u>	<u>22,784</u>	<u>48,453</u>
			<u>Others</u>	
Deferred tax liabilities:				
Balance at January 1, 2020			\$ 412	
Recognized in profit or loss			(412)	
Balance at December 31, 2020			<u>\$ -</u>	
Balance at January 1, 2019			\$ -	
Recognized in profit or loss			412	
Balance at December 31, 2019			<u>\$ 412</u>	

(v) The Group's tax returns has been examined by the tax authorities through 2019, except for Sunty Development, which only examined through 2018.

(s) Capital and Other Components of Equity

(i) Common stock

As of December 31, 2012, the Company's government registered total authorized share capital and issued capital stock amounted to \$1,350,000 thousand and \$1,298,000 thousand, comprising 135,000 thousand shares and 1,298,000 thousand shares, respectively, with the par value of \$10 per share. On March 21, 2013, the Group increased its capital by 179,160 thousand new shares. Later on, the Board of Director approved to increase the capital 50,000 thousand shares by cash. As of December 31, 2020 and 2019, the Company's authorized share capital and issued capital stock amounted to \$5,000,000 thousand and \$3,523,143 thousand.

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

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Share capital	\$ 750,000	750,000
Cash capital increase reserved for employees	2,983	2,983
Difference arising from subsidiary's share price and its carrying value	<u>49,356</u>	<u>49,356</u>
	<u>\$ 802,339</u>	<u>802,339</u>

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

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The cash dividends shall not be less than 10% of the total shareholders' dividends.

1) Legal reserve

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

2) Special reserve

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

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

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during the shareholders' meeting on June 10, 2020 and June 21, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2019		2018	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.50	<u>176,157</u>	0.50	<u>176,157</u>

(iv) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Non- controlling interests	Total
Balance at January 1, 2020	\$ (55,726)	(38,615)	(94,341)
Exchange differences on translation of net assets of foreign operations	<u>2,814</u>	<u>3,380</u>	<u>6,194</u>
Balance at December 31, 2020	<u>\$ (52,912)</u>	<u>(35,235)</u>	<u>(88,147)</u>
Balance at January 1, 2019	\$ (40,506)	(19,849)	(60,355)
Exchange differences on translation of net assets of foreign operations	<u>(15,220)</u>	<u>(18,766)</u>	<u>(33,986)</u>
Balance at December 31, 2019	<u>\$ (55,726)</u>	<u>(38,615)</u>	<u>(94,341)</u>

(t) Earnings per share

The Company's earnings per share are calculated as follows:

	For the years ended December 31	
	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u>141,319</u>	<u>209,901</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	<u>352,314</u>	<u>352,314</u>
Basic earnings per share	<u>\$ 0.40</u>	<u>0.60</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders	\$ <u>141,319</u>	<u>209,901</u>
Weighted-average number of ordinary shares outstanding	352,314	352,314
Effect of employee share bonus	<u>445</u>	<u>483</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>352,759</u>	<u>352,797</u>
Diluted earnings per share	<u>\$ 0.40</u>	<u>0.59</u>

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

(u) Revenue from contracts with customers

(i) Details of revenue

	For the year ended December 31, 2020		
	Sales of real estate department	Engineering department	Total
Primary geographical markets:			
Asia	\$ <u>2,728,006</u>	<u>488,263</u>	<u>3,216,269</u>
Major products/services lines:			
Sales of real estates	\$ 2,672,639	-	2,672,639
Construction contractors	-	486,685	486,685
Others	<u>55,367</u>	<u>1,578</u>	<u>56,945</u>
	<u>\$ 2,728,006</u>	<u>488,263</u>	<u>3,216,269</u>
Revenue Recognition time Points:			
Project migration over time	\$ -	486,685	486,685
Labor transferred over time	55,367	1,578	56,945
Items transferred at a particular point of time	<u>2,672,639</u>	<u>-</u>	<u>2,672,639</u>
	<u>\$ 2,728,006</u>	<u>488,263</u>	<u>3,216,269</u>
	For the year ended December 31, 2019		
	Sales of real estate department	Engineering department	Total
Primary geographical markets:			
Asia	\$ <u>1,307,076</u>	<u>662,005</u>	<u>1,969,081</u>
Major products/services lines:			
Sales of real estates	\$ 1,246,195	-	1,246,195
Construction contractors	-	660,535	660,535
Other	<u>60,881</u>	<u>1,470</u>	<u>62,351</u>
	<u>\$ 1,307,076</u>	<u>662,005</u>	<u>1,969,081</u>
Revenue Recognition time Points:			
Project migration over time	\$ -	660,535	660,535
Labor transferred over time	60,881	1,470	62,351
Items transferred at a particular point of time	<u>1,246,195</u>	<u>-</u>	<u>1,246,195</u>
	<u>\$ 1,307,076</u>	<u>662,005</u>	<u>1,969,081</u>

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

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets- construction	<u>\$ 97,983</u>	<u>122,610</u>	<u>82,276</u>
Contract liabilities- construction	\$ 82,885	39,308	23,263
Contract liabilities- sales of real estate	1,347,214	796,522	258,025
Contract liabilities- unearned revenue	521,112	539,486	531,810
Contract liabilities- pre-collected rent	6,457	5,278	4,284
Contract liabilities- installments claim receivables	<u>169,358</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,127,026</u>	<u>1,380,594</u>	<u>817,382</u>

Please refer to Note 6(c) for the disclosure of accounts receivable and impairment.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There is no significant changes for the years ended December 31, 2020 and 2019. The building lease and land lease contract of “Sun-yang-you-see” of installments claim receivables transferred to financial institutions; please refer to note 9.

(v) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 2%, but not exceed 10%, of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2020 and 2019 the Company estimated its remuneration to employees amounting to \$4,993 and \$6,607, respectively, and the remuneration to directors amounting to \$1,664 and \$2,202, respectively. The abovementioned estimated amounts are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognized as cost of sales or operating expenses. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. There is no discrepancy under the circumstances of actual distribution. The information is available on the Market Observation Post System website.

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

(w) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2020	2019
Interest income from bank deposits	\$ 1,985	4,159
Other interest income	75	62
Total Interest income	<u>\$ 2,060</u>	<u>4,221</u>

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2020	2019
Losses on disposals of property, plant and equipment	\$ (24)	(49)
Gains on disposals of investments	-	87
Gains on modification of leases	19	-
Foreign exchange loss	(3,701)	(608)
Gains on financial assets at fair value through profit or loss	5,591	32,533
Impairment loss	-	(1,726)
Miscellaneous disbursements	(47)	(8,281)
Others	5,556	6,231
Other gains and losses, net	<u>\$ 7,394</u>	<u>28,187</u>

(iii) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest expenses	<u>\$ 3,170</u>	<u>12,915</u>

(x) Financial instruments

(i) Credit risk

1) Credit risks

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

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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2) Concentration of credit risk

The Group has a large and unconnected customer base and is therefore not at risk of significant concentration of credit risk, and the Group is connected with a good credit counterparty in the open market and expects that the counterparty will not breach the contract. Therefore, there is little possibility of credit risk.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(c). Other financial assets at amortized cost are other receivables, all of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The loss allowance provision were determined as follows:

	Other receivables
Balance at January 1, 2020 (i.e. Balance on December 31, 2020)	\$ -
Balance at January 1, 2019	\$ 105,723
Written off for the year	(105,723)
Balance at December 31, 2019	\$ -

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 2,605,000	2,735,701	528,316	31,616	639,828	1,304,656	231,285
Unsecured bank loans	240,000	241,874	191,810	50,064	-	-	-
Trade payables	583,845	583,845	471,761	112,084	-	-	-
Lease liabilities	80,097	127,856	3,488	3,488	4,138	5,881	110,861
Guarantee deposits	4,561	4,561	-	-	4,561	-	-
	\$ 3,513,503	3,693,837	1,195,375	197,252	648,527	1,310,537	342,146
December 31, 2019							
Non-derivative financial liabilities							
Secured bank loans	\$ 2,422,000	2,581,600	126,797	46,708	595,985	1,474,794	337,316
Unsecured bank loans	640,000	654,336	344,587	72,561	134,485	102,703	-
Trade payables	851,524	851,524	782,702	68,809	13	-	-
Lease liabilities	79,907	129,857	2,702	2,635	5,229	6,279	113,012
Guarantee deposits	4,578	4,578	-	-	4,578	-	-
	\$ 3,998,009	4,221,895	1,256,788	190,713	740,290	1,583,776	450,328

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Currency risks

The Group's significant exposures to foreign currency risk were as follow:

	December 31, 2020			December 31, 2019		
	Foreign Currency	Average Exchange Rate	NTD	Foreign Currency	Average Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ -	28.1000	-	2,573	29.9800	77,146

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD for the years ended December 31, 2020 and 2019 would have increased (decreased) the net profit after tax by \$0 and \$771 thousand. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impacts of forecasted sales and purchases. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

The amounts of conversion gains and losses (including realized and unrealized) of monetary items of the Group which were converted into NTD, and the exchange rate information converted to the Company's functional currency, NTD, are as follows:

	For the years ended December 31			
	2020		2019	
	Exchange gain (loss)	Average exchangerate	Exchange gain (loss)	Average exchangerate
NTD	\$ (5,029)	-	(826)	-
CNY	1,328	4.2710	218	4.4723

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by \$1,705 thousand and \$6,737 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors that remain constant. This is mainly due to the Group's borrowings in variable rates.

(v) Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price and fund beneficiary certificate at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31	
	2020	2019
	Net Income	Net Income
Increase 3%	\$ 2,874	4,697
Decrease 3%	\$ (2,874)	(4,697)

(vi) Fair value of financial instruments

1) Categories of financial instruments

Fair value

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows ; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
	Book	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 373,561	353,637	19,924	-	373,561
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 221,927	-	-	-	-
Notes receivables, trade receivables and other receivables	128,104	-	-	-	-
Other current financial assets	904,311	-	-	-	-
Other non-current financial assets	77,717	-	-	-	-
Subtotal	\$ 1,332,059	-	-	-	-

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

	December 31, 2020				
	Book	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 2,506,000	-	-	-	-
Notes payables, trade payables and other payables	583,845	-	-	-	-
Long-term borrowings (including current portion)	339,000	-	-	-	-
Lease liabilities	80,097	-	-	-	-
Guarantee deposits	4,561	-	-	-	-
Subtotal	<u>\$ 3,513,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2019				
	Book amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 340,039	320,115	19,924	-	340,039
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 346,223	-	-	-	-
Notes receivables, trade receivables and other receivables	100,695	-	-	-	-
Other current financial assets	553,769	-	-	-	-
Other non-current financial assets	65,797	-	-	-	-
Subtotal	<u>\$ 1,066,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 2,693,000	-	-	-	-
Notes payables, trade payables and other payables	851,524	-	-	-	-
Long-term borrowings (including current portion)	369,000	-	-	-	-
Lease liabilities	79,907	-	-	-	-
Guarantee deposits	4,578	-	-	-	-
Subtotal	<u>\$ 3,998,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

- a) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost.

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SUNTY DEVELOPMENT CO., LTD. AND SUBSIDIARIES
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If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

- 3) Valuation techniques for financial instruments measured at fair value
- a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. The market for the said financial instrument shall be seen as inactive should the aforementioned requirements have not been met. In general, a market with low trading volume or high bidask spreads is an indication of a nonactive market.

If the financial instruments possessed by the Group has quoted market prices in active markets, the fair value was as follows:

Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies and corporate bonds: the fair value is based on the market quoted price.

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

- b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate. Measurement of the fair value of derivative instruments is based on the valuation.

techniques generally accepted by market participants such as the discounted cash flow (i.e Black-Scholes model) or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate. Fair value of forward currency is usually determined by the forward currency exchange rate.

(Continued)

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

4) Transfers between Level 1 and Level 2

Stock and fund held by the Group quoted in an active market is sorted to Level 1. There is no difference regarding valuation techniques between 2020 and 2019. There is no transfer between first and second level measured at fair value in 2020 and 2019.

(y) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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

(ii) Risk management framework

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

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

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

(iii) Credit risk

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

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

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, there is no risk of significant concentration; and the merger is conducted through open markets with a credit-good counterparty, which is expected to not result in a breach of contract by the counterparty, so there is little possibility of credit risk.

The Company's accounts receivable and other receivables were mainly due from the customer. Customers rated as high risk were classified as restricted customers and monitored, and those customers will transact with the Group only on a prepayment basis in the future.

The majority of the Group's customers are mostly those in the construction industry. In order to reduce accounts receivable credit risk, the Group continuously assesses the financial condition of its customers. If it is necessary, the Group will ask for guarantees or warranties. However, there is no other significant concentration of credit risk. Furthermore, the Group monitors and reviews the recoverable amount of the accounts receivables to ensure the uncollectible amount is recognized appropriately as impairment loss.

The Group establishes an allowance for doubtful accounts that represents its estimate on incurred losses in respect of trade receivables and other receivables. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

3) Guarantees

The Group's policy is to provide financial guarantees to the companies that have business relationship and the subsidiaries that the Group directly and indirectly hold more than 50% voting shares. As of December 31, 2020 and 2019, there is no guarantee outstanding.

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

(iv) Liquidity risk

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

Bank borrowing is an essential liquidity source for the Group. As of December 31, 2020 and 2019, the Group's unused credit line were amounted to \$6,376,298 thousand and \$4,838,366 thousand, respectively.

(v) Market risk

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

The Group did not buy and sell derivatives for manage market risks.

1) Currency risk

The interest was denominated in the currency used in the borrowings. Borrowings were generally denominated in currencies that match with the cash flows generated by the underlying operations of the Group, primarily TWD. This provided an economic hedge without derivatives being entered into, and therefore, hedge accounting was not applied in these circumstances.

2) Interest rate risk

The Group ensures that the most cost-effective strategy is adopted by maintaining an appropriate fixed and floating interest rate mix and evaluating it regularly.

3) Other market price risk

The Group is not exposed to equity price risk due to passive investment strategy on trading listed equity securities.

(z) Capital management

The objectives of the Board's policy are to maintain an optimal capital structure to keep the investors, creditors, the market faith, and the future operation. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

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

The Group's debt to equity ratio at the reporting date was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 5,695,876	5,440,950
Less: cash and cash equivalents	(221,927)	(346,223)
Net debt	5,473,949	5,094,727
Total Equity	5,632,218	5,673,463
Adjusted equity	\$ 11,106,167	10,768,190
Debt-to-equity ratio at December 31	49.29%	47.31%

(aa) Investing and financing activities not affecting current cash flow

(i) Obtain right-of-use assets by lease, please refer to notes 6(g).

(ii) The reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2020
			Acquisition	Foreign exchange movement	
Long-term borrowings	\$ 369,000	(30,000)	-	-	339,000
Short-term borrowings	2,693,000	(187,000)	-	-	2,506,000
Lease liabilities	79,907	(4,739)	4,929	-	80,097
Total liabilities from financing activities	\$ 3,141,907	(221,739)	4,929	-	2,925,097

	January 1, 2019	Cash flows	Non-cash changes		December 31, 2019
			Acquisition	Foreign exchange movement	
Long-term borrowings	\$ 552,375	(183,375)	-	-	369,000
Short-term borrowings	2,493,000	200,000	-	-	2,693,000
Lease liabilities	78,010	(2,971)	4,887	(19)	79,907
Short-term notes payables	49,983	(49,983)	-	-	-
Total liabilities from financing activities	\$ 3,173,368	(36,329)	4,887	(19)	3,141,907

(Continued)

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

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Hsing Yang Engineering Co., Ltd. (Hsing Yang Engineering)	Related party
Shi Yang Construction Co., Ltd. (Shi Yang Construction)	Related party
Hsin Tung Yang Real Estate Agent Co., Ltd. (Hsin Tung Yang Real Estate Agent)	Related party
Hsin Tung Yang Co., Ltd.	Related party
Syang Apartment Building Management and Maintenance Co., Ltd.	Related party
Syang Security Co., Ltd.	Related party
Ton Fu Development Co., Ltd.	Related party
CHEN, ○-ZHEN	Related party
LI, ○-WAN	Related party
MAI, ○-JEN	Related party
JIAN,○-YU	Related party
CHEN,○-QIU	Related party
ZENG,○-ZHENG	Related party
CHIEN,○-YING	Key management personnel of the Group
MAI,○-WEI	Key management personnel of the Group
LIU,○-HUI	Key management personnel of the subsidiary

(b) Significant transactions with related parties

(i) Sales revenue

The amounts of significant sales transactions and outstanding balances (including construction income) between the Group and related parties were as follows:

	For the years ended December 31	
	2020	2019
Related party	\$ 2,084	8,529

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

The rading terms of the Group's contracts for the above companies are 40% of cash, and rest of the 60% collected in 2 months. The collection period is comparable to the normal transaction. There is no significant difference between the sales price of the Group for main management and for third parties.

In August 2019, the Board of Directors had approved a resolution to dispose of portion of its road sites to other related parties for a total contract amount of \$2,022 thousand. As of December 31, 2020, the Group had received the full amount and completed the transfer process.

The Group was signed the contract of sales property with other related parties in respect of a joint-construction in August 2019. The construction has 40% belong to the Group amounted to \$8,540 thousand (including tax). As of December 31, 2019, the Group had received the full amount and completed the transfer process.

There is no material difference between the above prices and sales terms of lands and roads to other related parties and the non-related parties.

- (ii) The amounts of contract out and design by the Group from related parties were as follows:

<u>For the year ended December 31, 2020</u>	<u>Principal activity</u>	<u>Total contract price</u>	<u>The amount of the current period</u>	<u>Priced amout</u>
Related party	Construction work	\$ <u>1,371</u>	<u>496</u>	<u>1,371</u>
<u>For the year ended December 31, 2019</u>				
Related party	Architectural design	\$ <u>19,281</u>	<u>-</u>	<u>5,820</u>
Other related party	Construction work	\$ <u>48,828</u>	<u>36,598</u>	<u>48,828</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

In addition, the joint-construction agreement with other related parties was terminated in August, 2019.

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

(iii) Creditor debt situation

The Group's significant claims and liabilities with related parties were as follows:

<u>Account title</u>	<u>Category of related party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Note receivable	Other related party	\$ -	607
Trade receivable	Other related party-Shi Yang Construction	\$ -	3,388
Trade receivable	Other related party	\$ 2,065	12,081
Other payables	Other related party	\$ -	154

(iv) Leases between the Group and the related parties as of December 31, 2020 and 2019:

<u>For the year ended December 31, 2020</u>	<u>Assets</u>	<u>Period</u>	<u>Payment method</u>	<u>Rent income (expense)</u>
Other related party	Partial office of Zhongxiao East Road, Taipei	2020.01.01~2020.12.31	One-time payment	\$ (1,224)
"	11F, No.289, Section 4, Zhongxiao East Road, Taipei	2020.01.01~2020.12.31	"	\$ (2,266)
"	Partial office of Zhongxiao East Road, Taipei	2020.01.01~2020.12.31	One-time receivable	\$ 488
<u>For the year ended December 31, 2019</u>				
Other related party	Partial office of Zhongxiao East Road, Taipei	2019.01.01~2019.12.31	One-time payment	\$ (1,224)
"	11F, No.289, Section 4, Zhongxiao East Road, Taipei	2019.01.01~2019.12.31	"	\$ (2,266)
"	Partial office of Zhongxiao East Road, Taipei	2018.09.01~2019.12.31	One-time receivable	\$ 487

(v) The Group signed a lease agreement on the fixed-term use rights of the building and land rights leases with the key management personnel in September 2018. In 2020 and 2019, the rental income were both \$137 thousand.

(vi) Other

1) In December 2013, the Group signed a joint-construction agreement with other related parties to cover urban renewal costs. Both parties agree to share the burden in proportion to 40% and 60%, respectively. As of December 31, 2020 and 2019, the guarantee interest income amounted to \$31 thousand and \$24 thousand, respectively. The joint-construction project was completed in December 2018.

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

- 2) The Group has entered into a business contract with the related party for assisting the construction cases. The salary is paid at a fixed rate. The contract amounted to \$360 thousand in 2019.
- 3) In 2020 and 2019, the operating and construction expenses paid by the Group to other related parties and major management of the Group by the operating and business dealings of the Company and the co-owner of the urban renewal cases were \$4,538 thousand and \$5,490 thousand, respectively.
- 4) The Group had business with other related parties at the amount of \$11 thousand in 2020.
- 5) As of December 31, 2020 and 2019, the refundable deposits paid, through construction contracts with the other related parties, amounted to \$32,972 thousand and \$49,052 thousand, respectively.
- 6) As of December 31, 2020 and 2019, the deposit collected, through outsourcing to other related parties were \$19,501 thousand and \$23,301 thousand, respectively.
- 7) In 2009, the Group entrusted other related parties to acquire real estate in the Yongji section, Xinyi District, on their behalf and to sign a trust contract in December of the same year for the precaution. As of December 31, 2019, the book value of the property amounted to \$17,507 thousand. In November 2020, the property had revoked the trust and completed the transfer.

(c) Key management personnel compensation

	For the years ended December 31	
	2020	2019
Short-term employee benefits	\$ 34,358	35,236
Post-employment benefits	659	661
	<u>\$ 35,017</u>	<u>35,897</u>

(8) Pledged assets:

The information on pledged assets' carrying value is as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Proceeds from disposal of property, plant and equipment	Bank loan	\$ 155,058	156,190
Investment property	"	876,560	898,592
Inventories-construction	"	4,625,942	4,085,591
Other current and non-current financial assets	The warranty of the construction contract, the guarantee of the green building contract of the urban renewal, and the trust of pre-sale building and land, etc.	917,426	552,950
		<u>\$ 6,574,986</u>	<u>5,693,323</u>

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

(9) Significant contingent liabilities and unrecognized commitments:

The Group's unrecognized contractual commitments are as follows:

- (a) The Group entered into sales of presold and finished property. The amount of fixed property usage right and the contract of the land lease are as follows:

	December 31, 2020	December 31, 2019
Signed contract price	<u>\$ 9,590,079</u>	<u>7,066,152</u>
Received	<u>\$ 1,862,614</u>	<u>1,335,062</u>

- (b) The amounts of the construction contracts of the Group and the amounts received through the contract are as follows:

	December 31, 2020	December 31, 2019
Signed contract price for works	<u>\$ 2,249,971</u>	<u>2,166,521</u>
Received on an approximate basis	<u>\$ 1,567,919</u>	<u>1,354,740</u>

- (c) The refundable deposit provided by the Group for joint-construction is as follows:

	December 31, 2020	December 31, 2019
Refundable deposits	<u>\$ 57,542</u>	<u>60,501</u>

- (d) Unrecognized commitments generated by signing contracts for purchasing land for construction and presold property was as follows:

	December 31, 2020	December 31, 2019
Inventory (construction industry)	<u>\$ 1,023,855</u>	<u>1,026,370</u>

- (e) The Group used the building lease, and land lease contract of "Sun-yang-you-see" of installments claim receivables transferred to financial institutions. As of December 31, 2020, the balance of unpaid amounted to \$169,358 thousand and recognized current contract liabilities.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the years ended December 31					
		2020			2019		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		31,983	137,579	169,562	31,551	150,554	182,105
Labor and health insurance		3,278	8,165	11,443	2,992	8,796	11,788
Pension		1,964	4,402	6,366	2,027	4,500	6,527
Others		1,060	7,254	8,314	1,037	7,695	8,732
Depreciation		23,799	9,265	33,064	22,964	8,647	31,611
Depletion		-	-	-	-	-	-
Amortization		-	605	605	-	119	119

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

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Fund financing to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	Sunty International Land Development Co., Ltd.	Sunty Development Co., Ltd.	7	956,893	680,000	680,000	561,949	-	568.51 %	1,196,116	N	Y	N

Note 1: The maximum guarantee and endorsement cannot exceed the net worth of the Company. The maximum guarantee and endorsement for individual counter party cannot exceed the net worth of the Company. The maximum guarantee and endorsement for other entity by the Company and subsidiaries cannot exceed 150% of the net worth of the Company.

Note 2: There are seven kind of conditions in which the Company may have guarantees or endorsements for the receiving parties.

1. The Company has business with the receiving parties.
2. The Company holds directly more than 50% of the common stock of the subsidiaries.
3. The parent company which directly or indirectly holds more than 50% of the investee
4. Subsidiaries in which the Company directly or indirectly holds more than 90% of its voting rights.
5. Companies in the same type of business and providing mutual endorsement/ guarantee in favor of each other in accordance with contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsement and/ or guarantee for their mutually invested company in proportion to their shareholder percentage.
7. Companies in the same type of business providing guarantee of pre-sale contract according to the regulation.

Note 3: The subsidiary (Sunty International) is the parent company (Sunty Development) under the joint guarantee for the performance of the pre-sale housing sales contract under the Consumer Law. The maximum guarantee and endorsement for raised to ten and eight times the net value of the subsidiary (Sunty International).

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
Sunty Development Co., Ltd	Stocks - Ton Fu Development Co., LTD, (Ton Fu)	-	Financial assets at fair value through profit and loss - current	2,000	19,924	10.00 %	19,924	10.00 %	
Hsin Tung Yang Construction Co., Ltd.	Stocks - Yushan Financial Holdings (shares)	-	Financial assets at fair value through profit and loss - current	3,124	79,806	- %	79,806	- %	
"	Beneficiary certificate - FSITC Money Market Fund	-	"	1,296	20,003	- %	20,003	- %	
Cheng Du Sheng Yang Real Estate Development Limited Company	Beneficiary certificate - Monthly benefits	-	"	58,000	253,828	- %	253,828	- %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

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

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	The youth section of Wanhua District, Taipei City	2020.3.17	543,400	543,400	Ministry of Defense	Related party				-	Tender	Business Activity	
The Company	Fushun Section, Shilin District, Taipei	2020.7.17	781,360	781,360	Mr. Lin and six others	"				-	Pricing	"	

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: None
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Sunty Development Co., Ltd.	Hsin Tung Yang Construction Co., Ltd	1	Investment property	12,487	-	0.11%
0	"	"	1	Accounts payable	49,918	-	0.44%
0	"	"	1	Rental income	3,895	-	0.12%
0	"	G. H.	1	Trade receivable	29,073	-	0.26%
1	Hsin Tung Yang Construction Co., Ltd	Sunty Development Co., Ltd.	2	Sale revenue	75,735	-	2.35%
1	"	"	2	Operating costs	70,676	-	2.20%
1	"	"	2	Contract liabilities	16,540	-	0.15%

Note 1: Description of number are as follows :

1. Parent company labeled 0.
2. Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

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

- (b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
Sunty Development Co., Ltd	Hsin Tung Yang Construction Co., Ltd	Taiwan	Civil engineering contractors, etc.	108,700	108,700	11,358	70.11 %	151,238	70.11 %	13,375	25,646	
"	Sunty International Land Development Co., Ltd.	Taiwan	Construction, sales, and leasing of residential and commercial buildings	123,800	180,000	12,380	100.00 %	116,179	100.00 %	(4,118)	(4,118)	(Note 1)
"	Sunty Land Development Co., Ltd.	Taiwan	Construction, sales, and leasing of residential and commercial buildings	1,200	20,000	120	100.00 %	1,127	100.00 %	(71)	(71)	(Note 1)
"	Great Harbor Limited	Samoa	Investment holding	1,044,112	1,044,112	16	51.00 %	510,986	51.00 %	(1,665)	7,427	

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

Note 1: On November 20, 2020, the Board of Directors of Sunty International Land Development and Sunty Land Development passed a resolution to reduce capital to make up the losses. The reduction amount is \$56,200 thousand and \$18,800 thousand, the elimination of shares is 5,620 thousand and 1,880 thousand and the ratio is 31% and 94%, respectively. The registration process was completed on December 3 and December 11, 2020, respectively.

Note 2: The above transactions were eliminated when compiling the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Cheng Du Sheng Yang Real Estate Development Limited Company	Real estate development	1,250,450 (US\$34,500)	(Note 1)	969,450 (US\$34,500)	-	-	969,450 (US\$34,500)	(267) (CNY(63))	51.00%	51.00%	8,140 (CNY1,906)	388,894 (CNY89,876)	-

Note 1: It is the Company's third-region investment business through the Great Harbor Limited.

Note 2: On January 18, 2021, the Board of Directors had approved the capital reduction and refunded to the shareholders. The refund amount is US\$9,300 thousand.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China set by Investment Commission Ministry
969,450 (US\$34,500)	1,007,554 (US\$35,856)	3,379,331

Note: US Dollar exchange rate at December 31, 2020 closing rate: NT\$28.1000, CNY\$0.1540.

(iii) Significant transactions: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chen Yang Investment Co., Ltd.		41,303,941	11.72 %
Shang Yang Investment Co., Ltd.		41,234,312	11.70 %
Ting Yang Investment Co., Ltd.		40,738,478	11.56 %
Hsing Yang Investment Co., Ltd.		30,856,309	8.75 %
Shi Yang Construction Co., Ltd.		25,855,653	7.33 %
Yuan Shang Co., Ltd.		25,172,005	7.14 %
Cathay United Bank holding J-Ten Ltd. Investment Account		23,933,000	6.79 %
Ting Yang Development Co., Ltd.		21,993,819	6.24 %
Hsin Tung Yang Real Estate Agent Co., Ltd.		19,087,948	5.41 %

Note: The major shareholders information in this table is based on the last business day at the end of each quarter by Taiwan Depository and Clearing Corporation, which calculates that shareholders hold more than 5% of the company's ordinary shares that have been delivered without physical registration.

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

(14) Segment information:

(a) General information

The Group consist of two department, developing department and construction department. Each business group has different marketing attributes and marketing strategies, which are described as follows:

Real Estate Transaction department: commissioning contractor to construct commercial and residential buildings for leasing and sales.

Construction department: engaging in the business of construction and civil engineering.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any extraordinary activity and foreign exchange gains or losses, because taxation, extraordinary activity and foreign exchange gains or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non cash items. The reportable amount is the same as the report used by the chief operating decision maker. The operating segment accounting policies are similar to the ones described in Note 4 “Significant accounting policies” except for the recognition and measurement of pension cost, which is on a cash basis. The Group treated intersegment sales and transfers as third party transactions. They are measured at market price.

<u>For the year ended December 31, 2020</u>	<u>Sales of real estate department</u>	<u>Construction contractor department</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue:				
Revenue from external customers	\$ 2,728,006	488,263	-	3,216,269
Intersegment sales	6,225	75,735	(81,960)	-
Interest income	1,980	80	-	2,060
Total revenue	\$ 2,736,211	564,078	(81,960)	3,218,329
Interest expense	\$ 3,026	144	-	3,170
Depreciation and amortization	30,276	3,393	-	33,669
Reportable segment profit or loss	\$ 151,384	15,099	-	166,483
Assets:				
Noncurrent asset capital expenditure	\$ 1,084,244	71,807	-	1,156,051
Reportable segment assets	\$ 10,861,427	466,667	-	11,328,094
Reportable segment liabilities	\$ 5,429,077	266,799	-	5,695,876

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

<u>For the year ended December 31, 2019</u>	<u>Sales of real estate department</u>	<u>Construction contractor department</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue:				
Revenue from external customers	\$ 1,307,076	662,005	-	1,969,081
Intersegment sales	6,335	1,026	(7,361)	-
Interest income	4,036	185	-	4,221
Total revenue	<u>\$ 1,317,447</u>	<u>663,216</u>	<u>(7,361)</u>	<u>1,973,302</u>
Interest expense	\$ 12,707	208	-	12,915
Depreciation and amortization	29,821	1,909	-	31,730
Reportable segment profit or loss	<u>\$ 183,145</u>	<u>64,708</u>	<u>-</u>	<u>247,853</u>
Assets:				
Noncurrent asset capital expenditure	\$ 1,107,607	72,071	-	1,179,678
Reportable segment assets	<u>\$ 10,563,239</u>	<u>551,174</u>	<u>-</u>	<u>11,114,413</u>
Reportable segment liabilities	<u>\$ 5,158,009</u>	<u>282,941</u>	<u>-</u>	<u>5,440,950</u>

(c) Product and service information

Revenue from the external customer of the Group, please refer to 6(u).

(d) Geographic information

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

<u>Geographical information</u>	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue from external customers:		
Taiwan	\$ 3,113,415	1,886,585
Mainland China	102,854	82,496
	<u>\$ 3,216,269</u>	<u>1,969,081</u>
Non-current assets:		
Taiwan	\$ 1,309,787	1,335,822
Mainland China	234	673
Total	<u>\$ 1,310,021</u>	<u>1,336,495</u>

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(e) Major customer information

The Group does not generate the income from a single customer that exceed 10% of the consolidated income statement. Thus, the group does not disclose any major customer information.



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Sunty Development Co., LTD:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

1. Revenue recognition

Please refer to notes 4(n) and 6(t) of the notes to parent company only financial statements for the accounting policy on revenue recognition and the description of revenue.

Description of key audit matter:

The real estate industry, in which the Company is into, is deeply affected by politics and economics, therefore the management has evaluated and set up relevant internal control procedures. The Company's sales revenue of real estates was \$2,592,858 thousand which represents 99% of total operating revenue for the year ended 2020. The appropriateness timing and accuracy of revenue recognition have significant impact on financial statement. Therefore, the revenue recognition is considered as one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included testing the effectiveness of the design and implementing the internal control system of sales revenue. Inspection of sales contracts, bank account transaction record and real estate ownership transfer document, etc. In addition, testing the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue.

2. The Share of Profit of Subsidiaries Accounted for Using The Equity Method

Refer to Note 4(g) for the accounting policies on investments in subsidiaries; Note 6(f) for details of “Investments accounted for using the equity method”.

Description of key audit matter:

The Hsin Tung Yang Construction Co., Ltd., a subsidiary of Sunty Development Co., Ltd., is into the industry of civil engineering and building construction contractors. Revenue and cost of construction contracts are recognized and evaluated according to IFRS15. Management judgment and estimation may be involved in determining total revenue, total estimated cost, and the extent of completion. Those include contract addition and reduction, the alternation of design, the inflation or deflation in cost, or other sub-cost, and the degree of completion based on contract activities on the end date of financial report, etc.

How the matter was addressed in our audit:

Our principal audit procedures included testing the effectiveness of the design and implementing the internal control system of sales revenue and receipts of construction contract, purchasing and outsourcing, and estimating the project budget. Compared and evaluated whether there is any significant abnormality in the contract revenue changes, estimated total costs, and completion levels. In addition, we considered the accuracy and integrity of the accrual calculation, accumulated contribution inputs and key assumptions, and considered the historical accuracy of the income and cost. We also assessed the adequacy of the Company’s disclosures of its revenue and expense recognition.

3. Valuation of Inventory

Please refer to notes 4(f), 5 and 6(e) of the notes to parent company only financial statements for the accounting policy on measuring inventory, assumptions used and uncertainties considered in determining the net realizable value and the evaluation of inventory.

Description of key audit matter:

The property of the Company involves a large portion of capital infusion and long-term payback, the inventory was presented with lower of cost or net realizable value method. Since the Company focuses on real estate industry, which is deeply affected by politics, economics, and revolution of housing and land taxation, the judgment of net realizable value relies on management (i.e. Sales price, sales expenses or profit analysis) Thus, the valuation of inventory is one of the most important evaluation in performing our audit procedures.

How the matter was addressed in our audit:

Our principal audit procedures included understanding and evaluating the management’s accounting treatment and control on the net realizable value of inventory ; obtaining the Company management’s data of inventory valuation, inspecting and recalculating the net realizable value of inventory to ensure if it is adequate. The net realizable value can be assessed in both ways: through reviewing the recent selling price of the premises, or by inquiring the selling price of premises nearby from the “Actual Selling Price of Real Estate” website.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance including the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yilien Han and Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2021

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SUNTY DEVELOPMENT CO., LTD

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6(a))	\$ 148,246	2	269,039	3	2100 Short-term borrowings (note 6(k) and (w))	\$ 2,506,000	24	2,693,000	26
1110 Current financial assets at fair value through profit or loss (notes 6(b))	-	-	5,001	-	2130 Current contract liabilities (notes 6(t) and 9(a))	1,966,582	19	1,269,215	13
1150 Notes receivable, net (notes 6(c) and 7)	143	-	5,223	-	2150 Notes payable	1,879	-	80,188	1
1170 Accounts receivable, net (note 6(c))	-	-	2	-	2170 Accounts payable	230,485	2	261,487	3
1180 Accounts receivable due from related parties, net (notes 6(c) and 7)	29,073	-	29,110	-	2180 Accounts payable to related parties (note 7)	51,983	1	14,467	-
1200 Other receivables, net (notes 6(d))	373	-	531	-	2200 Other payables (notes 6(w) and 7)	139,903	1	231,902	2
1220 Current tax assets	426	-	294	-	2250 Current provisions (note 6(n))	9,561	-	12,769	-
1320 Inventories (for construction business), net (notes 6(e) and 8)	6,912,749	66	6,996,991	69	2280 Current lease liabilities (notes 6(m) and (w))	2,383	-	2,395	-
1410 Prepayments	29,183	-	23,692	-	2322 Long-term borrowings, current portion (note 6(l) and (w))	30,000	-	30,000	-
1476 Other current financial assets (notes 6(j), 8 and 9)	903,555	9	492,585	5	2399 Other current liabilities-others	5,649	-	2,983	-
1479 Other current assets, others	1,049	-	274	-		4,944,425	47	4,598,406	45
1480 Current incremental costs of obtaining a contract (note 6(j))	431,300	4	327,196	3	Non-current liabilities:				
	<u>8,456,097</u>	<u>81</u>	<u>8,149,938</u>	<u>80</u>	2541 Long-term bank loans (note 6(l) and (w))	309,000	3	339,000	3
Non-current assets:					2550 Non-current provisions (note 6(n))	26,895	-	24,708	-
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	19,924	-	19,924	-	2573 Deferred tax liabilities-others (note 6(q))	-	-	412	-
1551 Investments accounted for using the equity method (notes 6(f))	779,530	7	782,707	8	2580 Non-current lease liabilities (note 6(m) and (w))	37,713	1	38,837	1
1600 Property, plant and equipment (notes 6(g) and 8)	100,287	1	101,092	1	2645 Guarantee deposits (note 6(w))	1,483	-	941	-
1755 Right-of-use assets (note 6(h))	3,419	-	4,646	-		375,091	4	403,898	4
1760 Investment property, net (notes 6(i) and 8)	995,678	10	1,019,131	10		5,319,516	51	5,002,304	49
1780 Intangible assets	644	-	62	-	Total liabilities				
1840 Deferred tax assets (note 6(q))	32,164	-	36,058	-	Equity attributable to owners of parent (note 6(r)):				
1980 Other non-current financial assets (notes 6(j), 7, 8 and 9)	75,699	1	63,971	1	Share capital	3,523,143	34	3,523,143	35
	2,007,345	19	2,027,591	20	Capital surplus	802,339	8	802,339	8
					Retained earnings	871,356	8	905,469	9
					Other equity interest	(52,912)	(1)	(55,726)	(1)
					Total equity	5,143,926	49	5,175,225	51
Total assets	<u>\$ 10,463,442</u>	<u>100</u>	<u>10,177,529</u>	<u>100</u>	Total liabilities and equity	<u>\$ 10,463,442</u>	<u>100</u>	<u>10,177,529</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SUNTY DEVELOPMENT CO., LTD**Statements of Comprehensive Income**

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(t) and 7)	\$ 2,631,377	100	1,230,916	100
5000	Operating costs (notes 6(e) and 7)	2,235,299	85	839,567	68
	Gross profit from operations	396,078	15	391,349	32
	Operating expenses (note 7):				
6100	Selling expenses (note 6(j))	111,770	4	65,294	5
6200	Administrative expenses	147,906	6	142,151	12
6300	Research and development expenses	1,906	-	1,898	-
		261,582	10	209,343	17
	Net operating income (loss)	134,496	5	182,006	15
	Non-operating income and expenses:				
7100	Interest income (notes 6(v) and 7)	1,495	-	3,216	-
7020	Other gains and losses, net (note 6(v))	(2,634)	-	1,319	-
7050	Finance costs, net (note 6(v))	(2,477)	-	(11,889)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using the equity method, net	28,884	1	36,762	3
		25,268	1	29,408	2
7900	Profit before income tax	159,764	6	211,414	17
7950	Less: Income tax expenses (note 6(q))	18,445	-	1,513	-
	Profit	141,319	6	209,901	17
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	725	-	1,632	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	725	-	1,632	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	3,518	-	(19,025)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	704	-	(3,805)	-
	Components of other comprehensive income that will be reclassified to profit or loss	2,814	-	(15,220)	(1)
8300	Other comprehensive income	3,539	-	(13,588)	(1)
	Total comprehensive income	\$ 144,858	6	196,313	16
	Basic earnings per share (NT dollar) (note 6(s))				
	Basic earnings per share	\$ 0.40		0.60	
	Diluted earnings per share	\$ 0.40		0.59	

See accompanying notes to parent company only financial statements.

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

Statements of Changes in Equity

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

	Retained earnings							Exchange differences on translation of foreign financial statements	Total equity
	Share capital	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings		
Balance at January 1, 2019	\$	3,523,143	802,339	597,053	20,138	258,997	876,188	(40,506)	5,161,164
Retroactive application of adjustments to the new criteria		-	-	-	-	(6,095)	(6,095)	-	(6,095)
Balance at January 1, 2019		3,523,143	802,339	597,053	20,138	252,902	870,093	(40,506)	5,155,069
Profit for the period		-	-	-	-	209,901	209,901	-	209,901
Other comprehensive income, net of tax		-	-	-	-	1,632	1,632	(15,220)	(13,588)
Total comprehensive income		-	-	-	-	211,533	211,533	(15,220)	196,313
Appropriation and distribution of retained earnings:									
Legal reserve		-	-	10,642	-	(10,642)	-	-	-
Special reserve		-	-	-	20,368	(20,368)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(176,157)	(176,157)	-	(176,157)
Balance at December 31, 2019		3,523,143	802,339	607,695	40,506	257,268	905,469	(55,726)	5,175,225
Profit for the period		-	-	-	-	141,319	141,319	-	141,319
Other comprehensive income, net of tax		-	-	-	-	725	725	2,814	3,539
Total comprehensive income		-	-	-	-	142,044	142,044	2,814	144,858
Appropriation and distribution of retained earnings:									
Legal reserve		-	-	20,990	-	(20,990)	-	-	-
Special reserve		-	-	-	15,220	(15,220)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(176,157)	(176,157)	-	(176,157)
Balance at December 31, 2020	\$	3,523,143	802,339	628,685	55,726	186,945	871,356	(52,912)	5,143,926

See accompanying notes to parent company only financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	2019
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 159,764	211,414
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	26,324	25,932
Amortization expense	248	35
Net gains on disposal of financial assets /liabilities at fair value through profit or loss	(62)	(154)
Interest expense	2,477	11,889
Interest income	(1,495)	(3,216)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(28,884)	(36,762)
Gains on lease modification	(19)	-
Total adjustments to reconcile profit (loss)	<u>(1,411)</u>	<u>(2,276)</u>
Changes in operating assets and liabilities:		
Mandatorily measured at fair value through profit or loss	5,063	(2,943)
Decrease in notes receivable	5,080	1,430
Decrease in accounts receivable	39	294
Decrease (increase) in other receivable	(162)	3,811
Decrease (increase) in inventories	133,966	(120,708)
Decrease (increase) in prepayments	(5,491)	2,852
Increase in other financial assets (current and non-current)	(422,392)	(442,130)
Decrease (increase) in other current assets	(775)	356
Increase in incremental costs of obtaining a contract	(104,104)	(238,495)
Total changes in operating assets	<u>(388,776)</u>	<u>(795,533)</u>
Changes in operating liabilities:		
Increase in contract liabilities	697,367	564,368
Increase (decrease) in notes receivable	(78,309)	79,634
Increase in accounts payable (including related parties)	6,514	26,072
Increase (decrease) in other payable	(91,773)	96,850
Increase (decrease) in provisions	(1,021)	1,614
Increase (decrease) in other current liabilities	2,666	(3,258)
Total changes in operating liabilities	<u>535,444</u>	<u>765,280</u>
Total changes in operating assets and liabilities	<u>146,668</u>	<u>(30,253)</u>
Total adjustments	<u>145,257</u>	<u>(32,529)</u>
Cash inflow generated from operations	305,021	178,885
Interest received	1,815	3,101
Interest paid	(52,427)	(59,951)
Income taxes paid	(15,799)	(24,245)
Net cash flows from (used in) operating activities	<u>238,610</u>	<u>97,790</u>

See accompanying notes to parent company only financial statements.

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

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	2019
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(420)	(578)
Increase in refundable deposits	(306)	-
Decrease in refundable deposits	-	778
Acquisition of intangible assets	(830)	-
Dividends received	36,304	45,432
Net cash flows from (used in) investing activities	34,748	45,632
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,128,000	2,040,000
Repayments of long-term loans	(2,315,000)	(1,840,000)
Increase in short-term notes and bills payables	339,905	549,799
Decrease in short-term notes and bills payables	(339,905)	(599,782)
Proceeds from long-term debt	(30,000)	(183,375)
Increase in guarantee deposits received	542	108
Payment of lease liabilities	(1,536)	(964)
Cash dividends paid	(176,157)	(176,157)
Net cash flows used in financing activities	(394,151)	(210,371)
Net increase (decrease) in cash and cash equivalents	(120,793)	(66,949)
Cash and cash equivalents at beginning of period	269,039	335,988
Cash and cash equivalents at end of period	\$ 148,246	269,039

See accompanying notes to parent company only financial statements.

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

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

Suntly Development Co., Ltd (hereinafter referred to as Sun Property Development), originally known as Ocean Bright Co., LTD, was established in March 1993. It engaged in business activities related to medicine and medical equipments. The Company's shares were traded on Taipei Exchange from October 18, 2004 and traded on the Taiwan Stock Exchange since December 24, 2014. Since 2008 the Company has entered the business of residents and commercial buildings developing, leasing and selling.

Suntly Development Co., LTD (hereinafter referred to as Sun Development) was established on September 24, 1987, and primarily engaged in business of construction, sales, and leasing of residential and commercial buildings.

In response to the government's policy of encouraging mergers and acquisitions, Sun Property Development was merged with Suntly Development for enhancing the overall utilization of resources and expanding the scale of operation. On November 9, 2012, the shareholders of both companies passed the resolution in an interim shareholders' meeting. The consolidation has been registered and approved by FSC on January 24, 2013. According to consolidation agreement, the conversion ratio is 1.7 Sun Development's ordinary share. The date of consolidation was set at 21 March 2002. After the merger, Suntly Property Development was legally the surviving company and Sun Development was the elimination company. On April 3, 2013, the surviving company was approved by the Ministry of Economic Affairs to change its name to "Suntly Development Co., LTD" (hereinafter referred to as the Company). The registered address is 11th floor, No. 289, Section 4, Zhongxiao East Road, Da-an District, Taipei City.

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

The parent company only financial statements were authorized for issue by the Board of Directors on March 17, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) Impact of adopting new, revised, or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

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

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

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

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

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

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

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IFRS 1 “Disclosure of Accounting Policies”
- Amendments to IFRS 8 “Definition of Accounting Estimates”

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the financial instruments at fair value through profit or loss, the parent company only financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

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

(c) Classification of current and non-current assets and liabilities

As the Company’s operating cycle is longer than a year, assets and liabilities related to the operation are classified as current or non-current by their operating cycle. An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

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

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

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

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

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

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(e) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

2) Fair value through profit or loss (FVTPL)

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

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

3) Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. °

4) Impairment of financial assets

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

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

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

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

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

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

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Consolidated Company is exposed to credit risk.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

5) Offsetting of financial assets and liabilities

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

(f) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes expenditures incurred in bringing them to their existing location and condition, and capitalization of interest.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses. The methods of determining the net realizable value are as follows:

- (i) Land held for development: Net realizable value is by referring to the estimate made by the competent authorities in accordance with the prevailing market conditions.
- (ii) Construction in progress: Net realizable value is the estimated selling price (prevailing market conditions) less the estimated cost and selling expense needed to complete.
- (iii) Property and land held for sale: Net realizable value is the estimated selling price (prevailing market conditions) less the estimated cost and selling expense needed to sell the real estate.

(g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is initially recognized at cost and then subsequently measured at cost again. The depreciation expense is appropriated in accordance with the depreciable amount after the initial recognition. The depreciation methods, useful lives, and residual values of investment property are same as the practice of the property, plant, and equipment.

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

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

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5~45 years
2) Transportation equipment	5 years
3) Office and other equipment	3~5 years

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

(i) Lease

(i) Identifying a lease

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

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

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

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

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

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

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

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

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

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

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

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

As a practical expedient, the Company elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- 4) there is no substantive change to other terms and conditions of the lease.

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

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

When the Company is an intermediate lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

(j) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives (3~5 years) of intangible assets, other than goodwill, from the date that they are available for use.

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

(k) Impairment of non-financial assets

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

(Continued)

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

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

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

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

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

(l) Provisions

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

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(m) Revenue recognition

(i) Revenue from contracts with customers

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

1) Land development and sale of real estate

The Company develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. An enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

(Continued)

SUNTY DEVELOPMENT CO., LTD
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However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. The deferred payment terms may be agreed in rare circumstances, and if the contract includes a significant financing component, the transaction price will be adjusted to reflect the impact of the significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

The Company provides the standard warranty correspond to specification of agreement for residential construction, and the corresponding obligation has been recognized as warranty provision.

2) Consulting services and Management services

The Company provides advisory and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered.

3) Rental revenues

The rental income arising from investment property is recognized in accordance with the straight-line method over the lease period; also, the given lease incentives is deemed as part of the overall rent income and it is credited to the rent income in accordance with the straight-line method over the lease period. The income generated from the sublease of property is recognized as operating revenue.

4) Financing components

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

(ii) Incremental costs of obtaining a contract

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

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Short-term employee benefits

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

(o) Income Taxes

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

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

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

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

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

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

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

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

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

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

(p) Earnings per share

The Company disclose the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares.

(q) Operating segments

Please refer to the consolidated financial report of Sunty Development Co., Ltd for the years ended December 31, 2020 and 2019 for operating segments information.

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

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

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows: None.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

The Company's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. The valuation group periodically reviews significant unobservable inputs and adjustments. If the input data for valuation models is provided by external third parties (such as agency and pricing service institution), the valuation group would evaluate the evidence supporting such input data in order to ensure that the fair value measurement and hierarchy meet the IFRSs. The investment property should be evaluated regularly by using the evaluation methods and parametric assumptions announced by FSC, or be appraised by appointed external appraiser.

The Company uses the observable market data to evaluate its assets and liabilities. The different inputs of levels of fair value hierarchy in determination of fair value are as follows:

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

If there is any movement of financial instruments measured at fair value between Level 1, Level 2, and Level 3, the Company recognizes the movement at the reporting date.

Please refer to note 6(w), financial instruments, for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash and cash on hand	\$ 452	579
Demand deposits	143,312	188,008
Checking account deposits	4,482	1,005
Time deposits	-	79,447
Cash and cash equivalents in the statements of cash flows	\$ 148,246	269,039

Please refer to note 6(w) for the disclosure of the Company's financial assets and liabilities interest risk and sensitivity analysis.

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

	December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Beneficiary certificate	\$ -	5,001
Unlisted common shares	19,924	19,924
Total	\$ 19,924	24,925

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

As of December 31, 2020 and 2019, the financial assets of the Company had been pledged as collateral for long-term borrowings.

(c) Notes and trade receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 143	5,223
Accounts receivable (including related parties)	<u>29,073</u>	<u>29,112</u>
	<u><u>\$ 29,216</u></u>	<u><u>34,335</u></u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The expected credit losses of the note receivables and trade receivables were as follows:

	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance Provision</u>
Current	<u>\$ 29,216</u>	-	<u>-</u>
	<u>December 31, 2019</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance Provision</u>
Current	<u>\$ 34,335</u>	-	<u>-</u>

For the years ended December 31, 2020 and 2019, there is no credit losses recognized or reversed.

(d) Other receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other receivables	<u>\$ 373</u>	<u>531</u>

- (i) The Company set up the construction partnership with others in 2010. The refundable deposit and prepaid deposit amounted to \$340,000 thousand. In March, 2015, due to the landlord's financial position, the land had seized and conducted auction by Shilin District Court. As a result, the aforementioned land was no longer eligible for fulfill the contract. The Company initiated the necessary litigation and transferred the deposits into other receivables. as well as recognized the impairment loss amounted to \$186,747 thousand.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(ii) For the year ended December 31, 2018, and 2015, the Company received notice from the court about distributing the obligation after the auction. According to the received amount from the obligation, the reversal of impairment loss amounted to \$25,489 thousand and \$55,535 thousand. The debtor was unable to repay the debt obligation; the Company eliminated the loss allowance amounted to \$105,723 thousand, after receiving the court's obligation certificate for the year ended 2019.

(iii) For credit risk and market risk, please refer to note 6(w).

(e) Inventories

	December 31, 2020	December 31, 2019
Prepayments for land and buildings	\$ 42,624	78,904
Land held for construction site	2,084,656	714,186
Construction in progress	4,672,345	4,274,566
Buildings and land held for sale	<u>113,124</u>	<u>1,929,335</u>
	<u>\$ 6,912,749</u>	<u>6,996,991</u>

(i) For the years ended December 31, 2020 and 2019, the cost of goods sold amounted to \$2,237,248 thousand and \$811,625 thousand, respectively.

(ii) The write-down of inventories to net realizable value amounted to \$24,423 and \$7,793 for the years ended December 31, 2020 and 2019, respectively.

(iii) For the years ended December 31, 2020 and 2019, construction in progress of the Company is calculated using a capitalization rate of 1.64% and 1.82%, respectively. The interest capitalized amounted to \$49,724 and \$45,784 thousand, respectively.

(iv) As of December 31, 2020 and 2019 the inventories of the Company had been pledged as collateral, please refer to note 8.

(f) Investments accounted for using the equity method

	December 31, 2020	December 31, 2019
Subsidiary	<u>\$ 779,530</u>	<u>782,707</u>

(i) Subsidiary

Please refer to the consolidated financial statement for the year ended December 31, 2020.

(ii) As of December 31, 2020 and 2019, the investments in aforesaid equity-accounted investees were not pledged as collateral.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(g) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance on January 1, 2020	\$ 116,000	81,926	1,252	758	199,936
Additions	-	205	215	-	420
Balance on December 31, 2020	<u>\$ 116,000</u>	<u>82,131</u>	<u>1,467</u>	<u>758</u>	<u>200,356</u>
Balance on January 1, 2019	\$ 116,000	81,774	826	758	199,358
Additions	-	152	426	-	578
Balance on December 31, 2019	<u>\$ 116,000</u>	<u>81,926</u>	<u>1,252</u>	<u>758</u>	<u>199,936</u>
Depreciation and impairments loss:					
Balance on January 1, 2020	\$ 38,200	58,980	906	758	98,844
Depreciation	-	1,096	129	-	1,225
Balance on December 31, 2020	<u>\$ 38,200</u>	<u>60,076</u>	<u>1,035</u>	<u>758</u>	<u>100,069</u>
Balance on January 1, 2019	\$ 38,200	57,829	791	758	97,578
Depreciation	-	1,151	115	-	1,266
Balance on December 31, 2019	<u>\$ 38,200</u>	<u>58,980</u>	<u>906</u>	<u>758</u>	<u>98,844</u>
Carrying amounts:					
Balance on December 31, 2020	<u>\$ 77,800</u>	<u>22,055</u>	<u>432</u>	<u>-</u>	<u>100,287</u>
Balance on January 1, 2019	<u>\$ 77,800</u>	<u>23,945</u>	<u>35</u>	<u>-</u>	<u>101,780</u>
Balance on December 31, 2019	<u>\$ 77,800</u>	<u>22,946</u>	<u>346</u>	<u>-</u>	<u>101,092</u>

As of December 31, 2020 and 2019, the property, plant and equipment of the Company had been pledged as collateral for bank borrowings, please refer to note 8.

(h) Right-of-use assets

The Company leases assets including land and transportation equipment. Information about leases for which the Company as a lessee was presented below:

	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2020	\$ 1,253	4,823	6,076
Additions	1,524	-	1,524
Disposal	(1,254)	-	(1,254)
Balance on December 31, 2020	<u>\$ 1,523</u>	<u>4,823</u>	<u>6,346</u>

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Balance on January 1, 2019	\$ -	-	-
Effects of retrospective application	1,253	-	1,253
Balance on January 1, 2019	1,253	-	1,253
Additions	-	4,823	4,823
Balance on December 31, 2019	<u>\$ 1,253</u>	<u>4,823</u>	<u>6,076</u>
Depreciation and impairment losses:			
Balance on January 1, 2020	\$ 313	1,117	1,430
Depreciation for the year	307	1,608	1,915
Effect of changes in foreign exchange rates	(418)	-	(418)
Balance on December 31, 2020	<u>\$ 202</u>	<u>2,725</u>	<u>2,927</u>
Balance on January 1, 2019	\$ -	-	-
Depreciation for the year	313	1,117	1,430
Balance on December 31, 2019	<u>\$ 313</u>	<u>1,117</u>	<u>1,430</u>
Carrying amount:			
Balance on December 31, 2020	<u>\$ 1,321</u>	<u>2,098</u>	<u>3,419</u>
Balance on January 1, 2019	<u>\$ 1,253</u>	<u>-</u>	<u>1,253</u>
Balance on December 31, 2019	<u>\$ 940</u>	<u>3,706</u>	<u>4,646</u>

(i) Investment property

	<u>Owned property</u>		<u>Right-of-use assets</u>	<u>Total</u>
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Land and improvements</u>	
Cost:				
Balance at January 1, 2020	\$ 77,233	1,084,942	31,432	1,193,607
Lease modifications	-	-	(269)	(269)
Balance at December 31, 2020	<u>\$ 77,233</u>	<u>1,084,942</u>	<u>31,163</u>	<u>1,193,338</u>
Balance at January 1, 2019	\$ 77,233	1,084,942	-	1,162,175
Retroactive adjustment for IFRS 16	-	-	32,596	32,596
Balance at January 1, 2019 after adjustments	77,233	1,084,942	32,596	1,194,771
Lease modifications	-	-	(1,164)	(1,164)
Balance at December 31, 2019	<u>\$ 77,233</u>	<u>1,084,942</u>	<u>31,432</u>	<u>1,193,607</u>

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

	<u>Owned property</u>		<u>Right-of-use assets</u>	<u>Total</u>
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Land and improvements</u>	
Accumulated depreciation and impairment losses:				
Balance at January 1, 2020	\$ 6,291	167,423	762	174,476
Depreciation for the year	-	22,473	711	23,184
Balance at December 31, 2020	<u>\$ 6,291</u>	<u>189,896</u>	<u>1,473</u>	<u>197,660</u>
Balance at January 1, 2019	\$ 6,291	144,949	-	151,240
Depreciation for the year	-	22,474	762	23,236
Balance at December 31, 2019	<u>\$ 6,291</u>	<u>167,423</u>	<u>762</u>	<u>174,476</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 70,942</u>	<u>895,046</u>	<u>29,690</u>	<u>995,678</u>
Balance at January 1, 2019	<u>\$ 70,942</u>	<u>939,993</u>	<u>-</u>	<u>1,010,935</u>
Balance at December 31, 2019	<u>\$ 70,942</u>	<u>917,519</u>	<u>30,670</u>	<u>1,019,131</u>
Fair value:				
Balance at December 31, 2020				<u>\$ 1,006,836</u>
Balance at December 31, 2019				<u>\$ 1,019,131</u>

In August 2011, the Company signed a contract with the National Property Administration for the establishment of land development rights on the national land at No.5, Guanghaiuan Section, Banqiao District, New Taipei City. The lifetime of the land is until October 2061. The Company's project "Sun-yang-you-see" is completed and promoted by the building lease transfer method and the land lease method. The annual rent of the superficies is calculated based on the declaration of land value and is adjustable depend on the amount of the declaration.

Measurement of the fair value of investment property is based on an independent evaluative (with professional qualifications) or the Company used income approach or sales comparison approach (for more information, please check the recent selling price of the premises, or by inquiring the selling price of premises nearby from the "Actual Selling Price of Real Estate" website). Under the valuation techniques for financial instruments measured at fair value, the inputs are categorized at level 3.

As of December 31, 2020 and 2019, the investment property pledged as collateral for borrowing and credit line; please refer to Note 8 for more information.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

- (j) Other financial assets and incremental costs of obtaining a contract

	December 31, 2020	December 31, 2019
Other financial assets – current	\$ 903,555	492,585
Incremental costs of obtaining a contract	431,300	327,196
Other financial assets – non-current	<u>75,699</u>	<u>63,971</u>
	<u>\$ 1,410,554</u>	<u>883,752</u>

- (i) Other financial assets—current and non-current

The guarantee of the green building contract of the urban renewal, the trust of pre-sale building and land, and the guarantee of joint construction, etc.

- (ii) Current incremental costs of obtaining a contract

The Company expects that the service fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Company has therefore capitalized them as contract costs. Capitalized service fees are amortized when the related revenues are recognized. For the years ended December 31, 2020 and 2019, the Company recognized \$100,402 thousand and \$53,116 thousand of amortized expense.

- (iii) As of December 31, 2020 and 2019 the inventories of the Company had been pledged as collateral, please refer to note 8.

- (k) Short-term borrowings

The Company's short-term borrowings details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 240,000	640,000
Secured bank loans	<u>2,266,000</u>	<u>2,053,000</u>
Total	<u>\$ 2,506,000</u>	<u>2,693,000</u>
Unused short-term credit lines	<u>\$ 5,768,956</u>	<u>4,380,269</u>
Range of interest rates	<u>1.40%~1.60%</u>	<u>1.50%~2.04%</u>

- (i) The Company borrowed \$2,128,000 thousand and \$2,040,000 thousand of its short term loans, for the years ended December 31, 2020 and 2019, respectively. In addition, the Company repaid \$2,315,000 thousand and \$1,840,000 thousand for the years ended December 31, 2020 and 2019, respectively.
- (ii) Please refer to note 8 and 6(w) for a description of the Company's assets pledged as collateral for bank loans, and for disclosure of liquidity risk.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(l) Long-term borrowings

The Company's long-term borrowings details, conditions and provisions were as follows:

	December 31, 2020			
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	1.98%	2025	\$ 339,000
Less: current portion				(30,000)
				\$ 309,000
Unused long-term credit lines				\$ -

	December 31, 2020			
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	2.20%	2025	\$ 369,000
Less: current portion				(30,000)
				\$ 339,000
Unused long-term credit lines				\$ -

- (i) As of December 31, 2020 and 2019, the repayment amount are \$30,000 thousand and \$183,375 thousand, respectively.
- (ii) Please refer to note 8 and 6(x) for a description of the Company's assets pledged as collateral for bank loans, and for disclosure of liquidity risk.

(m) Lease liabilities

Company's lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	\$ 2,383	2,395
Non-current	\$ 37,713	38,837

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

The amounts recognized in profit or loss were as follows:

	For the year ended December 31	
	2020	2019
Interest on lease liabilities	\$ 643	900
Expenses relating to short-term leases	\$ 7,530	7,944

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

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

	For the year ended December 31	
	2020	2019
Total cash outflow for leases	\$ 9,709	9,808

The Company leases vehicles and office space with lease terms of one to five years. The aforementioned leases are short-term or leases of low-value items which the Company has elected not to recognize right-of-use assets and lease liabilities for these leases. In addition, the annual rent is calculated based on the declaration of land value for the current period of 50 years. The above future rent payable is evaluated in accordance with the present obligation at the reporting date and calculated at the declared of the land value for the year ended December 31, 2020. The Company has not considered the increase of the declaration of land value in the future.

(n) Provisions

	December 31, 2020	December 31, 2019
Current	\$ 9,561	12,769
Non-current	26,895	24,708
Balance at December 31, 2020	\$ 36,456	37,477

For the years ended December 31, 2020 and 2019, the details of warranty were as follows:

	2020		2019	
	Current	Non-current	Current	Non-current
Balance at January 1, 2020	\$ 12,769	24,708	15,102	20,761
Warranty made during the year	-	2,250	-	4,000
Warranty used during the year	(3,208)	(63)	(9)	(53)
Warranty reversed during the year	-	-	(2,324)	-
Balance at December 31, 2020	\$ 9,561	26,895	12,769	24,708

The provision for warranties mainly relates to property sales and construction contract for the years ended December 31, 2020 and 2019. The warranties are estimated based on the historical data, the Company expects that most of the liability occur within 1 year after sales.

(o) Operating lease

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

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Notes to the Financial Statements

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

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Less than one year	\$ 27,755	27,089
One to two years	25,853	25,584
Two to three years	25,853	25,543
Three to four years	25,853	25,518
Four to five years	25,853	25,518
More than five years	<u>583,009</u>	<u>578,207</u>
Total undiscounted lease payments	<u>\$ 714,176</u>	<u>707,459</u>

For the years ended December 31, 2020 and 2019, the Company's rental income from investment properties were \$27,003 thousand and \$26,688 thousand, respectively.

(p) Employee benefits

Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

For the years 2020 and 2019, the Company's pension costs under the defined contribution method were \$3,288 thousand and \$3,277 thousand, respectively. Contributions to the Bureau of Labor Insurance were \$3,110 thousands and \$3,091 thousand, respectively.

(q) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Current tax expense		
Land value increment tax	\$ -	492
Adjustment for prior periods	<u>15,667</u>	<u>2,285</u>
	<u>15,667</u>	<u>2,777</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>2,778</u>	<u>(1,264)</u>
Income tax expense	<u>\$ 18,445</u>	<u>1,513</u>

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

- (ii) The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

	For the years ended December 31	
	2020	2019
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u>(704)</u>	<u>3,805</u>

- (iii) The reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

	For the years ended December 31	
	2020	2019
Income before tax	\$ 159,764	211,414
Income tax expense at domestic statutory tax rate	\$ 31,953	42,282
Current-year losses for which no deferred tax asset was recognized	-	3,872
Losses (gain) on investments accounted for using the equity method	(5,777)	(7,352)
Investment losses	(15,000)	-
Income from tax exemption on land	(2,217)	(28,263)
Land value increment tax	15,667	2,285
Difference between financial and tax recognition method	(2,647)	1,380
Adjustment for prior periods	-	492
Others	(3,534)	(13,183)
Total	\$ 18,445	1,513

- (iv) Deferred tax asset and liability

- 1) Unrecognized deferred tax assets

	December 31, 2020	December 31, 2019
Deductible temporary differences	\$ <u>349</u>	<u>3,872</u>

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

As of December 31, 2020, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of occurrence	Unused balance	Expiry year
2019	\$ <u>1,746</u>	2029

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	<u>Provisions</u>	<u>Exchange differences on translation of foreign financial statements</u>	<u>Others</u>	<u>Total</u>
Deferred tax asset:				
Balance on January 1, 2020	\$ 7,495	13,932	14,631	36,058
Recognized in profit or loss	(204)	-	(2,986)	(3,190)
Recognized in other comprehensive income	-	(704)	-	(704)
Balance on December 31, 2020	<u>\$ 7,291</u>	<u>13,228</u>	<u>11,645</u>	<u>32,164</u>
Balance on January 1, 2019	\$ 7,172	10,127	13,278	30,577
Recognized in profit or loss	323	-	1,353	1,676
Recognized in other comprehensive income	-	3,805	-	3,805
Balance on December 31, 2019	<u>\$ 7,495</u>	<u>13,932</u>	<u>14,631</u>	<u>36,058</u>
				<u>Others</u>
Deferred tax liabilities:				
Balance on January 1, 2020			\$ 412	
Recognized in profit or loss			(412)	
Balance on December 31, 2020			-	
Balance on January 1, 2019			-	
Recognized in profit or loss			412	
Balance on December 31, 2019			<u>\$ 412</u>	

(v) The Company's income tax had been examined by the tax authorities till the year 2018.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2012, the Company's government registered total authorized share capital and issued capital stock amounted to \$1,350,000 thousand and \$1,298,000 thousand, comprising 135,000 thousand shares and 129,800 thousand shares, respectively, with the par value of \$10 per share. On March 21, 2013, the Company increased its capital by \$179,160 thousand new shares. Later on, the Board of Director approved to increase the capital 50,000 thousand shares by cash. As of December 31, 2020 and 2019, the Company's authorized share capital and issued capital stock amounted to \$5,000,000 thousand and \$3,523,143 thousand.

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2020	December 31, 2019
Share capital	\$ 750,000	750,000
Cash capital increase reserved for employees	2,983	2,983
Difference arising from subsidiary's share price and its carrying value	<u>49,356</u>	<u>49,356</u>
	<u>\$ 802,339</u>	<u>802,339</u>

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

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The cash dividends shall not be less than 10% of the total shareholders' dividends.

1) Legal reserve

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

2) Special reserve

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

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during the shareholders' meeting on June 10, 2020 and June 21, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2019		2018	
	Amount per share (dollars)	Amount	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.50	<u>176,157</u>	0.50	<u>176,157</u>

(iv) Other equity items

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2020	\$ (55,726)
Exchange differences on associates accounted for using the equity method	<u>2,814</u>
Balance on December 31, 2020	<u><u>\$(52,912)</u></u>
Balance on January 1, 2019	\$ (40,506)
Exchange differences on associates accounted for using the equity method	<u>(15,220)</u>
Balance on December 31, 2019	<u><u>\$(15,220)</u></u>

(s) Earnings per share

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

	For the years ended December 31	
	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders	\$ <u>141,319</u>	<u>209,901</u>
Weighted-average number of ordinary shares	<u>352,314</u>	<u>352,314</u>
	<u><u>\$ 0.40</u></u>	<u><u>0.60</u></u>
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	\$ <u>141,319</u>	<u>209,901</u>
Weighted-average number of ordinary shares	352,314	352,314
Effect of employee share bonus	<u>445</u>	<u>483</u>
Weighted-average number of ordinary shares (diluted)	<u><u>352,759</u></u>	<u><u>352,797</u></u>
	<u><u>\$ 0.40</u></u>	<u><u>0.59</u></u>

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2020	2019
Primary geographical markets:		
Asia	\$ <u>2,631,377</u>	<u>1,230,916</u>
	<u>\$ 2,631,377</u>	<u>1,230,916</u>
Major products/service lines:		
Sales of real estates	\$ 2,592,858	1,185,593
Others	<u>38,519</u>	<u>45,323</u>
	<u>\$ 2,631,377</u>	<u>1,230,916</u>
Revenue Recognition time Points:		
Project migration over time	\$ 38,519	45,323
Labor transferred over time	<u>2,592,858</u>	<u>1,185,593</u>
	<u>\$ 2,631,377</u>	<u>1,230,916</u>

(ii) Contract balances

	December 31, 2020	December 31, 2019	December 31, 2019
Contract liabilities- Sales of real estate	\$ 1,275,442	729,201	172,906
Contract liabilities- Advance receipt	521,111	539,486	531,810
Contract liabilities- Pre-collected rent	671	528	131
Contract liabilities- Installments claim receivables	<u>169,358</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,966,582</u>	<u>1,269,215</u>	<u>704,847</u>

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

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There is no significant changes for the years ended December 31, 2020 and 2019. The building lease and land lease contract of “Sun-yang-you-see” of installments claim receivables transferred to financial institutions; please refer to note 9.

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(u) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 2%, but not exceed 10%, of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2020 and 2019 the Company estimated its remuneration to employees amounting to \$4,993 and \$6,607, respectively, and the remuneration to directors amounting to \$1,664 and \$2,202, respectively. The abovementioned estimated amounts are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognized as cost of sales or operating expenses. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. There is no discrepancy under the circumstances of actual distribution. The information is available on the Market Observation Post System website.

(v) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the years ended December 31	
	2020	2019
Interest income from bank deposits	\$ 1,434	3,164
Other interest income	61	52
Total Interest income	\$ 1,495	3,216

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2020	2019
Gain on modification of leases	\$ 19	-
Foreign exchange (losses) gains	(5,028)	(826)
Gains (losses) on financial assets at fair value through profit or loss	62	154
Other expenses	(48)	(157)
Others	2,361	2,148
	\$ (2,634)	1,319

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(iii) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest expenses	\$ 2,477	11,889

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The most of trade receivables of the Company are from sales of real estate department and construction contractor department. Receivables generated from construction contractor department are mostly from companies in the Company or listed companies, which are considered to have low credit risk. Thus, the Company evaluates there is no concentration of credit risk.

Receivables generated from sales of real estate department are mostly from individuals, and the payments are usually completed with transferring, check, or loans from the bank, which are considered to have low credit risk and no past-due condition. Thus, the Company evaluates there is no need to recognize loss allowance provision.

The loss allowance provision for the years ended December 31, 2020 and 2019 were determined as follows

Balance at January 1, 2020 (i.e. Balance at Balance on December 31, 2020)	\$ -
Balance at January 1, 2019	\$ 105,723
Impairment loss recognized	(105,723)
Balance at December 31, 2019	\$ -

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 2,605,000	2,735,701	528,316	31,616	639,828	1,304,656	231,285
Unsecured bank loans	240,000	241,874	191,810	50,064	-	-	-
Trade payables	424,250	424,250	354,187	70,063	-	-	-
Lease liabilities	40,096	70,405	1,206	1,206	1,263	2,061	64,669
Guarantee deposits received	1,483	1,483	-	-	1,483	-	-
	<u>\$ 3,310,829</u>	<u>3,473,713</u>	<u>1,075,519</u>	<u>152,949</u>	<u>642,574</u>	<u>1,306,717</u>	<u>295,954</u>
December 31, 2019							
Non-derivative financial liabilities							
Secured bank loans	\$ 2,422,000	2,581,600	126,797	46,708	595,985	1,474,794	337,316
Unsecured bank loans	640,000	654,336	344,587	72,561	134,485	102,703	-
Trade payables	588,044	588,044	561,306	26,738	-	-	-
Lease liabilities	41,232	72,598	1,213	1,213	2,425	2,158	65,589
Guarantee deposits received	941	941	-	-	941	-	-
	<u>\$ 3,692,217</u>	<u>3,897,519</u>	<u>1,033,903</u>	<u>147,220</u>	<u>733,836</u>	<u>1,579,655</u>	<u>402,905</u>

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

(iii) Market risk

1) Currency risk

The Company's significant exposures to foreign currency risk were as follow:

	<u>December 31, 2020</u>			<u>December 31, 2019</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ -	28.1000	-	2,573	29.9800	77,146

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, loans, trade and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Company's functional currency as of December 31, 2020 and 2019 would have increased (decreased) the before-tax net income for the years ended December 31, 2020 and 2019 by \$0 and \$771, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

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SUNTY DEVELOPMENT CO., LTD
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The amounts of conversion gains and losses (including realized and unrealized) of monetary items of the Company which were converted into NTD, and the exchange rate information converted to the Company's functional currency, NTD, are as follows:

	For the years ended December 31			
	2020		2019	
	Exchange gain (loss)	Average exchange rate	Exchange gain (loss)	Average exchange rate
NTD	\$ (5,028)	-	(826)	-

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 1%, the Company's net income will decrease/increase by \$1,350 thousand and \$6,312 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors that remain constant. This is mainly due to the Company's borrowings in variable rates.

(v) Other market price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the years ended December 31	
	2020	2019
	Net Income (Loss) (net of tax)	Net Income (Loss) (net of tax)
Increase 3%	\$ <u>478</u>	<u>598</u>
Decrease 3%	\$ <u>(478)</u>	<u>(598)</u>

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

	December 31, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 269,039	-	-	-	-
Notes and accounts receivable	34,866	-	-	-	-
Other financial assets- current	492,585	-	-	-	-
Other financial assets- non-current	63,971	-	-	-	-
Subtotal	\$ 860,461	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	\$ 2,693,000	-	-	-	-
Notes payable, accounts payable and other payables	588,044	-	-	-	-
Long-term loans (including current portion)	369,000	-	-	-	-
Lease liabilities	41,232	-	-	-	-
Guarantee deposits received	941	-	-	-	-
Subtotal	\$ 3,692,217	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

- a) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

- a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

The fair value of financial assets, which is regarded as being quoted in an active market, held by the Company is disclosed as follows sorted by character:

- i) A financial instrument being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

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

- b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate. Measurement of the fair value of derivative instruments is based on the valuation.

- 4) Transfers between Level 1 and Level 2

Stock held by the Company quoted in an active market is sorted to Level 1. There is no difference regarding valuation techniques between 2020 and 2019. There is no transfer between first and second level measured at fair value in 2020 and 2019.

- (x) Financial risk management

- (i) Overview

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

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

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks.

- (ii) Risk management framework

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

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, there is no risk of significant concentration; and the merger is conducted through open markets with a credit-good counterparty, which is expected to not result in a breach of contract by the counterparty, so there is little possibility of credit risk.

The Company's accounts receivable and other receivables were mainly due from the customer. Customers rated as high risk were classified as restricted customers and monitored, and those customers will transact with the Company only on a prepayment basis in the future.

The majority of the Company's customers are mostly those in the construction industry. In order to reduce accounts receivable credit risk, the Company continuously assesses the financial condition of its customers. If it is necessary, the Company will ask for guarantees or warranties. However, there is no other significant concentration of credit risk. Furthermore, the Company monitors and reviews the recoverable amount of the accounts receivables to ensure the uncollectible amount is recognized appropriately as impairment loss.

The Company establishes an allowance for doubtful accounts that represents its estimate on incurred losses in respect of trade receivables and other receivables. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

2) Investments

The credit risk exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Company do not have compliance issues and no significant credit risk.

3) Guarantees

The Company's policy is to provide financial guarantees to the companies that have business relationship and the subsidiaries that the Company directly and indirectly hold more than 50% voting shares. As of December 31, 2020 and 2019, there is no guarantee outstanding.

(iv) Liquidity risk

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

Bank borrowing is an essential liquidity source for the Company. As of December 31, 2020 and 2019, the Company's unused credit line were amounted to \$6,134,598 thousand and \$4,595,932 thousand, respectively.

(v) Market risk

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

The Company did not buys and sells derivatives for manage market risks.

1) Currency risk

The interest was denominated in the currency used in the borrowings. Borrowings were generally denominated in currencies that match with the cash flows generated by the underlying operations of the Company, primarily TWD. This provided an economic hedge without derivatives being entered into, and therefore, hedge accounting was not applied in these circumstances.

2) Interest rate risk

The Company ensures that the most cost-effective strategy is adopted by maintaining an appropriate fixed and floating interest rate mix and evaluating it regularly.

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

3) Other market price risk

The Company is not exposed to equity price risk due to passive investment strategy on trading listed equity securities.

(y) Capital management

The objectives of the Board's policy are to maintain an optimal capital structure to keep the investors, creditors, the market faith, and the future operation. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Company's debt to equity ratio at the reporting date was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 5,319,516	5,002,304
Less: cash and cash equivalents	<u>(148,246)</u>	<u>(269,039)</u>
Net debt	5,171,270	4,733,265
Total Equity	<u>5,143,926</u>	<u>5,175,225</u>
Adjusted equity	<u>\$ 10,315,196</u>	<u>9,908,490</u>
Debt-to-equity ratio at December 31	<u>50.13%</u>	<u>47.77%</u>

(z) Investing and financing activities not affecting current cash flow

- (i) By the lease to get the right-of-use asset, please refer to notes 6(k).
(ii) For conversion of convertible bonds to ordinary shares, please refer to notes 6(q).

	January 1, 2020	Cash flows	Non-cash changes Acquisition	December 31, 2020
Long-term loans	\$ 369,000	(30,000)	-	339,000
Short-term loans	2,693,000	(187,000)	-	2,506,000
Lease liabilities	<u>41,232</u>	<u>(1,536)</u>	<u>400</u>	<u>40,096</u>
Total liabilities from financing activities	<u>\$ 3,103,232</u>	<u>(218,536)</u>	<u>400</u>	<u>2,885,096</u>

	January 1, 2019	Cash flows	Non-cash changes Acquisition	December 31, 2019
Long-term loans	\$ 552,375	(183,375)	-	369,000
Short-term loans	2,493,000	200,000	-	2,693,000
Lease liabilities	38,537	(964)	3,659	41,232
Short-term notes payables	<u>49,983</u>	<u>(49,983)</u>	<u>-</u>	<u>-</u>
Total liabilities from financing activities	<u>\$ 3,133,895</u>	<u>(34,322)</u>	<u>3,659</u>	<u>3,103,232</u>

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Sunty International Land Co., Ltd.	Subsidiary
Sunty Land Co., Ltd.	Subsidiary
Hsin Tung Yang Construction Co., Ltd.	Subsidiary
Great Harbor Limited (G.H.)	Subsidiary
Cheng Du Sheng Yang Real Estate Development Limited Company	Subsidiary
Hsing Yang Engineering Co., Ltd.	Other related party
Shi Yang Construction Co., Ltd. (Shi Yang)	Other related party
Hsin Tung Yang Real Estate Agent Co., Ltd.	Other related party
Hsin Tung Yang Co., Ltd.	Other related party
Syang Apartment Building Management and Maintenance Co., Ltd.	Other related party
Syang Security Co., Ltd.	Other related party
Ton Fu Development Co., Ltd. (Ton Fu)	Other related party
CHEN, ○ ZHEN	Other related party
LI, ○ WAN	Other related party
MAI, ○ JEN	Other related party
JIAN, ○ YU	Other related party
ZENG, ○ ZHENG	Other related party
CHIEN, ○ YING	Key management personnel of the Company
MAI, ○ WEI	Key management personnel of the Company
LIU, ○ HUI	Key management personnel of the Company

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales and amount unsettled by the Company to related parties were as follows:

	For the years ended December 31	
	2020	2019
Related parties	\$ 2,022	8,372

In August 2019, the Board of Directors had approved a resolution to dispose of portion of its road sites to other related parties for a total contract amount of \$2,022 thousand. As of December 31, 2020, the Company had received the full amount and completed the transfer process.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

The Company was signed the contract of sales property with other related parties in respect of a joint-construction in August 2019. The construction has 40% belong to the Company amounted to \$8,540 thousand (including tax). As of December 31, 2019, the Company had received the full amount and completed the transfer process.

There is no material difference between the above prices and sales terms of lands and roads to other related parties and the non-related parties.

(ii) The amounts of contract out and design by the Company from related parties were as follows:

<u>For the year ended December 31, 2020</u>	<u>Principal activity</u>	<u>Total contract price</u>	<u>The amount of the current period</u>	<u>Priced amount</u>
Subsidiary - Hsin Tung Yang Construction Co., Ltd.	Construction work	\$ 1,181,563	91,412	91,142
Other related parties	Construction work	<u>1,371</u>	<u>496</u>	<u>1,371</u>
		<u>\$ 1,182,934</u>	<u>91,908</u>	<u>92,513</u>
<u>For the year ended December 31, 2019</u>				
Other related parties	Construction work	<u>\$ 48,828</u>	<u>36,598</u>	<u>48,828</u>
Other related parties	Architectural design	<u>\$ 19,281</u>	<u>-</u>	<u>5,820</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

In addition, the joint-construction agreement with other related parties was terminated in August 2019.

(iii) Creditor debt situation

The Company's significant claims and liabilities with related parties were as follows:

<u>Accounted items</u>	<u>Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Note receivable	Other Related party-Ton Fu	<u>\$ -</u>	<u>607</u>
Trade receivable	Subsidiary-G.H.	<u>29,073</u>	<u>29,110</u>
Account payable	Other related parties-Hsin Tung Yang Construction Co., Ltd.	\$ 49,918	2,386
Account payable	Other related parties-Shi Yang	-	12,081
Account payable	Other related parties	<u>2,065</u>	<u>-</u>
		<u>\$ 51,983</u>	<u>14,467</u>
Other payable	Other related parties	<u>\$ -</u>	<u>154</u>

(Continued)

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(iv) Leases between the Company and the related parties as of December 31, 2020 and 2019:

For the year ended December 31, 2020	Assets	Period	Payment method	Rent income (expense)
Other related parties	Partial office of Zhongxiao East	2020.01.01~2020.12.31	One-time payment	<u>\$ (1,224)</u>
"	11F, No.289, Section 4, Zhongxiao East Road, Taipei	"	"	<u>\$ (2,266)</u>
"	Partial office of Zhongxiao East Road, Taipei	"	One-time receivable	<u>\$ 488</u>
Subsidiary	11F, No.289, Section 4, Zhongxiao East Road, Taipei	"	"	<u>\$ 3,894</u>
"	"	"	"	<u>\$ 17</u>
"	"	"	"	<u>\$ 17</u>
For the year ended December 31, 2019				
Other related parties	Partial office of Zhongxiao East	2019.01.01~2019.12.31	One-time payment	<u>\$ (1,224)</u>
"	11F, No.289, Section 4, Zhongxiao East Road, Taipei	2019.01.01~2019.12.31	"	<u>\$ (2,266)</u>
"	Partial office of Zhongxiao East Road, Taipei	2018.09.01~2019.12.31	One-time receivable	<u>\$ 487</u>
Subsidiary	11F, No.289, Section 4, Zhongxiao East Road, Taipei	2019.01.01~2019.12.31	"	<u>\$ 3,894</u>
"	"	"	"	<u>\$ 17</u>
"	"	"	"	<u>\$ 17</u>

(v) The Company signed a lease agreement on the fixed-term use rights of the building and land rights leases with the key management personnel in September 2018. In 2020 and 2019, the rental income was both \$137 thousand.

(vi) Other

- 1) In December 2013, the Company signed a joint-construction agreement with other related parties to cover urban renewal costs. Both parties agree to share the burden in proportion to 40% and 60%, respectively. As of December 31, 2020 and 2019, the guarantee interest income amounted to \$31 thousand and \$24 thousand, respectively. The joint-construction project was completed in December 2018.
- 2) The Company has entered into a business contract with the related party for assisting the construction cases. The salary is paid at a fixed rate. The contract amounted to \$2,296 thousand and \$2,767 thousand in 2020 and 2019, respectively.
- 3) In 2020 and 2019, the operating and construction expenses paid by the Company to other related parties and major management of the Company by the operating and business dealings of the Company and the co-owner of the urban renewal cases were \$3,887 thousand and \$3,940 thousand, respectively.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

- 4) As of December 31, 2020 and 2019, the refundable deposits paid, through construction contracts with the subsidiaries and other related parties, amounted to \$161,592, \$13,701, \$87,904 thousand and \$17,501 thousand, respectively.
- 5) As of December 31, 2020 and 2019, the guarantees for guarantees and endorsements from the subsidiaries to the Company were both \$680,000 thousand,

(c) Key management personnel compensation

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 26,248	27,090
Post-employment benefits	<u>515</u>	<u>519</u>
	<u>\$ 26,763</u>	<u>27,609</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant and equipment	Bank loan	\$ 99,570	100,501
Investment property	"	944,535	966,924
Inventory (construction)	"	4,625,942	4,112,730
Other financial assets-current and non-current	The guarantee of the green building contract of the urban renewal, and the trust of pre-sale building and land, etc.	<u>917,199</u>	<u>491,848</u>
		<u>\$ 6,587,246</u>	<u>5,672,003</u>

(9) Commitments and contingencies:

The Company's unrecognized contractual commitments are as follows:

- (a) The Company entered into sales of presold and finished property. The amount of fixed property usage right and the contract of the land lease are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Signed contract price	<u>\$ 9,389,721</u>	<u>6,866,224</u>
Received	<u>\$ 1,796,553</u>	<u>1,268,687</u>

- (b) The refundable deposit provided by the Company for joint-construction is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Refundable deposits	<u>\$ 57,542</u>	<u>60,501</u>

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SUNTY DEVELOPMENT CO., LTD
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- (c) Unrecognized commitments generated by signing contracts for purchasing land for construction and presold property was as follows:

	December 31, 2020	December 31, 2019
Inventory - construction industry	\$ 1,023,855	1,026,370

- (d) The Company used the building lease, and land lease contract of “Sun-yang-you-see” of installments claim receivables transferred to financial institutions. As of December 31, 2020, the balance of unpaid amounted to \$169,358 thousand and recognized current contract liabilities.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31						
		2020			2019		
		By function	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense
Employee benefits							
Salary	-	92,697	92,697	-	89,840	89,840	
Labor and health insurance	-	6,091	6,091	-	6,087	6,087	
Pension	-	3,288	3,288	-	3,277	3,277	
Remuneration of directors	-	3,332	3,332	-	3,656	3,656	
Others	-	4,757	4,757	-	3,560	3,560	
Depreciation	22,474	3,850	26,324	22,474	3,458	25,932	
Depletion	-	-	-	-	-	-	
Amortization	-	248	248	-	35	35	

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

	2020	2019
Number of employees	71	71
Number of directors who were not employees	3	3
The average employee benefit	\$ 1,571	1,511
The average salaries and wages	\$ 1,363	1,321
Percentage of average employee salary expense	3.18 %	
Remuneration to supervisors	\$ -	378

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SUNTY DEVELOPMENT CO., LTD
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The item of the Company's salary and remuneration for directors, independent director, managers, and employees as follows:

- (i) Board directors:
 - 1) Regardless of the Company's profit or loss, the board directors' salary is paid on monthly basis.
 - 2) The board directors' remuneration is allocated at a rate specified in the Company's articles of association, and adjusted according to the value of his/hers participation in the Company's operations and contribution.
 - 3) Transportation and allowances are given according to the need for professional practice.
- (ii) Executive officers:
 - 1) The monthly fixed salary is determined by the rank of salary standard.
 - 2) According to the result of the operation performance, the Company distributes the bonus.
 - 3) Employees' remuneration is allocated at a rate specified in the Company's articles of association.
 - 4) Transportation and manager allowances are given according to the job-level standards.
- (iii) Other employees:
 - 1) The fixed amount salary of the Company's employees is handled in accordance to the standard of the "job level table".
 - 2) According to the result of the operation performance, the Company distributes the bonus.
 - 3) Employees' remuneration is allocated at a rate specified in the Company's articles of association.

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SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	Sunty International Land Development Co., Ltd.	Sunty Development Co., Ltd.		956,893	680,000	680,000	561,949	-	568.51 %	1,196,116	N	Y	N

Note 1: The maximum guarantee and endorsement cannot exceed the net worth of the Company. The maximum guarantee and endorsement for individual counter party cannot exceed the net worth of the Company. The maximum guarantee and endorsement for other entity by the Company and subsidiaries cannot exceed 150% of the net worth of the Company.

Note 2: There are seven kind of conditions in which the Company may have guarantees or endorsements for the receiving parties.

1. The Company has business with the receiving parties.
2. The Company holds directly more than 50% of the common stock of the subsidiaries.
3. The parent company which directly or indirectly holds more than 50% of the investee
4. Subsidiaries in which the Company directly or indirectly holds more than 90% of its voting rights.
5. Companies in the same type of business and providing mutual endorsement/ guarantee in favor of each other in accordance with contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsement and/ or guarantee for their mutually invested company in proportion to their shareholder percentage.
7. Companies in the same type of business providing guarantee of pre-sale contract according to the regulation.

Note 3: The subsidiary (Sunty International) is the parent company (Sunty Development) under the joint guarantee for the performance of the pre-sale housing sales contract under the Consumer Law. The maximum guarantee and endorsement for raised to ten and eight times the net value of the subsidiary (Sunty International).

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
Sunty Development Co., Ltd.	Stocks - Ton Fu Development Co., Ltd. (Ton Fu)	-	Financial assets at fair value through profit and loss - current	2,000	19,924	10.00 %	19,924	10.00 %	
Hsin Tung Yang Construction Co., Ltd.	Stocks - Yushan Financial Holdings (shares)	-	Financial assets at fair value through profit and loss - current	3,124	79,806	- %	79,806	- %	
"	Beneficiary certificate - FSITC Money Market Fund	-	"	1,296	20,003	- %	20,003	- %	
Cheng Du Sheng Yang Real Estate Development Limited Company	Beneficiary certificate - Monthly benefits	-	"	58,000	253,828	- %	253,828	- %	

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	The youth section of Wanhua District, Taipei City	2020.3.17	543,400	543,400	Ministry of Defense	Related party				-	Tender	Business Activity	
The Company	Fushun Section, Shilin District, Taipei	2020.7.17	781,360	781,360	Mr. Lin and six others	"				-	Pricing	"	

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

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
Sunty Development Co., Ltd.	Hsin Tung Yang Construction Co., Ltd.	Taiwan	Civil engineering contractors, etc.	108,700	108,700	11,358	70.11 %	151,238	13,375	25,646	
"	Sunty International Land Development Co., Ltd.	Taiwan	Construction, sales, and leasing of residential and commercial buildings	123,800	180,000	12,380	100.00 %	116,179	(4,118)	(4,118)	(Note 1)
"	Sunty Land Development Co., Ltd.	Taiwan	Construction, sales, and leasing of residential and commercial buildings	1,200	20,000	120	100.00 %	1,127	(71)	(71)	(Note 1)
"	Great Harbor Limited	Samoa	Investment holding	1,044,112	1,044,112	16	51.00 %	510,986	(1,665)	7,427	

Note 1: On November 20, 2020, the Board of Directors of Sunty International Land Development and Sunty Land Development passed a resolution to reduce capital to make up the losses. The reduction amount is \$56,200 thousand and \$18,800 thousand, the elimination of shares is 5,620 thousand and 1,880 thousand and the ratio is 31% and 94%, respectively. The registration process was completed on December 3 and December 11, 2020, respectively.

Note 2: The above transactions were eliminated when compiling the consolidated financial statements.

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Cheng Du Sheng Yang Real Estate Development Limited Company	Real estate development	1,250,450 (US\$34,500)	(Note 1)	969,450 (US\$34,500)	-	-	969,450 (US\$34,500)	(267) (CNY(63))	51.00%	8,140 (CNY1,906)	388,894 (CNY89,876)	-

Note 1: It is the Company's third-region investment business through the Great Harbor Limited.

Note 2: On January 18, 2021, the Board of Directors had approved the capital reduction and refunded to the shareholders. The refund amount is US\$9,300 thousand.

SUNTY DEVELOPMENT CO., LTD
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China set by Investment Commission, Ministry
969,450 (US 34,500)	1,007,554 (US 35,856)	3,379,331

Note: US Dollar exchange rate at December 31, 2020 closing rate: NT\$28.1000, CNY\$0.1540.

(iii) Significant transactions: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chen Yang Investment Co., Ltd.		41,303,941	11.72 %
Shang Yang Investment Co., Ltd.		41,234,312	11.70 %
Ting Yang Investment Co., Ltd.		40,738,478	11.56 %
Hsing Yang Investment Co., Ltd,		30,856,309	8.75 %
Shi Yang Construction Co.,Ltd.		25,855,653	7.33 %
Yuan Shang Co.,Ltd.		25,172,005	7.14 %
Cathay United Bank holding J-Ten Ltd. Investment Account		23,933,000	6.79 %
Ting Yang Investment Co., Ltd.		21,993,819	6.24 %
Hsin Tung Yang Real Estate Agent Co., Ltd.		19,087,948	5.41 %

Note: The major shareholders information in this table is based on the last business day at the end of each quarter by Taiwan Depository and Clearing Corporation, which calculates that shareholders hold more than 5% of the company's ordinary shares that have been delivered without physical registration.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2020.

Company name : Sunty Development Co., Ltd.

Chairman : Kuan-Chen Mai