Stock Code：5512

Rich Development Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Certified Public Accountant Report

For the Years Ended December 31, 2020 and 2019

Address: 8F, No 99, Chi Lin Rd, Taipei City
Tel: (02)2100-2288

CONTENTS

Item	Page
1.Cover	1
2.Contents	2
3.Statement to the Consolidated Financial Statements	3
4.Independent Auditors' Report	4
5.CONSOLIDATED BALANCE SHEET	5
6.CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	6
7.CONSOLIDATED STATEMENTS CHANGES IN STOCKHOLDERS' EQUITY	7
8.CONSOLIDATED STATEMENTS OF CASH FLOWS	8
9.Notes to Consolidated Financial Statements	
(1) Company History	9
(2) The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization	9
(3) Application of New, Amended and Revised Standards and Interpretations	9～10
(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	10～32
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	32
(6) Explanation of significant accounts	33～71
(7) Related-party transactions	71～76
(8) Pledged assets	76
(9) Significant Contingencies and Unrecognized Contract Commitments	76～81
(10) Significant losses due to major disasters	81
(11) Significant subsequent Events	81
(12) Others	81
(13) Other disclosures	
1) Information on significant transactions	81～86
2) Information on invested companies	86～88
3) Information on investments in mainland China	88～89
4) Information on main shareholders	89
(14) Segment information	89～90

Statement to the Consolidated Financial Statements

In the year 2020 (from January 1 to December 31, 2020), pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements for Affiliates will not be prepared. Hereby declare by

Company name: Rich Development Co., Ltd.
Chairman：Shu-Cheng Kuo
Date：March 23, 2021

Independent Auditors' Report

The Board of Directors and Shareholders Rich Development Co., Ltd.

Audit Opinions

We have audited the Consolidated Balance Sheets of Rich Development Co. Ltd. as of December 31, 2020 and 2019, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2020 and 2019.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the Consolidated financial position of Rich Development Co. Ltd. as of December 31, 2020 and 2019, and its Consolidated financial performance and Consolidated cash flows for the annual periods ended December 31, 2020 and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinion

We conducted our audits of the financial statements as of and for the year ended December 31, 2020 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibility under the above-mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing of Consolidated Financial Statements." We are independent of Rich Development Co. Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements of Rich Development Co. 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. The accountant judged that the key audit items that should be communicated in the audit report are as follows:

1. Inventory evaluation

   For the accounting policies for inventory evaluation, please refer to Note 4 (8) Inventories in the consolidated financial report; for the assumptions and estimated uncertainties involved in inventory evaluation, please refer to Note 5; For inventory-related disclosures, please refer to Note 6 (5) Inventories.

Description of the key audit matter:

Rich Group's inventory is an important asset for operations, and its amount accounts for approximately 36% of the total assets; inventory evaluation is computed in accordance with International Accounting Standards No. 2, and because the net realizable value of Rich Group's inventory is based on the management's future sales price and the estimation of construction costs, and is easily affected by the political and economic environment; if the net realized value is not properly assessed, it will cause false financial statements. Therefore, the inventory evaluation test is one of the important evaluation items for the accountant to perform the review of the consolidated financial report of the Rich Group.

To respond to this key matter, the audit procedures we performed were:

We obtained the Rich Development Co., Ltd., and tested the aforementioned data on a sample basis to check with the consumable contracts, referring to the latest real estate price registration announced by the Ministry of the Interior or obtaining the concluded price of houses nearby and converting the average selling price into the net realizable value of the inventory of houses for sale; for the net realizable value of construction land, land and houses under construction, we obtained samples and checked the company's investment return analysis, comparing the investment return analysis data with market average, and when necessary obtained the external appraisal report to assess whether the net realized value of the inventory is fairly presented.

2. Assessment of impairment losses of property, plant and equipment

For accounting policies related to asset impairment assessment, please refer to Note 4 (15) of the consolidated financial report; For disclosure of real property, plant and equipment, please refer to Note 6 (9).

Description of the key audit matter:

Rich Group's property, plant and equipment accounted for approximately 17% of its total assets as of December 31, 2020, and its main components were land and buildings used for hotel operations. Concerning the impact of the COVID pandemic in the Republic of China in 2020 and other uncertain factors such that the tourism industry's prosperity has not yet rebounded, the impairment assessment on the financial reporting date is important, and the assessment process and evaluation method must be based on the subjective judgment of the management. If the impairment assessment is not appropriate, it will cause false statements in the financial reports. Therefore, the test for impairment assessment of property, plant and equipment is an important assessment item for the accountant to perform the audit of Rich Group's financial report.

The corresponding audit procedures:

The accountant's main audit procedures for the above key audit matter include: With regard to the relevant documentary proof related to the recoverable amount of land and buildings assessed by the management of Rich Group for hotel operations, the reasonableness of the company's estimated discounted present value of future cash flows in accordance with IAS 36 asset impairment requirements or the external valuation report it adopted was reviewed, so as to assess whether the book value of major assets such as land and buildings exceeds its recoverable amount.

3. Judgment on accounting treatment of service concession agreements

For the accounting policies of the service concession agreement, please refer to Note 4 (9) of the consolidated financial report; for the material judgments involved in the service concession agreement, please refer to Note 5; for the disclosure of the service concession agreement, please refer to Note 6 (11), (12) and 9.

Description of key audit matter:

The Rich Group and the government agencies signed the contract for restructuring, operation and transfer, as it involves identifying whether it is applicable to the International Financial Reporting Interpretation No. 12 "Service Concession Agreement". If the service concession agreement is applicable to the aforementioned IFRS, it involves significant management judgment that the provision of construction or upgrading services should be recognized and classified as

receivables or intangible assets. Its accounting treatment will significantly affect the amount of relevant accounting subjects in the consolidated financial report; therefore, the judgment about the IFRS application of the service concession agreement and that the provision of construction or upgrading services under the service concession agreement is a classification of receivables or intangible assets are identified as the most important matter for the accountant to review the consolidated financial report of Rich Group.

The corresponding audit procedures:

This accountant's main audit procedures for the above key audit matter: Obtain the contract for restructuring, operation and transfer that are signed by Rich Group and the government agencies, reviewing the contract terms and interviewing the management to determine whether it is applicable to the following: 1. It is controlled or regulated by the government agencies and Rich Group provides construction or upgrading of infrastructure types, service targets and service prices; and 2. The government agencies control any significant residual interest in the infrastructure at the end of the service agreement period by the way of ownership, beneficiary rights or other means. In addition, we obtained the management evaluation documents on the accounting treatment to confirm whether the accounting treatment meets the requirements of corresponding IFRS.

4. Recognition of construction contract gains and losses and onerous contract losses

Please refer to Note 4 (17) Revenue Recognition for the accounting policies related to the recognition of construction revenue; Please refer to Note 5 for the assumptions and estimated uncertainties involved in the recognition of revenue from construction contracts; Please refer to Note 6(21) for the disclosure of contract revenue.

Description of key audit matter:

The main business of Rich Group includes construction contracts signed with customers, and a significant proportion of operating revenue comes from such construction contracts. Because the recognition of revenue from such construction contracts involves significant estimates and judgments, such as the total cost of the construction contract, the degree of completion, additional construction revenue related to cost consideration, and the recognition of loss onerous contracts, etc. The subjective judgment of the management may cause a number of changes in estimates, which in turn will affect the profit and loss and revenue recognized by the Rich Group in the financial statements; therefore, the recognition of the construction contract gains and losses and loss of onerous contracts is identified as the accountant's important evaluation items in the audit of the Rich Group's consolidated financial reports.

Corresponding audit procedure:

The accountant's main audit procedures for the above key audit matter include the effectiveness test of internal control related to the timing and correctness of the recognition of construction contract revenue and costs; we examine major contracts on sample basis and interview with management to understand the specific terms and risks of each contract; test the evaluation documents and approval procedures performed by the management to estimate the total contract cost, percentage of contract completion , contract margins and onerous contracts; test the construction evaluation and pricing procedures, and check and adjust with the general ledger, evaluate whether the recognition of construction contract revenue and cost meets the requirements of relevant accounting standards. In addition, assess whether the management's recognition of onerous contract losses reflects the situation of expected contract loss.

Other Matters

Rich Development Co. Ltd. has also compiled Individual Financial Statements for 2020 and 2019, and they have also received audit opinion of no reservations from our CPA for your reference.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statements

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting

Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) to the extent endorsed and issued into effect by the Financial Supervisory Commission, and to sustain internal controls respecting preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein

In preparing the Consolidated Financial Statements, the responsibility of management includes assessing the ability of Rich Development Co. Ltd. and its subsidiaries to continue as a going concern, disclosing going concern matters, as well as adopting going concern accounting, unless the management intends to liquidate Rich Development Co. Ltd. and its subsidiaries or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

Those charged with governance in Rich Development Co., Ltd., including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are

KPMG Taipei, Taiwan
CPA:
CHIH, SHIH-CHIN
CHEN, CHUNG-CHE

Approval number by the Securities Authority Agency-FSC- No. 1020000737
Approval number by the Securities Authority Agency-FSC- No. 1000011652

March 23, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 thosegenerally applied in the Republic of China.

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

Rich Development Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31,2020 and 2019

Unit: NT$ Thousands

		December 31, 2020		December 31, 219	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets：				
1100	Cash and cash equivalent (Note 6(1))	$ 2,555,517	6	1,868,810	5
1110	Financial assets at fair value through profit or loss- current (Note 6(2) and 8)	163,425	-	109,049	-
1141	Contract Assets－current (Note 6(21))	1,894,643	4	2,024,173	5
1150	Notes receivable, net (Note 6 (4)、(21) and 7)	7,757	-	14,164	-
1170	Accounts receivable, net (Note 6 (4)、(12)、(21) and 7)	1,386,588	3	813,724	2
1320	Inventory (applicable to construction industry) (Note 6(4),7 and 8)	15,927,520	36	16,094,373	40
1476	Other financial assets－current (Note 7, 8, and 9)	1,102,580	3	1,608,308	4
1479	Other current assets－others	297,497	1	346,293	1
1480	Incremental costs of obtaining a contract- current	1,876	-	1,630	-
1482	Cost of fulfilling a contract-current	11,314	-	7,509	-
		23,348,717	53	22,888,033	57
	Non-current assets:				
1510	Financial assets at fair value through profit or loss- non-current (Note 6(2))	13,734	-	200,725	-
1517	Financial assets at fair value through other comprehensive income－non-current (Note 6(3)))	546,522	1	319,898	1
1535	Current financial assets at amortized cost－non-current (Note 7)	100,000	-	100,000	-
1550	Investments accounted for using equity method (Note 6 (6))	201,405	-	232,174	1
1600	Property, plant and equipment (Note 6 (8)、7 and 8)	7,200,529	17	5,291,440	13
1755	Right-of-use assets	688,204	2	405,530	1
1760	Investment property (Note 6 (10) and 8)	1,124,692	3	1,651,969	4
1780	Intangible Assets (Note 6(7)、(11) and 8)	2,692,078	6	2,426,375	6
1840	Deferred Tax Assets (Note 6 (18))	49,873	-	44,458	-
1932	Long-term account receivables (Note 6(12) and 8)	6,942,926	16	6,728,183	17
1960	Current prepayments for investments (Note 6(7))	-	-	79,088	-
1980	Other financial assets－non-current(Note 8)	729,252	2	130,671	-
		20,289,215	47	17,610,511	43
	Total assets	**$ 43,637,932**	**100**	**40,498,544**	**100**

Rich Development Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEET(CONTINUED)

December 31,2020 and 2019

Unit: NT$ Thousands

		December 31, 2020		December 31, 219	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current Liabilities：				
2100	Short-term bank loans (Note 6(14))	$ 8,467,679	19	7,305,955	17
2110	Short-term notes and bills payable (Note (13))	2,477,525	6	3,084,103	8
2130	Contract liabilities－current (Note 6(21))	850,701	2	305,487	1
2150	Notes payable (Note 7)	356,543	1	342,640	1
2170	Account payable (Note 7)	1,093,541	3	871,120	2
2200	Other account payable (Not 6 (9)、(22) and 7)	502,794	1	454,702	1
2230	Current tax liabilities	96,112	-	54,628	-
2250	Provisions－current	63,920	-	5,390	-
2280	Lease liabilities－current (Note 7)	100,185	-	20,231	-
2321	Corporate bond payable, current portion (Note 6(16))	-	-	1,996,451	6
2322	Long-term liabilities, current portion (Note 6(15))	1,214,023	3	1,231,496	3
2399	Other current liabilities－others	20,376	-	55,512	-
		15,243,399	35	15,727,715	39
	Non-current Liabilities：				
2530	Corporate bond payable (Note 6(16))	2,484,681	6	480,053	1
2540	Long-term bank loans (Note 6(15))	6,615,260	15	5,289,536	13
2550	Provisions－non-current	56,430	-	49,519	-
2570	Deferred tax liabilities (Note 6(18))	437,641	1	409,972	1
2580	Lease liabilities－non-current (Note 7)	599,940	1	382,592	1
2612	Long-term account payable (Note 7)	95,205	-	96,187	-
2640	Net defined benefit liability－non-current	32,823	-	35,977	-
2645	Refundable deposits (Note 6(7) and 7)	185,358	1	212,651	1
2670	Other non-current liabilities－others	43,252	-	44,868	-
		10,550,590	24	7,001,355	17
	Total liabilities	25,793,989	59	22,729,070	56
	Equity attributable to owners of the parent (Note 6(19))：				
3110	Common shares	7,439,927	17	7,439,927	19
3200	Capital surplus	608,543	1	606,478	2
3310	Legal reserve	1,267,283	3	1,184,325	3
3320	Special reserve	261,872	1	159,847	-
3350	Unappropriated retained earning	4,025,452	9	4,551,604	11
3400	Other equity	(81,048)	-	(230,192)	(1)
3500	Treasury stocks	(98,195)	-	(98,195)	-
	Total equity attributable to shareholders of the parent	13,423,834	31	13,613,794	34
36XX	**Non-controlling interests (Note 6(8) and (19))**	4,420,109	10	4,155,680	10
	Total equity	17,843,943	41	17,769,474	44
	Total liabilities and equity	**$ 43,637,932**	**100**	**40,498,544**	**100**

The accompanying notes are an integral part of the consolidated statements

Chairman: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
December 31,2020 and 2019

Unit: NT$ Thousands

		2020		2019	
		Amount	%	Amount	%
4000	**SALES (Note 6 (21))**	$ 6,468,941	100	7,827,344	100
5000	**COST OF GOOD SOLD (Note 6 (5) and 7)**	5,420,683	84	5,773,443	74
	GROSS PROFIT	1,048,258	16	2,053,901	26
	OPERATING EXPENSES (Note 6 (22) and 7)				
6100	Selling and marketing expenses	92,473	1	198,491	3
6200	General and administration expenses	344,487	5	408,658	5
6300	Research and development expense	3,012	-	3,674	-
		439,972	6	610,823	8
	PROFIT FROM OPERATIONS	608,286	10	1,443,078	18
	NON-OPERATING INCOME AND EXPENSES:				
7100	Interest income	7,439	-	18,248	-
7010	Other income (Note 6(23) and 9)	13,337	-	24,067	1
7020	Other gains and losses (Note 6(23))	35,348	1	(52,303)	(1)
7050	Financial cost (Note 6(23) and 7)	(263,497)	(4)	(254,430)	(3)
7370	Share of profit of associates accounted for using the equity method (Note 6(6))	26	-	(3,218)	-
		(207,347)	(3)	(267,636)	(3)
7900	**PROFIT BEFORE INCOME TAX**	400,939	7	1,175,442	15
7950	**INCOME TAX EXPENSES (Note 6 (16))**	277,759	4	221,081	3
	NET PROFIT FOR THE YEAR	123,180	3	954,361	12
8300	**OTHER COMPREHENSIVE INCOME:**				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	1,249	-	1,682	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	209,998	3	(152,973)	(2)
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will not be reclassified to profit or loss	211,247	3	(151,291)	(2)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchanges differences on translating the financial statements of foreign operation	186	-	(691)	-
8370	Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method - Items that may be reclassified to profit or loss	(6,949)	-	(845)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total of items that may be reclassified subsequently to profit	(6,763)	-	(1,536)	-
8300	**TOTAL OTHERCOMPREHENSIVE INCOME FOR THE YEAR**	204,484	3	(152,827)	(2)
8500	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**$ 327,664**	**6**	**801,534**	**10**
	Net profit (loss) for the year attributable to:				
8610	Owners of the parent	$ 103,978	3	827,825	10
8620	Non-controlling interest	19,202	-	126,536	2
		$ 123,180	**3**	**954,361**	**12**
	Total comprehensive income attributable to:				
8710	Owners of the parent	$ 254,371	5	717,657	9
8720	Non-controlling interest	73,293	1	83,877	1
		$ 327,664	**6**	**801,534**	**10**
	EARNINGS PER SHARE (Note 6(20))				
9750	**Basic EARNINGS PER SHARE (NT$)**	**$**	**0.14**		**1.12**
9850	**Diluted EARNINGS PER SHARE(NT$)**	**$**	**0.14**		**1.11**

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

Chairman: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS CHANGES IN STOCKHOLDERS' EQUITY
December 31,2020 and 2019

Unit: NT$ Thousands

	Equity Attributable to Owners of the Parent										
			Retained Earnings			Other equity					
	Common Shares	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchanges differences on translating the financial statements of foreign operation	Unrealized Gain (loss) on fair value changes of financial assets at fair value through profit or loss	Treasury stocks	Total equity attributable to owners of the parent	Non-Controlling Interest	Total equity
BALANCE AT JANUARY 1, 2019	$ 7,439,927	600,956	1,177,021	35,588	4,151,184	(1,377)	(116,892)	(98,195)	13,188,212	3,923,334	17,111,546
Net profit for the year	-	-	-	-	827,825	-	-	-	827,825	126,536	954,361
Total other comprehensive profit and loss for the year	-	-	-	-	1,755	(701)	(111,222)	-	(110,168)	(42,659)	(152,827)
Total comprehensive profit and loss for the year	-	-	-	-	829,580	(701)	(111,222)	-	717,657	83,877	801,534
Appropriation and distribution of Earnings:											
Appropriated as legal reserve	-	-	7,304	-	(7,304)	-	-	-	-	-	-
Appropriated as special reserve	-	-	-	124,259	(124,259)	-	-	-	-	-	-
Cash dividend on common shares	-	-	-	-	(297,597)	-	-	-	(297,597)	(128,871)	(426,468)
Changes in other capital surplus：											
Recognized equity components due to issuance of convertible bond -resulting from conversion option	-	-	-	-	-	-	-	-	-	27,850	27,850
Change in percentage of ownership interest in subsidiaries	-	5,522	-	-	-	-	-	-	5,522	249,490	255,012
BALANCE AT DECEMBER 31, 2019	7,439,927	606,478	1,184,325	159,847	4,551,604	(2,078)	(228,114)	(98,195)	13,613,794	4,155,680	17,769,474
Net profit for the year	-	-	-	-	103,978	-	-	-	103,978	19,202	123,180
Total other comprehensive profit and loss for the year	-	-	-	-	1,249	(3,106)	152,250	-	150,393	54,091	204,484
Total comprehensive profit and loss for the year	-	-	-	-	105,227	(3,106)	152,250	-	254,371	73,293	327,664
Appropriation and distribution of Earnings:											
Appropriated as legal reserve	-	-	82,958	-	(82,958)	-	-	-	-	-	-
Appropriated as special reserve	-	-	-	102,025	(102,025)	-	-	-	-	-	-
Cash dividend on common shares	-	-	-	-	(446,396)	-	-	-	(446,396)	(132,010)	(578,406)
Changes in other capital surplus：											
Changes in associates and joint ventures accounted for using equity method	-	12	-	-	-	-	-	-	12	-	12
Difference between consideration and carrying amounts of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	(3,831)	(3,831)
Change in percentage of ownership interest in subsidiaries	-	2,053	-	-	-	-	-	-	2,053	58,947	61,000
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	268,030	268,030
BALANCE AT DECEMBER 31, 2020	**$ 7,439,927**	**608,543**	**1,267,283**	**261,872**	**4,025,452**	**(5,184)**	**(75,864)**	**(98,195)**	**13,423,834**	**4,420,109**	**17,843,943**

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

Chairman: Shu-Chen Kuo　　Manager: Chi-Kang Kuo　　Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31,2020 and 2019

Unit: NT$ Thousands

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES：		
Profit before income tax	$ 400,939	1,175,442
Adjustments for：		
Adjustments to reconcile profit (loss)		
Depreciation expense	190,077	186,232
Amortization expense	137,905	104,006
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(7,754)	55,733
Interest expense	263,497	254,430
Interest income	(7,439)	(18,248)
Dividend income	(7,282)	(7,045)
Share of profit (loss) of associates accounted for using the equity method	(26)	3,218
Loss (gain) on disposal of property, plant and equipment	119	29
Replacement expenses	11,714	11,714
Gains on lease surrender	(7)	(12)
Impairment loss	19,501	-
Gain on bargain purchase transaction	(31,312)	-
Gain on disposal of investment	(9,497)	-
Total adjustments to reconcile profit (loss)	559,496	590,057
Changes in operating assets and liabilities：		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(19,168)	325,391
Contract assets-current	(474,850)	(940,701)
Notes receivable	6,407	(9,431)
Accounts receivable	(534,166)	124,071
Inventory	327,861	1,214,890
Other current assets	46,149	146,289
Other financial assets	12,291	155,978
Long-term account receivable	115,327	100,208
Incremental costs of obtaining contracts	(246)	21,315
Cost of fulfilling a contract	(3,805)	4,545
Total changes in operating assets	(524,200)	1,142,555
Changes in operating liabilities：		
Contract liabilities－current	486,439	(48,903)
Notes payable	6,191	(99,776)
Account payable	188,313	322,894
Other payables	35,663	87,368
Provisions	17,975	(20,609)
Other current liabilities	(13,438)	32,936
Net defined benefit liability	(1,905)	(380)
Long-term payable	(6,995)	(10,841)
Changes in operating liabilities	712,243	262,689
Total Changes in operating assets and liabilities	188,043	1,405,244
Total adjustments	747,539	1,995,301
Cash inflow (outflow) generated from operations	1,148,478	3,170,743
Interest received	7,433	46,820
Dividends received	7,282	7,045
Interest paid	(465,954)	(462,783)
Income tax paid	(214,718)	(239,143)
Net cash generated from operating activities	482,521	2,522,682

Rich Development Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31,2020 and 2019

Unit: NT$ Thousands

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES：		
Acquisition of financial assets at fair value through other comprehensive income	(16,583)	(20,000)
Acquisition of financial assets at amortized cost	-	(100,000)
Acquisition of investment accounted for using equity method	(9,000)	-
Increase in prepayment for investment	-	(79,088)
Netcash flow from acquisition of subsidiaries	12,035	-
Acquisition of property, plant and equipment	(578,187)	(1,480,251)
Disposal of property, plant and equipment	192	5,242
Acquisition of intangible assets	(2,019)	(1,618)
Acquisition of investment properties	(15)	-
Disposal of investment properties	-	(3,429)
Increase in other financial assets	137,053	(419,970)
Netcash used in investing activities	(456,524)	(2,099,114)
CASH FLOWS FROM FINANCING ACTIVITIES：		
Increase (decrease) in short-term bank loans	1,068,124	(3,283,052)
Increase (decrease)in short-term notes and bills payable	(696,393)	2,003,055
Issuance of corporate bonds payable	2,000,000	498,180
Repayment of corporate bonds payable	(2,000,000)	-
Borrowing of long-term loans	1,832,224	1,892,600
Repayments of long-term loans	(963,158)	(578,891)
Increase in other payable to related parties	(35,513)	(46,774)
Decrease in guaranteed deposit received	6,000	9,000
Repayments of principal portion of lease liabilities	(27,916)	(19,509)
Increase (decrease) in other non-current liabilities	(1,616)	6,773
Cash dividend paid	(578,406)	(426,468)
Changes in non-controlling interest	57,169	255,012
Netcash used in financing activities	660,515	309,926
Effect of exchange rate changes on cash and cash equivalents	195	(703)
Net increase (decrease) in cash and cash equivalents	686,707	732,791
Cash and cash equivalents at beginning of period	1,868,810	1,136,019
Cash and cash equivalents at end of period	**$ 2,555,517**	**1,868,810**

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

Chairman: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2020 and 2019
Expressed in thousands of NTD(Except as otherwise noted)

I. Company History

Rich Development Co., Ltd. (hereinafter referred to as the "Company") was established on July 30, 1992 with the approval of the Ministry of Economic Affairs. The registered address is 8th Floor, No. 99, Jilin Road, Taipei City. The main business items of the Company (hereinafter also referred to as the "consolidated company") and its subsidiaries include commissioning manufacturers to construct commercial buildings and lease and sale of residential buildings; construction of sewage treatment plants and operation of sewage treatment projects; operation of resort hotels and travel agency operations, etc. Please refer to Note 14 for details.

II. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

The consolidated financial statements were approved by the Board of Directors on March 23, 2021.

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

a. The impact of the newly issued and revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC) which have been adopted

The company has applied the following newly revised International Financial Reporting Standards (IFRS) since January 1, 2020 and has not had a significant impact on consolidated financial reporting.

- Amendment to IFRS No. 3 "Definition of Business"
- Amendments to IFRS No. 9, International Accounting Standards (IAS) No. 39 and IFRS No. 7 "Changes in Interest Rate Indicators"
- Amendments to IFRS No. 1 and IAS No. 8 "Definition of Materiality"
- Amendment to IFRS No. 16 "COVID-19-Related Rent Concessions"

b. The impact of having not yet adopted the newly issued and revised standards and interpretations endorsed by the FSC.

The company assesses that the following newly revised IFRS that have issued into effect since January 1, 2021 will not have a significant impact on consolidated financial reporting.

- Amendments to IFRS 4 – "Extension of the Temporary Exemption from Applying IFRS No. 9"
- Amendment to IFRS 9, IAS 39 and IFRS 7, IFRS 4, IFRS 16 – "Interest Rate Benchmark Reform Phase II"

c. Newly issued and revised standards and interpretations that have not yet been endorsed by the FSC

The standards and interpretations that have been issued and revised by the IASB but have not yet been endorsed by the FSC are related to the following:

Newly Issued and Revised Standards	Main content of amendments	Effective Date Announced by IASB
Amendments to IFRS No. 1- "Classification of Liabilities as Current or Non-Current"	The amendments aim to promote consistency in applying the requirement by helping the corporations to determine whether, in the statements 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 a year) or	Jan 01, 2023

	non-current are to assist the corporations to judge clarify the requirements on determining if a liability is current or non-current. The amendments include clarifying the classification requirements for a debt a company might settle by converting it into equity.	
Amendments to IFRS No. 37- "Onerous Contracts-Cost of fulfilling a Contract"	The amendments clarify that cost of fulfilling a contract should include the following costs that are directly associated with the contract: • An incremental cost of fulfilling the contract-e.g., direct labor and raw materials • And an allocation of other costs directly associated with the fulfillment of the contract-e.g., an allocation of depreciation expenses on property, plant and equipment used to fulfill the contract.	Jan 01, 2022

The Company is continuously evaluating the impact of initial application of the abovementioned standards and interpretations on the Company's financial position and financial performance.

The Company expects that other newly issued and revised standards that are yet endorsed would not have material impact on consolidated financial reports.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

a. Statement of compliance

b. The consolidated annual financial statements have been prepared in accordance with the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China (hereinafter referred to the Regulations), International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as "IFRS endorsed by the FSC").

b. Basis of preparation

1.Basis of measurement

Except for the following material items in the balance sheets, the consolidated financial statements have been prepared under the historical cost basis:

(1) Financial assets at fair value through profit or loss are measured at fair value.

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

(3) Defined benefit liabilities (or assets) are recognized as the fair value of pension fund assets less the present value of the defined benefit obligation.

2. Functional currency and presentation currency

The Consolidated Company's functional currency of each individual entity is the currency used in the primary economic environment in which it operates. The consolidated financial statements are presented in New Taiwan Dollar, the Company's functional currency. All the financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

c. Basis of consolidation

1. The basis for the consolidated financial statements

The financial statements of subsidiaries are included in the consolidated statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

2. The subsidiaries in the consolidated financial statements

List of subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
The Company	Lea Ho Investment Co., Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly holds more than 50% of common shares
The Company	Green Forest Development Enterprise Co., Ltd.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	30.00	30.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
The Company	Grain Forest Green Energy Co., Ltd.	Power Generation from Renewable Energy	30.00	30.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
The Company	Rich Forest Leisure Development Co., Ltd.	Construction and operation of aerial tramway	52.38	52.38	Invested companies where the company directly holds more than 50% of common shares
The Company	Lealea Hotel Co., Ltd.	General Hotel Management, etc.	42.23	42.23	The Company 's the largest shareholder
The Company	Yilan Lealea Hotels & Resorts Co., Ltd.	General Hotel Management, etc.	63.59	63.59	Invested companies where the company directly holds more than 50% of common shares
The Company	Ho Ching Enterprises Co., Ltd.	Waste cleaning, waste treatment, environmental testing services, waste-water treatment	68.44	68.44	Invested companies where the company directly holds more than 50% of common shares
The Company	Forest Water Environmental Engineering Ltd.	Environmental Protection Engineering and Industrial waste-water treatment	1.17	1.17	Invested companies where the company directly or indirectly holds more than 50% of common shares
The Company	Lea Ching Co., Ltd	General Hotel Management, etc.	50.01	71.44	Invested companies where the company directly holds more than 50% of common shares
The Company	LeaLea Wushih Marina & Resorts Co., Ltd.	Water recreation activities and other business operations	55.94	60.00	Invested companies where the company directly holds more than 50% of common shares
The Company	Re-use Environmental Co., Ltd.	Waste Cleaning, etc.	43.49	43.49	Invested companies where the company directly or indirectly holds more than 50% of common shares
The Company	Lealea Hotels & Resorts Co., Ltd.	General Hotel Management, etc.	38.53	-	The Company 's the largest shareholder
Lea Ho Investment Co., Ltd.	BLOSSOM INCREASE LIMITED	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	Ho Ching Enterprises Co., Ltd.	Waste cleaning, waste treatment,	0.14	0.14	Invested companies where the company directly or

		environmental testing services, waste-water treatment			indirectly holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	Rich Forest Leisure Development Co., Ltd.	Construction and operation of aerial tramway	3.98	3.98	Invested companies where the company directly or indirectly holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	Forest Water Environmental Engineering Ltd.	Environmental Protection Engineering and Industrial waste-water treatment	0.06	0.06	Invested companies where the company directly or indirectly holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	Lealea Hotel Co., Ltd.	General Hotel Management, etc.	3.98	3.98	The Company ‘s the largest shareholder
Lea Ho Investment Co., Ltd.	Lealea Hotels & Resorts Co., Ltd.	General Hotel Management, etc.	6.00	-	The Company ‘s the largest shareholder
Lealea Hotel Co., Ltd.	Yilan Lealea Hotels & Resorts Co., Ltd.	General Hotel Management, etc.	36.41	36.41	Invested companies where the company directly or indirectly holds more than 50% of common shares
Lealea Hotel Co., Ltd.	Lea Ching Co., Ltd.	General Hotel Management, etc.	49.99	28.56	Invested companies where the company directly or indirectly holds more than 50% of common shares
Ho Ching Enterprises Co., Ltd.	Forest Water Environmental Engineering Ltd.	Environmental Protection Engineering and Industrial waste-water treatment	65.65	65.62	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Green Forest Development Enterprise Co., Ltd.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	70.00	70.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Orient Forest Development Enterprise Co., Ltd	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Perfection Forest Development Enterprise Co., Ltd.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Yi Cheng Development Co., Ltd.	Waste Cleaning, etc.	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Grain Forest Green Energy Co., Ltd.	Environmental Hygiene and Pollution Prevention	70.00	70.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Eastern Forest Environmental Technology Co., Ltd.	Environmental Hygiene and Pollution Prevention	70.00	70.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Re-use Environmental Co., Ltd.	Waste Cleaning, etc.	50.41	50.41	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	LeaLea Hsing Environmental Co., Ltd.	Waste Cleaning, etc.	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	New Fresh International Investment Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Modern Rich Investment Limited	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	LeaLea Environmental Enterprise Co., Ltd	Waste Cleaning. etc	95.00	-	Invested companies where the company directly or

					indirectly holds more than 50% of common shares
Eastern Forest Environmental Technology Co., Ltd.	Rising Investment Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
New Fresh International Investment Ltd.	Sigma One International Holdings Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
New Fresh International Investment Ltd.	New Palm Investment Co., Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
New Fresh International Investment Ltd.	Keeptime Management Co., Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
New Fresh International Investment Ltd.	New View International Investment Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Modern Rich Investment Limited	Faith Honest International Investment Limited	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Modern Rich Investment Limited	Fu Yang Global Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Modern Rich Investment Limited	Leaan Development Holding Ltd.	Investing various manufacturing or financial business operations	100.00	-	Invested companies where the company directly or indirectly holds more than 50% of common shares
Rising Investment Ltd.	Re-use Environmental Co., Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Forest Water Investment Ltd.	Beijing Forest Water Environmental Engineering Ltd.	Environmental Hygiene and Pollution Prevention	70.00	70.00	Invested companies where the company directly or indirectly holds more than 50% of common shares
Lealea Hotels & Resorts Co., Ltd.	The Richforest Hotel Co., Ltd.	General Hotel Management, etc.	100.00	-	Invested companies where the company directly or indirectly holds more than 50% of common shares
Lealea Hotels & Resorts Co., Ltd.	Lealea Eagle Travel Service Co., Ltd.	Travel agency, etc	100.00	-	Invested companies where the company directly or indirectly holds more than 50% of common shares
The Richforest Hotel Co., Ltd.	Lealea Mingchih Resort Co., Ltd.	General Hotel Management	51.00	-	Invested companies where the company directly or indirectly holds more than 50% of common shares
The Richforest Hotel Co., Ltd.	Garden Hotel Co., Ltd.	General Hotel Management	98.00	-	Invested companies where the company directly or indirectly holds more than 50% of common shares

3.The subsidiaries that are not included in the consolidated financial statement: None

d. Foreign Currency

1. Foreign currency transaction

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

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

(1) an investment in equity securities designated as at fair value through other comprehensive income;

(2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(3) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

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

When a foreign operation is disposed of such that the control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss. When the Company disposed of partial investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reattributed to profit or loss.

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

e. Criteria for Classification of Current and Non-Current Assets and Liabilities

The company is mainly engaged in the contracting business of construction and civil engineering. Its business cycle is usually longer than one year. The criteria used to divide assets and liabilities related to construction projects into current or non-current are based on the business cycle of 3 to 5 years. The criteria for classification of other current and non-current assets and liabilities subjects are as follows:

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. Assets that are expected to be realized during the Company's normal business cycle (for the master construction and project construction, it is normally longer than a year) or intended to be sold or consumed.
2. Assets that are held primarily for trading purposes;
3. Assets that are expected to be realized within 12 months after the reporting date; or
4. Assets that are cash and cash equivalents, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other assets that are not current liabilities are classified as non-current liabilities:

1. Liabilities that are expected to be settled within the Company's regular business cycle (for the master construction and project construction, it is normally longer than a year);
2. Liabilities that are held primarily for trading purposes;
3. Liabilities that are due to be settled within 12 months after the reporting date; or
4. The Company has no unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

f. cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are assets that are readily convertible to known amounts of cash and are high-liquidity investments that are subject to an insignificant risk of changes in their fair value. Time deposits are accounted under cash and cash equivalents if they are accord with the definition aforementioned and are held for the purpose of meeting short-term cash commitment rather than for investment or other purpose.

g. Financial instruments

Account receivables and corporate bonds are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the consolidated company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts 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. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. 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); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the consolidated 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 financial assets to collect contractual cash flows; and
- it is 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/less, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

Dividend income is recognized in profit or loss on the date on which the consolidated company's right to receive payment is established (normally Ex-dividend date).

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The consolidated company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The consolidated company measures its loss allowances at an amount equal to lifetime 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 the 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 accounts receivable 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 consolidated 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 consolidated company's historical experience and informed credit assessment, as well as forward-looking information.

The consolidated 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" (Standard & Poor's investment grade BBB, Moody's investment grade Baa3, or China Credit Ratings investment grade twA, or higher)

If the payment for the contract is overdue for more than 121 days, the credit risk of the consolidated company shall assume financial assets has increased significantly.

If the payment for the contract is overdue for more than 271 days, or the borrower is unlikely to perform its credit obligations and pay the full amount to the consolidated company, the consolidated company shall regard it as a default of the financial asset.

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

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months 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 consolidated company in accordance with the contract and the cash flows that the consolidated company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 360 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the consolidated company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the consolidated 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 consolidated 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 consolidated company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The consolidated 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 consolidated 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 consolidated 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.

2. Financial liabilities and equity instrument

1) Classification of debt or equity

Debt and equity instruments issued by the consolidated 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)Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) 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.

5) Derecognition of financial liabilities

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

6) 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 consolidated 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.

7) financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair value and, if not designated as at FVYPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

h. Inventories

The original cost of inventory is the necessary expenditure incurred to get the inventory to the place where it is available for sale. The development cost of the premises includes construction costs, land costs, borrowing costs and project costs incurred during the development period. Upon completion, the real estate under construction is carried forward to the real estate for sale, and the operating cost is carried forward according to the sales proportion of the development cost of the real estate. Subsequently, based on the lower of cost and net realizable value, when the cost of inventory is higher than the net realizable value, the cost should be offset to the NRV, and the offset should be recognized as the cost of goods sold in the current period. The method for determining the net realizable value is as follows:

1. Land for construction: The NRV is calculated based on the replacement cost or estimated selling price (according to the prevailing market conditions) minus estimated selling expenses.
2. Buildings under construction: The NRV is calculated based on the estimated selling price (according to the prevailing market conditions) minus the costs that might incur until completion and sales expenses.
3. Premises for sale: The NRV is calculated based on the estimated selling price (according to the prevailing market conditions) minus the estimated selling expenses.
4. Product inventory

Inventory is measured by the lower of cost and NRV. Cost includes the acquisition, production or processing costs, and other costs incurred to get it where available for use and status and is calculated based on first-in-first-out. The cost of finished goods and work-in-progress inventory includes manufacturing expenses that are amortized in proportion to normal production capacity.

The NRV refers to the estimated selling price under normal operations after deducting the estimated costs that will be required to complete the project and the estimated costs required to complete the sale.

i. Service concession arrangement

1. Recognition and measurement

When the consolidated company (operator) and the government agency (grantor) sign a public and private service concession agreement that meets the following conditions, it shall be treated in accordance with the IFRS No. 12 "Service Concession Arrangement":

(a) The grantor controls or regulates what kind of services, service objects and service prices the operator should provide with infrastructure;

(b) The grantor controls any significant remaining interest in the infrastructure at the end of the service agreement period through ownership, beneficiary rights or other means.

When the consolidated company provides construction or upgrade services, the consideration received or receivable shall be recognized as financial assets or intangible assets at fair value. The consolidated company, due to construction services, has the unconditional contractual right to receive cash or another financial asset from the grantor in accordance with the grantor’s instructions, then it is recognized as a financial asset; the financial asset accounting policy is detailed in Note 4 (7) "Financial Instruments". The consolidated company recognizes intangible assets within the scope of obtaining the right (license) to charge users of public services. The right to charge users of public services is not the right to unconditionally receive cash, because the amount that can be collected depends

on the extent to which the public uses the service. The accounting policy for intangible assets (concession rights) is detailed in Note 4 (14) "Intangible Assets".

If the payment received by the consolidated company to provide construction services is financial assets and it is an intangible asset, each component of its consideration must be treated separately. The two components of the consideration received or receivable shall be recognized at the fair value of the consideration received or receivable at the time of initial recognition.

2. Construction or upgrade service

The consolidated company shall treat the revenue and costs related to construction or upgrading services in accordance with IFRS No. 15, as detailed in Note 4 (17) "Recognition of Revenue".

3. Operation Service

The consolidated company shall treat the revenue and costs related to operating services in accordance with the provisions of IFRS No. 15, as detailed in Note 4 (17) "Recognition of Revenue".

j. Investment in associates

An associate is an entity over which the consolidated company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The consolidated company uses equity method to account for investment in associates. Under the equity method, an investment is initially recognized at cost and the investment cost includes transaction cost. The book value of the investment in the associates includes the goodwill identified at the time of the original investment less any accumulated impairment losses.

The consolidated financial report recognizes the profit and loss of each investment related company and the amount of other comprehensive gains and losses based on the proportion of equity from the date of significant impact to the date of loss of significant impact after adjustments are made for consistency with the consolidated company's accounting policies, When a non-profit and loss and other comprehensive gains and losses occur in the equity changes of the associates and do not affect the proportion of the consolidated company's shareholding, the consolidated company will recognize the equity change attributable to the consolidated company under the share of the associates as capital surplus according to the shareholding ratio. The unrealized gains and losses arising from transactions between the consolidated company and the associates are only recognized in the financial statements of the company within the scope of the non-affiliated investor's interests in the associates.

When the consolidated company's share of losses of an associate equals or exceeds its interest in that associate, the consolidated company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

k. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation not a property for normal business sale, for production, provision of goods or labor, or for administrative management purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment. Its depreciation method, useful lives and residual values refer to accounting treatment of property, plant, and equipment.

The profit or loss after the disposal of investment property (the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

The lease income of investment property is recognized as operating revenue using the straight-line method during lease period. The incentive provided to lease it is recognized as part of the lease income during the lease period.

l. Property, plant, and equipment

1. 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.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefit associated with the expenditure will flow to the consolidated company.

3. 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 for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings	10- 50years
2) Transportation equipment	3- 6 years
3) Other equipment	2- 20 years
4) Machinery equipment	3-10 years

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

4. Reclassification to investment real estate

When the property for self-use is changed to investment property, the property is reclassified as investment property based on the book value at the time of the change of use.

m. Leases

1. Identifying a lease

The service concession agreement of the consolidated company within the scope of the IFRS No. 12 "Service Concession Agreement" does not apply to lease accounting, and for the rest, at inception of a contract, the consolidated 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 consolidated company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
3) the customer has the right to direct the use of the asset throughout the period of use only if either:
   - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
   - the relevant decisions about how and for what purpose the asset is used are predetermined and:

   －the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

   －the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

On the lease commencement date or when reassessing whether the contract includes a lease, the consolidated company allocates the consideration in the contract to individual lease components based on the relative stand-alone price. However, when leasing land and buildings, the consolidated company chose not to distinguish between non-lease components and treat the lease component and non-lease component as a single lease component.

2. As a lessee

The consolidated 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 consolidated company’s incremental borrowing rate. Generally, the consolidated company uses its incremental borrowing rate as the discount rate.

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

(1) fixed payments, including in-substance fixed payments;

(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be paid under a residual value guarantee; and
(4) 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 re-measured when:

(1) there is a change in future lease payments arising from the change in an index or rate; or
(2) there is a change in the consolidated company's estimate of the amount expected to be paid under a residual value guarantee; or
(3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
(4) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or
(5) there are any modifications on lease target, scope, and other terms

When the lease liability is remeasured because lease liabilities are due to changes in the aforementioned index or rate used to determine lease payments, changes in the amount of residual value guarantee, and changes in the assessment of the purchase, extension or termination options, 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 consolidated 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.

The Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate items in the balance sheet.

If the agreement contains lease and non-lease components, the consolidated company will allocate the consideration in the contract to the individual lease components based on the relative separate prices. However, when leasing land and buildings, the consolidated company chose not to distinguish between non-lease components and the lease component and non-lease component as a single lease component.

The consolidated company has selected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value asset and recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The consolidated company chooses to adopt practical expedients for all lease reductions that meet all of the following conditions, and does not assess whether it is a lease modification:

(1) lease reductions that occurred as a direct result of the COVID pandemic;
(2) The change in the lease payment causes the revised consideration of the lease to be almost the same or smaller than the consideration before the change;
(3) Any reduction in lease payments only affects payments that were originally due before June 30, 2021; and
(4) There is no substantial change in other terms and conditions of the lease.

Under practical expedient practices, when lease reductions cause changes in lease payments, the amount of changes is recognized in profit or loss when the event or circumstance that initiates lease reductions occurs.

3. As a lessor

When the consolidated company acts as a lessor in the transaction, the on the

commencement date of the lease, the criteria used to classify the lease contract is whether almost all risks and rewards attached to the ownership of the underlying asset is transferred. If it is, it is classified as a financial lease, otherwise it is classified as an operating lease. In the assessment, the consolidated company considers relevant specific indicators including whether the main part of the economic life of the underlying asset is covered during the lease period.

If the consolidated company is a sublease lessor, the main lease and sublease transactions are treated separately, and the classification of the sublease transactions is evaluated based on the right-of-use assets generated by the main lease. If the main lease is a short-term lease and the recognition exemption applies, its sublease transaction should be classified as an operating lease.

If the agreement contains lease and non-lease components, the consolidated company uses IFRS No. 15 to allocate the consideration in the contract.

For operating leases, the consolidated company uses a straight-line basis to recognize the lease payments received as lease income during the lease period.

n. Intangible assets

1.Recognition and measurement

Goodwill arising on the acquisition of subsidiary is measured at cost, less accumulated impairment losses. Regarding investments using the equity method, the book value of goodwill is included in the book value of the investment, and the impairment losses of such investments are not allocated to goodwill or any assets but are part of the book value of the investment using the equity method.

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

2.Concession

The consolidated company recognizes intangible assets within the scope of obtaining the right (license) to charge users of public services. They are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

3.Operating rights

Recognizable intangible assets arising on the acquisition of subsidiary is a legal right that arises from the permit for the waste disposal institute, owned by the consolidated company.

4.Subsequent expenditure

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

5.Amortization

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

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

(1) Other intangible assets (computer software) 3~5 years

(2) Operating rights：13～25 years

(3) Patent and trademark：8 years

Amortization methods, useful lives and residual values are reviewed by the consolidated company at each annual reporting date and adjusted if appropriate.

o. Impairment of non-financial assets

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

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 risks specific to the asset or CGU.

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

Impairment losses are recognized in profit or loss, and it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units).

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.

p. Provisions

A provision is recognized if, as a result of a past event, the consolidated 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 amortization of the discounted value is recognized as interest expense.

1. Warranties

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

2. Onerous contract

When the consolidated company expects that the unavoidable cost of fulfilling the obligations of a contract exceeds the expected economic benefits from the contract, it shall recognize the provision of the onerous contract. The provision is measured by the present value of the lower of the estimated cost of terminating the contract and the estimated net cost of continuing the contract, and all impairment losses of contract-related assets are recognized before the provision of the onerous contract is recognized.

3.Restoration cost

The recognition of the provision is due to the current obligation of the service concession agreement signed by the consolidated company, which makes it likely that it will need to outflow economically effective resources in the future to pay off the obligation, and the amount of the obligation can be reliably estimated. 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 amortization of the discounted value is recognized as interest expense.

q. Revenue recognition

1. Revenue from contracts with customers

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

(1) Land development and real estate sales

The consolidated company develops and sells residential real estate, and often pre-sales real estate during or before construction. The consolidated company recognizes revenue when the control of the real estate is transferred. Due to contractual restrictions, the real estate usually has no other purpose to the consolidated company. However, after the legal ownership of the real estate is transferred to the customer, the consolidated company will only have an enforceable right to the payment that has been completed so far. Therefore, the consolidated company recognizes revenue when the legal ownership of the real is transferred or when the real estate is handed over to the customer.

Revenue is measured based on the agreed transaction price of the contract. If it is a sale of existing homes, in most cases, the consideration can be collected when the legal ownership of the real estate is transferred. In a few cases, the payment of the account can be deferred according to the contract agreement, but the deferred period does not exceed twelve months. Therefore, the transaction price is not adjusted to reflect the impact of significant financial components. In the case of pre-sale of real estate, the payment is usually received in installments during the period from the signing of the contract to the transfer of the real estate to the customer. If the contract contains a significant financial component, the transaction price is adjusted during the period according to the project loan interest rate of the construction project to reflect the impact from the time value of money. Advance receipts are recognized as contract liabilities, and interest expenses and contract liabilities are recognized when judging the impact of the time value of money needs to be adjusted. The accumulated contract liability amount is transferred to revenue when the real estate is transferred to the customer.

Some contracts include multiple delivery items, such as the sale of residential real estate and decoration services. The decoration services are regarded as a separate performance obligation, and the transaction price is allocated on the basis of the stand-alone selling price. If there is no directly observable price, the stand-alone selling price is estimated based on the expected cost plus profit. The revenue of the decoration service is recognized when the labor service is completed.

(2) Significant financial composition-advance payment for housing and land

The revenue of the consolidated company is measured in accordance with the transaction price of the contract agreement. If it is a sale of existing homes, in most cases, the consideration can be collected when the legal ownership of the real estate is transferred. In a few cases, the payment can be deferred in accordance with the contract agreement, but the deferred period does not exceed twelve months. The sale of real estate usually takes place during the period from the signing of the contract to the transfer of the real estate to the customer and the aforementioned payment is received; the consolidated company evaluates whether the consideration commitment of the contract is different from the current selling price on the basis of individual contracts and whether the aforementioned pre-received consideration contains financial factors; the consolidated company received consideration in advance to provide protection for the customer's performance of the contract, a subsidy, to reduce the re-sale price risk caused by the customer's non-fulfillment of the contract to the consolidated company. Therefore, it is not a major financial component of the financing obtained from the customer. Thus, the transaction price is not adjusted to reflect the impact

of significant financial components.

(3) Construction contract

The consolidated company is engaged in the contracting business of public works. Since the assets are controlled by the customer at the time of construction, the revenue is gradually recognized over time based on the proportion of the project cost incurred to date in the estimated total contract cost. The contract includes fixed consideration and variable consideration. The customer pays a fixed amount of money according to the agreed schedule. Certain changes in the consideration (such as subsidies for price adjustment) are estimated based on the expected value according to accumulated experience in the past. If the amount of recognized revenue has not been billed, it is recognized as a contract asset. When there is an unconditional right to the consideration the contract assets are transferred to accounts receivable.

If it is impossible to reasonably measure the percentage of completion of the performance obligations of the construction contract, the contract revenue is only recognized within the range of expected recoverable costs.

When the consolidated company expects that the unavoidable cost of fulfilling the obligations of an engineering contract exceeds the expected economic benefits from the contract, it shall recognize the provision for the onerous contract.

If the situation changes, the estimates of revenue, cost and completion will be revised, and the resulting increase or decrease will be reflected in the profit and loss during the period when the management is aware of the change of the situation and make corrections.

The consolidated company provides a standard warranty that conforms to the agreed specifications for the contracted project and has recognized a warranty provision for this obligation.

(4) Delegated operation contract

The consolidated company provides the operation and maintenance of the sewage treatment plant of the county and city government agency, and the revenue is calculated based on the quantity of completed services.

(5) Provide waste treatment services

The consolidated company is engaged in the business of waste disposal and recognize related revenue during the financial reporting period of the provision of labor services. The contract with fixed price is based on the actual labor provided as of the reporting date and the time when the performance obligations are fulfilled.

(6) Sales of recycled pellets

The consolidated company recognizes revenue when the control of recycled pellets is transferred. The transfer of control of the product means that the product has been delivered to the customer, the customer can fully determine the sales price of the product, and there are no unfulfilled obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specific location, the risk has been transferred to the customer, and the customer has accepted the product under the sales contract, the acceptance clause has lapsed, or the consolidated company has objective evidence to argue all acceptance requirements have been met.

The consolidated company recognizes the accounts receivable when the goods are delivered because the consolidated company has the right to unconditionally receive the consideration at that time.

(7) Revenue of electricity retailing on bioenergy

When the electricity generated from bioenergy is slod to the customer, the revenue is recognized at the current price when the consolidated company provides the produced electricity.

(8) Revenue of hotel services

The consolidated company provides customers with customer loyalty programs. The points obtained by the customers for purchasing catering services and room accommodations will give the customers the right to purchase catering services, accommodations and goods at a discount from the consolidated company in the future. The consolidated company believes that these points provide important rights that customers would not be able to obtain if they did not purchase the service, so the commitment to provide points to customers is a performance obligation.

The consolidated company allocates the transaction price to the service and these points based on the relative stand-alone selling price. Based on past experience, the management estimates stand-alone selling price of each point based on the discount and the possibility of redemption when the points are redeemed and estimates the stand-alone price of each point; the stand-alone price of the service is estimated based on the consumer price of the service. The consolidated company recognizes contract liabilities on the aforementioned basis when selling services, and transfers to revenue when these points are redeemed or lapsed.

2.Contract costs

1) Incremental costs of obtaining a contract

The consolidated company recognizes the incremental costs of obtaining a contract with a customer as an asset if the consolidated company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the consolidated company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The consolidated company recognizes as an asset the incremental cost, which is expected to be recoverable, incurred in obtaining customer contracts through the sale of real estate, and it is amortized on a systematic basis consistent with the transfer of pre-sale houses to customers.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the consolidated company recognizes an asset from the costs incurred to fulfil a contract only if the costs relate directly to a contract or to an anticipated contract that the consolidated company can specifically identify, the costs generate or enhance resources of the consolidated company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and the costs are expected to be recovered.

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

r. Government grants

When the consolidated company can receive the relevant government grants, the unconditional grant is recognized as operating cost deduction or non-operating income. For other asset-related grants, when the consolidated company can be reasonably sure that it will comply with the conditions attached to the government grants and will receive the grants, it shall be recognized as deferred income at fair value and within the useful life of the asset. The deferred income is recognized as operating cost reduction or non-operating income on a systematic basis. The government grant to compensate the expenses or losses incurred by the consolidated company are recognized in the profit and loss on a systematic basis consistent with related expenses at the same time.

s. Income tax

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.

The consolidated company judged that the interest or penalties related to income tax (including uncertain tax treatment) do not meet the definition of income tax, so the accounting treatment of IFRS No. 37 is applicable.

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 is the best estimate of the tax amount expected to be paid or received that 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:

1.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;

2.temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the consolidated 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

3.taxable temporary differences arising on the initial recognition of goodwill.

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.

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

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

1.the consolidated company has a legally enforceable right to set off current tax assets against current tax liabilities; and

2.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.

t. Employee benefits

1.Defined contribution plans

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

2.Defined benefit plans

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

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

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

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

3.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 consolidated 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.

u. Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The

liability is re-measured at each reporting date and settlement date. Any change in the fair value of the liability is recognized in profit or loss.

v. Business combination

Acquisitions of businesses are accounted for using the acquisition method. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the amount calculated above is a deficit balance, the consolidated company recognizes that amount as a gain on bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of liabilities assumed.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations should be immediately recognized as expenses of the consolidated company when incurred.

Among the non-controlling interests of the acquiree, if it is the current ownership interest, and its holder is entitled to a proportional share of the net assets of the enterprise when the liquidation occurs, the consolidated company is measured, based on each transaction basis, at their fair value on the acquisition date or by the proportional share of the current ownership to the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or other basis as required by the IFRS recognized by the FSC.

When a business combination is achieved in stages, the consolidated company previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if that interest were directly disposed of by the consolidated company.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the consolidated company's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that exits as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

The contingent consideration included in the transfer consideration is recognized at the fair value on the acquisition date. If the changes on the fair value of the contingent consideration after the acquisition date is adjustment during a measurement period, the acquisition cost is adjusted retrospectively, and the goodwill relatively adjusted. The adjustment of the measurement period is the adjustment made by the consolidated company when obtaining additional information after the acquisition date about the facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. For changes in fair value of contingent consideration that are not adjusted during the measurement period, the accounting treatment depends on the classification of contingent consideration. Contingent consideration classified as equity shall not be re-measured, and its subsequent delivery shall be adjusted within equity. Other contingent consideration is measured at fair value on each reporting day after the acquisition date, and changes in fair value are recognized as profit or loss.

w. Earnings per share

The consolidated company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as

the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, including convertible bond and employee stock options.

x. Operating segments

An operating segment is a component of the consolidated company 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 consolidated company). Operating results of the operating segment are regularly reviewed by the consolidated company'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.

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with 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 next period.

Accounting policies involve significant judgments and have material impact on recognized amounts for consolidated financial report, please refer to the following for details:

(1) Note 6 (11) and (12), classification of account receivables and intangible assets under service concession agreements

In accordance with the service concession agreement, the consolidated company judges whether the terms of the agreement meet the requirements of IFRS No. 12 to unconditionally receive cash or other financial assets from the grantor or in accordance with the grantor's instructions to distinguish between account receivables and intangible assets.

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year and have reflected the impact of the COVID epidemic. The relevant information is as follows:

(1) Engineering contracts and onerous contracts

The main business of the consolidated company derives from the signing of several closely related or interdependent construction contracts with customers for the provision of several designs, technologies and functions, or the final purpose or use, etc. The contract revenue is recognized over time with reference to the completion of the construction contract and the percentage of completion is measured based on the ratio of the contract costs incurred so far to the estimated total contract costs. The consolidated company estimates the total contract cost by considering factors such as the nature of each project, estimated construction period, project, construction process, construction method, and estimated contract amount. Any changes in the above criteria for estimation may cause a significant adjustment of the estimated amount.

(2) Recognition of the fair value of revenue from construction service contracts provided by service concession agreements

According to the service concession agreement, the consolidated company is expected to charge within the term of the agreement and select an appropriate discount rate to calculate the present value of the consideration receivable.

(3) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the net realizable value of inventories that the consolidated company evaluates at the end of the reporting period is based on the estimation of future selling price and the construction cost, and since it is vulnerable to political and economic environment, there may be significant changes in the net realizable value of inventories. Refer to Note 6(5) for further description of the valuation of inventories.

VI. Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 14,889	7,470
Demand deposits	2,400,481	1,758,756
Checking accounts	100,127	72,564
Time deposits	40,020	20
Cash equivalents (fixed income products)	-	30,000
Cash and cash equivalents in the consolidated statement of cash flows	**$ 2,555,517**	**1,868,810**

Please refer to note 6(24) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the consolidated company.

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

	December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Shares of stocks of listed companies (current)	$ 120,920	100,843
Shares of stocks in emerging market (current)	12,453	-
Beneficiary Certificate-open-end funds (current)	30,052	8,206
Foreign convertible bonds (non-current)	-	186,700
Private equity funds (non-current)	13,734	14,025
Total	**$ 177,159**	**309,774**

1. The foreign convertible corporate bonds held by the consolidated company violated the issuance conditions due to the trade suspension of the company's stocks. The consolidated company exercised the redemption rights to redeem the corporate bonds in October 2020 and it claimed that an additional 12% interest be added for the repayment of the debt totaling NT$187,191,000 (US$6,573,000) in accordance with the procedure and regulation of corporate bond redemption rights. Since the financial asset has been derecognized, it is classified as other receivables in the current period, and the loss measured at fair value is recognized NT$11,076,000. The company has signed a share purchase agreement in February 2021. It is expected to dispose the 100% owned subsidiaries at RMB 120,000,000 to repay this debt and has recovered USD 750,000 after the period. Therefore, it was assessed that there is no significant expected credit losses.
2. Please refer to Note 6 (23) for the amount that the consolidated company re-measured and recognized in the profit and loss at fair value.
3. The consolidated company has disclosed credit risk and fair value information related to financial instruments in Note 6 (24).
4. For the information about the financial assets of the consolidated company that had been pledged as collateral, please refer to Note 8.

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

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Shares of stock of listed companies-Asia Pacific Telecom Co., Ltd.	$ 16,550	12,338
-Information Technology Total Services Co., Ltd.	1,283	-
Shares of stock of non-listed companies-Hon Lin Heavy Industries Co., Ltd.	14,831	13,744
-Li Ling Film Co., Ltd.	23,200	37,840
-Lealea Technology Co., Ltd.	70,109	61,832
-Shin Kong Mitsukoshi Department Store Co., Ltd.	12,769	13,550
-Redblades Windtek (Cayman) Holdings Company Limited	241,967	151,286
Share of stock of Emerging Markets-Tien Li Offshore Wind Technology Co., Ltd.	162,341	25,553
Share of stock of non-listed companies-Others	3,472	3,755
Total	**$ 546,522**	**319,898**

1. Equity investments at fair value through other comprehensive income
   (1) The consolidated company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the consolidated company intends to hold for long-term for strategic purposes, not for trading.
   (2) As of December 31, 2020 and 2019, the consolidated company had not sold the strategic investments, so the accumulated gains or losses had not been transferred within equities in the period.
2. For market risk information, please refer to note 6(24).
3. The above financial assets of the consolidated company had not been pledged as collateral.

(d) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 7,757	14,164
Accounts receivable-measured as amortized cost	1,386,614	813,724
Less: Loss allowance	(26)	-
	$ 1,394,345	**827,888**

1. As of December 31, 2020 and December 31, 2019, partial account receivables of the consolidated company were derived from the sales for the water treatment that will be paid after Taiwan Water Corporation completes the reconciliation. Based on historical experience, it is estimated that the recovery situation is as follows:

Estimated recovery period	December 31, 2020	December 31, 2019
Within a year in the future	$ -	42,025
More than a year in the future	49,438	46,808
Total	**$ 49,438**	**88,833**

2.The consolidated company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics representing the customer's ability to pay all due amounts in accordance with contractual terms, and as well as incorporated forward looking information.

The loss allowance provision was determined as follows:

(1) The expected credit loss analysis of the consolidated company's notes and accounts receivable from government agencies is as follows:

	December 31, 2020		
AR aging	**Gross carrying amounts**	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	**$ 1,282,312**	-	**-**

	December 31, 2019		
AR aging	**Gross carrying amounts**	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	**$ 746,104**	-	**-**

(2) The expected credit loss analysis of the consolidated company's notes and accounts receivable from the other customers is as follows:

	December 31, 2020		
AR aging	**Gross carrying amounts**	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	$ 111,274	0.00%	-
Past due within 30 days	660	0.00%	-
Past due 31~360 days	99	0.00%	-
Past due over 361 days	26	100%	26
	$ 112,059		**26**

	December 31, 2019		
AR aging	**Gross carrying amounts**	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	**$ 81,784**	-	**-**

3. For the dispute over the Kaohsiung City Council's review of the Kaohsiung City Government's budget, please refer to Note 9 for details.

4. The table of changes in loss allowance provision for notes and accounts receivable of the consolidated company is as follows:

	2020	2019
Balance-end of the year (current balance-beginning of the year)	**$ 26**	**-**

5. As of December 31, 2020 and 2019, notes and accounts receivable of the consolidated company had not been pledged as collateral.

(e) Inventories

	December 31, 2020	December 31, 2019
Promises for sale	$ 3,381,278	4,594,776
Land for construction	3,101,241	2,472,329
Buildings under construction	9,357,172	8,936,857
Prepayment for land	187,887	190,469
Less: loss allowance for inventory market price decline	(100,058)	(100,058)
	$ 15,927,520	**16,094,373**

1. For the year ended December 31, 2019, the gain that was recognized from the reversal of provision arising from destocking was NT$4,360,000，and such gain was deducted from cost of goods sold.
2. As of December 31, 2020 and 2019, the inventories that are expected to realize beyond 12 months are 14,419,132,000 and 13,960,297,000 respectively.
3. For the interest capitalization as of December 31, 2020 and 2019, please refer to Note 6 (23).
4. As of December 31, 2020 and 2019, the inventories of the consolidated company that had been pledged as collateral, and for the details, please refer to Not 8.

(f) Investments accounted for using equity method

1.Associates

(1) The consolidated company' s financial information for investments in individually insignificant associates accounted for using equity method at reporting date was as follows. These financial information are included in the consolidated financial statements.

	December 31, 2020	December 31, 2019
Consolidated carrying amount of Individually insignificant associates' equity at the end of period	**$ 201,405**	**232,174(Note)**

Note：As of December 31, 2019, the unrealized benefits of the consolidated company after deducting side-stream transactions were NT$27,193,000.

	2020	2019
Shares attributed to the consolidated company		
Profit (loss) from continuing operations	$ 26	(3,218)
Other comprehensive income (loss)	(6,949)	(845)
Total comprehensive income (loss)	**$ (6,923)**	**(4,063)**

(2) The associates invested by the consolidated company, and its fair value is as follows:

	December 31, 2019
Lealea Hotels & Resorts Co., Ltd.	**$ 49,678**

The consolidated company has participated in the private equity capital increase of Lealea Hotels & Resorts Co., Ltd. on November 25, 2020 and obtained control, so it was transferred to a subsidiary. Please note 6(7) for details.

2. Pledges

As of December 31, 2020 and 2019, the aforesaid investments accounted for using equity method were not pledged as collateral.

(g) Business combinations

1.Acquired the subsidiary－Lealea Hotels & Resorts Co., Ltd.

The consolidated company subscribed for 6,000,000 privately placed shares of Lealea Hotels & Resorts Co., Ltd. on November 25, 2020, amounting NT$78,000,000. The consolidated company's shareholding of Lealea Hotels & Resorts Co., Ltd. was 20.22% and has been increased to 44.04%, becoming the single largest shareholder and thus obtaining control of the company.

From the acquisition date to December 31, 2020, the revenue and net loss contributed by Lealea Hotels & Resorts Co., Ltd. were NT$38,684,000 and (NT$10,698,000) respectively. If this acquisition occurred on January 1, 2020, the management estimated that the current consolidated company's revenue and net loss would reach NT$6,899,730,000 and NT$113,444,000 respectively. When determining these amounts, the management assumed that the acquisition occurred on January 1, 2020, and that the provisional fair value adjustments on the acquisition date were the same.

The main types of consideration transferred, assets acquired and liabilities assumed on the acquisition date, and the amount of recognized goodwill are as follows:

(1) Fair value of consideration transferred on the acquisition date	**$**	**78,000**

(2) Identifiable assets acquired and liabilities assumed

The detailed fair value of Identifiable assets acquired and liabilities assumed are as follows:

Cash and cash equivalents	$	209,048
Financial assets at fair value through profit or loss		16,087
Notes and account receivable		22,213
Other financial assets		36,624
Other current assets		4,262
Non-current financial assets at fair value through other comprehensive income		44
Investments accounted for using equity method		15,533
Property, plant, and equipment		739,688
Right-of-use assets		291,717
Intangible assets		89,529
Other non-current assets		21,744
Current borrowings		(93,600)
Contract liabilities		(58,573)
Short-term notes and bills payable		(89,815)
Notes payable		(7,355)
Account payable		(33,977)
Other payables		(34,598)
Current tax liabilities		(341)
Current lease liabilities		(79,320)
Long-term liabilities, current portion		(43,801)

Other current liabilities	(14,451)
Long-term borrowings	(335,384)
Long-term payables	(13)
Deposits received	(220)
Non-current lease liabilities	(231,444)
Fair value of identifiable net assets	**$ 423,597**

The consolidated company will continue to review the above matters during the measurement period. If new information related to facts and circumstances that existed on the acquisition date is obtained within one year from the acquisition date, and the adjustment to the above-mentioned provisional amount or any additional liability provision existing on the acquisition date can be identified, the accounting treatment of the acquisition will be revised.

(3) Gain on bargain purchase transaction：

Recognized gains on bargain purchase due to acquisition were as follows：

Consideration transferred	$ 78,000
Plus：Non-controlling interests (Measured by the ratio of identifiable net assets to non-controlling interests)	257,660
Fair value of previously held equity interest in the acquiree	56,625
Less: Fair value of identifiable net assets	(423,597)
Gain on bargain purchase	**$ (31,312)**

The consolidated company remeasured the fair value of its 20.22% equity held prior to the acquisition date and gains recognized from the disposal of the equity was NT$9,497,000. The gains were recognized under the "Other Profit and Loss" in the 2020 comprehensive income statements.

The company’s bargain purchase gains of NT$31,312,000 on the acquisition date is listed under “Other income” in the 2020 comprehensive income statements.

2. Acquired Re-Use Environmental Co., Ltd.

The consolidated company obtained control of Liyoushi Environmental Co., Ltd. (later renamed Re-Use Environmental Co. Ltd. that process and reuse incinerator bottom ash) through the acquisition of 94.83% of the shares of the company on November 2, 2017. The contingent consideration and fair value quantitative information in the aforementioned acquisition agreement are as follows:

(1) In accordance with the special undertakings in Article 6 of the share purchase agreement, if the seller violates the special undertakings in the agreement, the seller agrees to compensate the consolidated company, and the consolidated company can be directly paid by the seller for the charged guarantee fund NT$245,100,000 (recognized as guaranteed deposit). In 2018 and 2019, the seller fulfilled partial commitments in the special undertakings by repaying partial guarantee fund of NT$47,500,000 and NT$33,250,000 respectively. According to this, under the agreement of the contingent consideration on December 31, 2020 and 2019, the consolidated company may receive NT$35,044,000 for the contingent consideration, and the refundable deposit is NT$129,306,000.

(2) In 2019, the fair value of contingent consideration that is calculated using income method for the consolidated company's best future estimate of the acquired company is zero. The fair value measurement is based on the unobservable significant input value in the market, that is, the level 3 input value referred to in the IFRS No. 13 "Fair Value Measurement" recognized by the FSC. The key assumptions of 2018 include a discount rate of 12.17% and that the best estimate of three years (from the year 2018 to 2019) for the acquired company's accumulated net profit were approximately NT$268,480,000.

(3) The consolidated company and the seller are expected to negotiate whether to change the payment of the contingent consideration in the share purchase agreement after the release of the 2020 financial report of Re-Use Environmental Co., Ltd.

(4) Quantitative information on significant unobservable inputs (Level 3) measured at fair value

The fair value measurement that is classified as the level 3 of the consolidated company includes mainly financial assets measured at fair value through profit and loss-contingent consideration for business combinations.

The fair value that is classified as the level 3 of the consolidated company has two significant unobservable inputs. Significant unobservable input values are independent of each other, so there is no interrelationship.

As of December 31, 2019, the significant unobservable inputs of fair value measurement in Level 3 fair value hierarchy are as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between inputs and fair value
Financial liabilities measured at fair value through profit and loss-contingent consideration for business combinations	CSF	・Accumulated net profits in three years ・Risk-adjusted discount rate(12.17% for December 31, 2019)	・The higher the net profit, the higher the fair value ・The lower the risk-adjusted discount rate, the higher the fair value

(5) In terms of the fair value measurement of level 3, the sensitivity analysis of fair value to reasonable possible alternative assumptions is that the measurement of the fair value of financial instruments by the consolidated company is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as level 3, if the evaluation parameters change, the effect on the current profit and loss or other comprehensive profit and loss is as follows:

	Inputs	Change upwards or downwards	Change of fair value response to current net profit: Favorable change	Change of fair value response to current net profit: Unfavorable change
December 31, 2019				
financial assets measured at fair value through profit and loss-contingent consideration for business combinations				
	3 years of accumulated net profits	3% downwards	- (Note 1)	- (Note 2)
	Discount rate	1%	- (Note 1)	- (Note 1)

Note 1：Since the cumulative net profit after tax has not changed by 20%, the fair value of the contingent consideration has not changed or affected.

Note 2：The fair value of the contingent consideration has not changed or affected due to the upward change in accumulated net profit after tax.

Contingent consideration for business combination

The favorable and unfavorable changes of the consolidated company represent the fluctuation of the fair value, and the fair value is calculated based on the unobservable input parameters to different degrees and calculated by the valuation technique. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact from the change in a single input value and does not take into account the interrelation and variances between input values.

3. Acquired subsidiary－LeaLea Environmental Enterprise Co., Ltd

The consolidated company obtained control of Jie An Business Development Co., Ltd. (later renamed LeaLea Environmental Enterprise Co., Ltd.) by acquiring 95% of the shares of the company on August 18, 2020. LeaLea Environmental Enterprise Co., Ltd. is a company engaged in waste removal and treatment.

From the acquisition date to December 31, 2020, the revenue and net loss contributed by LeaLea Environmental Enterprise Co., Ltd. were NT$17,128,000 and NT$ (11,750,000) respectively. If this acquisition occurred on January 1, 2020, the management would still estimate that the revenue of the consolidated company in 2020 could reach NT$6,543,136,000, and the net profit could be NT$150,267,000. When determining these amounts, the management assumed that the acquisition occurred on January 1, 2020, and that the provisional fair value adjustments on the acquisition date were the same.

The main types of transfer consideration, assets acquired and liabilities assumed on the acquisition date, and the amount of recognized goodwill are as follows:

(1) The fair value of the main type of contingent consideration at acquisition date was as follows:

Cash (prepaid investment fund NT$79,088,000 in October 2019)	$	206,049
Contingent consideration		-
	$	**206,049**

(2) Contingent consideration

In accordance with Article 7.09 of the performance commitment in the share purchase agreement, when the seller fails to meet the performance commitments starting from the 2021 financial report (i.e., 21 months from the delivery date), the seller agrees to compensate the consolidated company for half of the portion less than 50 million. And if the performance reaches sixty million, the company needs to pay the seller the excess. In this case, under the agreement of the contingent consideration, the potential undiscounted cash amount that the consolidated company may receive or pay the contingent consideration is zero.

The fair value of contingent consideration that is calculated using income method for the consolidated company's best future estimate of the acquired company is zero. The fair value measurement is based on the unobservable significant input value in the market, that is, the level 3 input value referred to in the IFRS No. 13 "Fair Value Measurement" recognized by the FSC. The key assumptions for 2021 include the sales growth and cost rate of 6.61%~9.61% and 40.74%~43.75% respectively.

Quantitative information on significant unobservable inputs (Level 3) measured at fair value

The fair value measurement that is classified as the level 3 of the consolidated company includes mainly financial assets measured at fair value through profit and loss-contingent consideration for business combinations.

The fair value that is classified as the level 3 of the consolidated company has two significant unobservable inputs. Significant unobservable input values are independent of each other, so there is no interrelationship.

As of December 31, 2019, the significant unobservable inputs of fair value measurement in Level 3 fair value hierarchy are as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between inputs and fair value
Financial liabilities measured at fair value through profit and loss-contingent consideration for business combinations	CSF	• Sales growth rate (6.61%~9.61% for December 31, 2021) • Cost rate(40.74%~43.75% for December 31, 2021)	• The higher the sales growth rate, the higher the fair value • The lower the cost rate, the higher the fair value

褲In terms of the fair value measurement of level 3, the sensitivity analysis of fair value to reasonable possible alternative assumptions

A.The measurement of the fair value of financial instruments by the consolidated company is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as level 3, if the evaluation parameters change, the effect on the current profit and loss or other comprehensive profit and loss is as follows:

	Input values	Change upwards or downwards	The change in fair value response to net profits: Favorable change	The change in fair value response to net profits: Unfavorable change
December 31, 2019				
financial assets measured at fair value through profit and loss-contingent consideration for business combinations				
	Sales growth rate	1.5%	- (Note 1)	- (Note 1)
	Cost rate	1.5%	- (Note 1)	- (Note 1)

Note 1：The fair value of the contingent consideration has not changed or affected due to the upward change in sales growth rate.

B. Contingent consideration for business combination

The favorable and unfavorable changes of the consolidated company represent the fluctuation of the fair value, and the fair value is calculated based on the unobservable input parameters to different degrees and calculated by the evaluation technique. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact from the change in a single input value and does not take into account the interrelation and variances between input values.

(3) Acquired identifiable assets and liabilities assumed

The fair values of identifiable assets and liabilities assumed at acquisition date were as follows:

Cash and cash equivalents	$	7,948
Current assets		900
Property, plant, and equipment		198,825
Operating rights		69,000
Other non-current assets		35
Current liabilities		(61,322)
Other non-current liabilities		(8,000)
The fair value of identifiable assets	**$**	**207,386**

The purchase price allocation report of the subsidiary is based on the evaluation of independent appraisers (with recognized relevant professional qualifications and relevant experience in the appraised target company).

(4) goodwill

The goodwill recognized as a result of the acquisition is as follows:

Transfer consideration	$	206,049
plus：Non-controlling interests (measured by the ratio of identifiable net assets to non-controlling interests)		10,370
less：fair value of identifiable assets		(207,386)
Goodwill	**$**	**9,033**

(h) Subsidiaries with significant non-controlling interests

The non-controlling interests of subsidiaries are significant to the consolidated company as follows:

Name of subsidiaries	Main operation locations/ The country where the company registered	Proportions of ownership interests and voting rights of non-controlling interests	
		December 31, 2020	December 31, 2019
Ho Ching Enterprises Co., Ltd.	Taiwan	31.42%	31.42%
Lealea Hotel Co., Ltd		53.79%	53.79%
Forest Water Environmental Engineering Ltd.	Taiwan	33.12%	33.15%
LeaLea Wushih Marina & Resorts Co., Ltd.	Taiwan	44.06%	40.00%

The summarized financial information of the above-mentioned subsidiaries is as follows. The financial information is prepared in accordance with the IFRS approved by the FSC and has reflected the adjustments made by the consolidated company for differences in accounting policies. All financial information is the amount before the transactions between consolidated companies are eliminated:

1. The summarized financial information of Ho Ching Enterprises Co., Ltd.:

		December 31, 2020	December 31, 2019
Current assets	$	84,847	33,123
Non-current assets		3,837,148	3,844,713
Current liability		(8,186)	(15,009)
Non-current liability		-	-
Net assets	**$**	**3,913,809**	**3,862,827**
Balance carrying amount of non-controlling interests	**$**	**1,229,404**	**1,213,389**

		2020	2019
Current net profit	$	104,948	187,571
Other comprehensive income		66,264	(52,053)
Total comprehensive income	**$**	**171,212**	**135,518**
Net profit attributed to non-controlling interests	**$**	**32,966**	**58,920**
Comprehensive income attributed to non-controlling interests	**$**	**53,781**	**42,569**

		2020	2019
Cash flows used in operating activities	$	(6,841)	(7,667)
Cash flow from investment activities		174,453	22,944

Cash flows used in financing activities	(120,120)	(40,040)
Increase(decrease) in cash and cash equivalents	**$ 47,492**	**(24,763)**
Dividends paid to non-controlling interests	**$ 37,732**	**12,577**

2. The summarized financial information of Lealea Hotels Co., Ltd.

	December 31, 2020	**December 31, 2019**
Current assets	$ 250,754	1,286,485
Non-current assets	698,791	520,726
Current liability	(137,267)	(958,641)
Non-current liability	(70,000)	(70,000)
Net assets	**$ 742,278**	**778,570**
Balance carrying amount of non-controlling interests	**$ 349,765**	**404,170**

	2020	**2019**
Sales	**$ 61,451**	**63,924**
Current net loss	$ (35,624)	(56,708)
Other comprehensive income	-	-
Total comprehensive income	**$ (35,624)**	**(56,708)**
Unrealized gains	**$ (184,042)**	**(27,193)**
Net loss attributed to non-controlling interests	**$ (54,046)**	**(30,577)**
Comprehensive income attributed to non-controlling interests	**$ (54,046)**	**(30,577)**
Unrealized gains attributed to non-controlling interests	**$ (98,998)**	**(14,628)**

Cash flows used in operating activities	$ (95,047)	(13,356)
Cash flow from investment activities	648,654	(42,813)
Cash flows used in financing activities	(636,710)	130,071
Decrease in cash and cash equivalents	**$ (83,103)**	**73,902**

3. The summarized financial information of Forest Water Environmental Engineering Co., Ltd.

	December 31, 2020	December 31, 2019
Current assets	$ 5,309,233	4,174,235
Non-current assets	10,648,968	10,221,860
Current liability	(5,189,547)	(3,583,155)
Non-current liability	(3,551,645)	(3,661,570)
Non-controlling interests	(1,553,282)	(1,473,482)
Net assets	**$ 5,663,727**	**5,677,888**
Balance carrying amount of non-controlling interests	**$ 1,875,721**	**1,882,433**

	2020	2019
Sales	**$ 4,486,977**	**4,446,968**
Current net profit	$ 264,778	413,266
Other comprehensive income	100,584	(78,638)
Total comprehensive income	**$ 365,362**	**334,628**
Net profit attributed to non-controlling interests	**$ 51,386**	**102,479**
Comprehensive income attributed to non-controlling interests	**$ 84,667**	**76,525**

Cash flows from operating activities	$ 563,853	284,485
Cash flow used in investment activities	(250,464)	(185,121)
Cash flows from financing activities	180,495	400,222
Effect of exchange rate changes on cash and cash equivalents	197	(704)
Increase(decrease) in cash and cash equivalents	**$ 494,081**	**498,882**
Dividends paid to non-controlling interests	**$ 89,295**	**116,294**

4. The summarized financial information of LeaLea Wushih Marina & Resorts Co., Ltd.

	December 31, 2020	December 31, 2019
Current assets	$ 176,300	209,784
Non-current assets	2,599,048	2,254,191
Current liability	(89,288)	(111,178)
Non-current liability	(1,839,333)	(1,550,488)
Net assets	**$ 846,727**	**802,309**
Balance carrying amount of non-controlling interests	**$ 373,086**	**320,923**

	2020	2019
Sales	**$ 11,963**	**13,052**
Current net loss	$ (16,582)	(15,273)
Other comprehensive income	-	-
Total comprehensive income	**$ (16,582)**	**(15,273)**
Net loss attributed to non-controlling interests	**$ (6,662)**	**(6,110)**
Comprehensive income attributed to non-controlling interests	**$ (6,662)**	**(6,110)**

Cash flows used in operating activities	$ (54,236)	(87,994)
Cash flow used in investment activities	(330,713)	(1,190,844)

Cash flows from financing activities	338,556	1,373,956
Increase (decrease) in cash and cash equivalents	**$ (46,393)**	**95,118**

(i)Property, plant, and equipment

The movements about cost, depreciation, and impairment of the property, plant and equipment of the consolidated company in 2020 and 2019, were as follows:

	Land	Buildings and construction	Transportation equipment	Other equipment	Construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2020	$ 1,480,679	1,497,769	41,313	258,200	2,446,367	5,724,328
Acquired in business combination－Lealea Environmental Enterprise Co., Ltd.	130,780	43,804	-	35,492	-	210,076
Acquired in business combination－Lealea Hotels and Resorts Co., Ltd.	385,122	491,814	-	45,686	-	922,622
Reclassification	189,772	501,816	-	28,062	(73,085)	646,565
Other additions	-	33,116	6,110	12,609	555,507	607,342
Disposal	-	(99)	(30)	(1,057)	-	(1,186)
Exchange rate adjustments	-	-	-	2	-	2
Balance on December 31, 2020	**$ 2,186,353**	**2,568,220**	**47,393**	**378,994**	**2,928,789**	**8,109,749**
Balance on January 1, 2019	$ 1,480,679	1,469,468	35,940	198,991	1,058,336	4,243,414
Other additions	-	5,421	5,897	20,093	1,455,451	1,486,862
Reclassifications	-	27,823	-	39,597	(67,420)	-
Disposal	-	(4,943)	(524)	(479)	-	(5,946)
Exchange rate adjustments	-	-	-	(2)	-	(2)
Balance on December 31, 2019	**$ 1,480,679**	**1,497,769**	**41,313**	**258,200**	**2,446,367**	**5,724,328**
Depreciation and impairment loss:						
Balance on January 1, 2020	$ -	296,353	26,452	110,083	-	432,888
Acquired in business combination－Lealea Environmental Enterprise Co., Ltd.	-	1,654	-	9,597	-	11,251
Acquired in business combination－Lealea Hotels and Resorts Co., Ltd.	-	144,781	-	38,153	-	182,934
Depreciation of the year	-	87,621	4,646	39,839	-	132,106
Reclassifications	-	161,980	-	(4,941)	-	157,039
Disposal	-	(52)	(30)	(793)	-	(875)
Reversal of impairment loss	-	(6,123)	-	-	-	(6,123)
Balance on December 31, 2020	**$ -**	**686,214**	**31,068**	**191,938**	**-**	**909,220**
Balance on January 1, 2019	$ -	214,762	21,162	73,803	-	309,727
Depreciation of the year	-	81,591	5,618	36,628	-	123,837
Disposal	-	-	(328)	(347)	-	(675)
Exchange rate adjustments	-	-	-	(1)	-	(1)
Balance on December 31, 2019	**$ -**	**296,353**	**26,452**	**110,083**	**-**	**432,888**
Carrying amount：						
Balance on December 31, 2020	**$ 2,186,353**	**1,882,006**	**16,325**	**187,056**	**2,928,789**	**7,200,529**
Balance on January 1, 2019	**$ 1,480,679**	**1,254,706**	**14,778**	**125,188**	**1,058,336**	**3,933,687**
Balance on December 31, 2019	**$ 1,480,679**	**1,201,416**	**14,861**	**148,117**	**2,446,367**	**5,291,440**

1. On December 31, 2020 and 2019, the priced and unpaid amount of the construction and renovation project of the consolidated company due to the operation of the hotel was 155,691,000 and 161,228,000 respectively, recognized as other payables.
2. For the interest capitalization of the consolidated company in 2020 and 2019, please refer to Note 6 (23) for details.
3. Pledge as collateral

As of December 31, 2020 and 2019, the consolidated company had pledged as collateral for the long-term borrowings and financing line, and please refer to Note 8 for details.

(j)Investment property

The movements in the investment property of the consolidated company were as follows：

	Land and improvements	Buildings and construction	Construction in progress	Total
Cost and deemed cost：				
Balance on January 1, 2020	$ 1,014,152	987,819	4,274	2,006,245
Additions	-	15	-	15
Reclassifications	(189,772)	(460,071)	-	(649,843)
Balance on December 31, 2020	**$ 824,380**	**527,763**	**4,274**	**1,356,417**
Balance on January 1, 2019	$ 1,014,152	984,390	4,274	2,002,816
Additions	-	3,429	-	3,429
Balance on December 31, 2019	**$ 1,014,152**	**987,819**	**4,274**	**2,006,245**
Depreciation and impairment loss:				
Balance on January 1, 2020	$ -	354,276	-	354,276
Depreciation for the year	-	34,488	-	34,488
Reclassifications	-	(157,039)	-	(157,039)
Balance on December 31, 2020	**$ -**	**231,725**	**-**	**231,725**
Balance on January 1, 2019	$ -	319,550	-	319,550
Depreciation for the year	-	34,726	-	34,726
Balance on December 31, 2019	**$ -**	**354,276**	**-**	**354,276**
Carrying amounts				
Balance on December 31, 2020	**$ 824,380**	**296,038**	**4,274**	**1,124,692**
Balance on January 1, 2019	**$ 1,014,152**	**664,840**	**4,274**	**1,683,266**
Balance on December 31, 2019	**$ 1,014,152**	**633,543**	**4,274**	**1,651,969**
Fair Value：				
Balance on December 31, 2020				**$ 1,669,344**
Balance on December 31, 2019				**$ 2,188,607**

1. The consolidated company has established relevant criteria for judging whether an asset can be classified as investment property. Investment property is a property held for the purpose of earning rent or capital appreciation or both. Therefore, the consolidated company considers whether the main cash flow generated by a property is independent of other assets held by the consolidated company. Part of properties held by the consolidated company is held for the purpose of earning rental income or capital appreciation, and the other part is held for management purposes. If each part of the investment properties can be sold separately, the consolidated company shall make accounting treatment for each part separately. If each part cannot be sold separately, only when the part held for management purposes is insignificant, the property shall be deemed as an investment property.
   The fair value of investment property is based on the evaluation of independent appraisers (with recognized relevant professional qualifications and recent experience in the location and type of investment property being evaluated). The input value used in its fair value evaluation technology belongs to the third level; or it refers to the property transaction price inquiry service network of the Ministry of the Interior and the real estate agency website for inquiries, where similar locations and types of recent transaction prices are the evaluation basis.
2. As of December 31, 2020 and 2019, the investment property of the consolidated company had been pledged as collateral, and for the details, please refer to Not 8.

(k)intangible assets

The components of the costs of intangible assets, amortization, and impairment loss thereon of the years ended December 31, 2020 and 2019 were as follows:

	Concessions	Copyright and trademark	Membership	Operating rights	Computer software etc.	Goodwill	Total
Cost：							
Balance on January 1, 2020	$ 2,239,461	-	-	504,237	15,849	25,361	2,784,908
Acquired in business combination－Lealea Environmental Enterprise Co., Ltd. (Details, Note 6(7))	69,000	-	-	-	-	9,033	78,033
Acquired in business combination－Lealea Hotels and Resorts Co., Ltd. (Details, Note 6(7))	-	20,601	1,839	68,743	8,296	-	99,479
Acquisition	783	-	-	-	1,236	-	2,019
Transfer	259,651	-	-	-	-	-	259,651
Disposal	(99)	-	-	-	-	-	(99)
Balance on December 31, 2020	**$ 2,568,796**	**20,601**	**1,839**	**572,980**	**25,381**	**34,394**	**3,223,991**
Balance on January 1, 2019	$ 1,509,393	-	-	504,237	15,103	25,361	2,054,094
Acquisition	1,198	-	-		746		1,944
Transfer	728,870	-	-	-	-	-	728,870
Balance on December 31, 2019	**$ 2,239,461**	-	-	**504,237**	**15,849**	**25,361**	**2,784,908**
Amortization and impairment losses							
Balance on January 1, 2020	$ 310,054	-	-	34,886	13,593	-	358,533
Acquired in business combinations (Details, Note 6(7))	-	3,270	-	-	6,680	-	9,950
Current amortization	116,049	-	-	20,407	1,449	-	137,905
Impairment losses	7,989	-	-	-	-	17,635	25,624
Disposal	(99)	-	-	-	-	-	(99)
Balance on December 31, 2020	**$ 433,993**	**3,270**	-	**55,293**	**21,722**	**17,635**	**531,913**
Balance on January 1, 2019	$ 223,305	-	-	20,169	11,053	-	254,527
Current amortization	86,749	-	-	14,717	2,540	-	104,006
Balance on December 31, 2019	**$ 310,054**	-	-	**34,886**	**13,593**	-	**48,479**
Carrying amount：							
Balance on December 31, 2020	**$ 2,134,803**	**17,331**	**1,839**	**517,687**	**3,659**	**16,759**	**2,692,078**
Balance on January 1, 2019	**$ 1,286,088**	-	-	**484,068**	**4,050**	**25,361**	**1,799,567**
Balance on December 31, 2019	**$ 1,929,407**	-	-	**469,351**	**2,256**	**25,361**	**2,426,375**

1. In the year of 2020 and 2019, in accordance with the service concession agreement signed with the government agency, the subsidiary completed the phased construction and carried forward into the contract assets NT$259,651,000, NT$725,670 and prepayments 0, and NT$3,200,000 respectively.

2. Goodwill impairment test

The goodwill and concession arising from the acquisition of the subsidiary Yi Cheng Company by the consolidated company in 2016 were NT$17,635,000 and 7,989,000 respectively, which were mainly due to the expected benefits from the company's revenue growth of sludge treatment. In accordance with IFRS No. 36, whether there is any indication that assets may be impaired should be assessed. In addition, goodwill obtained from a business combination should be tested for impairment at least annually. The impairment test for goodwill is to allocate goodwill to cash-generating units that can be expected to benefit from the synergy in merger. Yi Cheng Company itself is a cash-generating unit that can generate independent cash flow. Therefore, the impairment of goodwill is assessed by calculating Yi Cheng Company's value in use and the book value of net assets to assess whether impairment should be recognized. The measurement method of the fair value is the cost method as the main method and the market method as a supplement. It is measured based on the comparison of the same equipment or similar models and the value of the land and buildings in the neighboring or similar areas. The fair value is classified within the level 2.

Yi Cheng Company originally expected to treat Category D organic sludge for reuse, but as of the reporting date of this financial report, it has not yet completed the application. Although the fair value of the cash-generating unit less the cost of disposal is assessed to be higher than the book value of the net assets after obtaining the appraisal report. However, it was assessed that the operating plan was not as predicted in the original investment period, and that is, the actual operating income growth after the merger was not as expected. Therefore, the goodwill and concession impairment losses of NT$17,635,000 and 7,989,000 were recognized in 2020.

3.Pledge as collateral

As of December 31, 2020 and 2019, the consolidated company has pledged for the long-term loan and financing line, and please refer to Note 8 for details.

(l)Long-term account receivable

In accordance with the IFRS No. 12, the service concession arrangement between the consolidated company and the government agency is concluded that the fair value of the consideration receivable for the construction or upgrade service provided should be recognized as a financial asset. According to the service concession arrangement, the consolidated company is expected to collect the payment within the term of the agreement and select an appropriate discount rate to calculate the present value of the consideration receivable. As of December 31, 2020 and 2019, the receivables recognized by the consolidated company due to the discounted value of the consideration receivable from the service concession arrangement on each reporting day were as follows:

	December 31, 2020	December 31, 2019
Long-term account receivable (Note)	**$ 7,067,883**	**6,836,662**
Current	$ 124,957	108,479
Non-current	6,942,926	6,728,183
Total	**$ 7,067,883**	**6,836,662**

Note: In 2020 and 2019, in accordance with the service concession arrangement signed with the government agency, the subsidiaries completed the phased construction and carried forward into the contract assets NT$346,548,000 and 470,98,000 respectively. As of December 31, 2020 and 2019, the consolidated company had pledged as collateral for the long-term borrowings and financing line, and please refer to Note 8 for details.

(m) short-term notes and bills payable

The details of the Company's short-term notes and bills payable were as follows:

	December 31, 2020		
	Guarantee/Accepting Institution	Range of interest rates	Amount
short-term notes and bills payable	Mega Bills Finance Co., Ltd.	1.45%~1.74%	$ 279,927
〃	Grand Bills Finance Corporation	1.60%~1.80%	708,000
〃	Ta Ching Bills Finance Corporation	1.612%	78,000
〃	Taiwan Finance Corporation	1.39%~1.75%	75,000
〃	Taiwan Cooperative Bills Finance Corporation	1.498%	120,000
〃	China Bills Finance Corporation	1.688%~1.80%	184,500
〃	Dah Chung Bills Finance Corp.	1.612%	50,000
〃	International Bills Finance Corporation	0.72%~1.988%	982,200
			2,477,627
less：discount of short-term notes and bills payable			(102)
Total			**$ 2,477,525**

	December 31, 2020		
	Guarantee/Accepting Institution	Guarantee/Accepting Institution	Guarantee/Accepting Institution
Short-term notes and bills payable	Mega Bills Finance Co., Ltd.	1.6%~1.688%	$ 70,000
〃	Grand Bills Finance Corporation	1.688%~1.8%	620,000
〃	Ta Ching Bills Finance Corporation	1.688%	40,000
〃	Taiwan Finance Corporation	1.638%	50,000
〃	Taiwan Cooperative Bills Finance Corporation	1.588%	50,000
〃	China Bills Finance Corporation	1.688%~1.80%	310,000
〃	Dah Chung Bills Finance Corp.	1.680%	40,000
〃	International Bills Finance Corporation	0.7%~2.34%	1,907,000
			3,087,000
less：cos of credit			(2,897)
Total			**$ 3,084,103**

The consolidated company had pledged assets as collateral for the above-mentioned short-term notes and bills payable, please refer to Note 8 for the details.

(n)short-term loans

The details for the short-term loans of the consolidated company were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 1,932,468	926,000
Secured bank loans	6,535,211	6,379,955
Total	**$ 8,467,679**	**7,305,955**
Unused credit line	**$ 3,568,817**	**3,609,114**
Range of interest rates	**0.5%~2.47%**	**0.5%~2.85%**

For the details of the Company's assets pledged as collateral for short-term loans, please refer to Note 8.

(o)Long term loans

The details, conditions, and terms of the consolidated company's long-term loans were as follows:

	December 31, 2020	December 31, 2019
	$ 929,237	134,200
Secured bank loans	740,000	-
Unsecured bank loans	6,167,188	6,395,515
Less: current portion	(1,214,023)	(1,231,496)
Arrangement fees for syndicated bank loans	(7,142)	(8,683)
Total	**$ 6,615,260**	**5,289,536**
Unused credit line	**$ 1,771,900**	**1,149,407**
Range of interest rates	**1.47%~2.80%**	**1.84%~3.07%**

1. Collateral for bank loans

   Please refer to Note 8 for details of the consolidated company pledging assets as collateral for bank loans.

2. Significant loan contract agreement

   (1) In order to construct and operate the Nanzi Sewage Sewer Project in Kaohsiung City, the subsidiary signed a joint credit agreement with a joint credit bank group (17 such as Mega Bank). According to the contract, the subsidiary shall maintain a certain level of financial ratio at the end of each year:

   (i) Current ratio (current assets/current liabilities): greater than or equal to 100%.

   (ii) Debt-to-equity ratio (total debt/total equity): less than or equal to 230%.

   .

   (2) In order to build and operate the Luodong sewage sewer project in Yilan County, the subsidiary signed a joint credit agreement with a joint credit bank group (eight banks such as Land Bank of Taiwan, etc.). According to the contract, the subsidiary should maintain a certain level of financial ratio at the end of each year:

   (i) Debt-to-equity ratio (total debt/total equity): less than or equal to 200%.

   (ii) Subsidiaries should maintain the principal interest coverage ratio at the end of each year [(net profit after tax + depreciation + interest expense)/(repayable principal of medium and long-term debt + interest expense)]: greater than or equal to 1.

   (iii) From the date notified by the lead bank to the day before the improvement is reached, an interest rate of 0.25% is added to each credit balance plus an annual interest rate. If the aforementioned corrective action is not completed within the period, the total outstanding balance on the expiry date of the period for corrective action (i.e., December 31) shall be paid to the lead bank at a rate of 0.1%.

   (3) In order to build and operate the Taichung Waipu composting plant (Green Energy Ecological Park), the subsidiary signed a credit contract with a credit bank. According to the contract, the subsidiary should maintain a certain level of financial ratio at the end of each year (reviewed since 2021 financial report):

   (i) Current ratio (current assets/current liabilities): greater than or equal to 100%.

   (ii) Debt-to-equity ratio (total debt/total equity): less than or equal to 230%.

   (iii) Subsidiaries should maintain the principal interest coverage ratio at the end of each year [(net profit after tax + depreciation + interest expense)/ (repayable principal of medium and long-term debt + interest expense)]: greater than or equal to 1.

   (iv) From the date notified by the lead bank to the day before the improvement is reached, an interest rate of 0.15% is added to each credit balance plus an annual interest rate. If the aforementioned corrective action is not completed within the period, the total outstanding balance on the expiry date of the period for corrective action (i.e., December 31) shall be paid to the lead bank at a rate of 0.1%.

   (4) The consolidated company signed a credit agreement with Mega International Commercial Bank on December 7, 2016 in response to the investment in the construction and operation of the BOT project of the Yuanshan Park Hot Spring Club in Yilan County. According to the contract, during the effective period of the loan agreement, the equity ratio verified by CPA at the end of each year shall not be less than 30%.

   (5) In response to the funds required for the purchase of land and the construction of the hotel project, the subsidiary cooperated with International Bills Finance Co., Ltd., Mega Bills Finance Co., Ltd. and Kaohsiung Bank Co., Ltd. on November 2, 2020, signing a five-year joint credit contract of NT$2.04 billion, and pledged 2 pieces of land in the Shuishe Section of Nantou County and the completed buildings and auxiliary facilities as collateral.

(p) bonds payable

The details of the consolidated company's bond payable were as follows:

	December 31, 2020	December 31, 2019
Ordinary corporate bonds issued	$ 2,000,000	2,000,000
Convertible corporate bonds issued	500,000	500,000
Less：Unamortized discount on bonds payable	(15,319)	(23,496)
Less：Current portion	-	(1,996,451)
Balance bonds payable	**$ 2,484,681**	**480,053**

	2020	2019
Embedded Derivatives-The profit and loss of the right to repurchase at fair value (recognized as the loss of financial assets at fair value through profit and loss)	**$ -**	**50**

The main rights and obligations of outstanding unsecured convertible bond issued by the consolidated company are as follows:

Item	1st unsecured convertible bonds issued in 2018
Issuing amount	500,000,000
Issuing date	January 4, 2019
Issuing period	January 4, 2019~January 4,2022
Coupon rate	0%
Trust institution	Mega Securities Co., Ltd.
Repayment	Except for the bondholder's application for conversion to the company's ordinary shares in accordance with the company's rule for conversion, the company's early redemption or repurchasing through over-the-counter securities exchange and canceling in accordance with the rule for conversion, or the company exercises the repurchase right at maturity.
Rule for redemption	From the day following the period of 3 months the issuance of the Company's convertible corporate bonds has elapsed (April 5, 2019) to 40 days before the expiration of the issuance period (November 25, 2021), if the closing price of the company's ordinary shares, in the period of 30 consecutive business days, exceeds the current conversion price by 30% (inclusive); in the period of 30 consecutive business days, the outstanding balance of the convertible bonds is less than 10% of the original issuance total, the company may redeem the bond in advance.
Rule for conversion	Conversion period From the day following the period of 3 months the issuance of the Company's convertible bond has elapsed (April 5, 2019) to the maturity date (January 4, 2022), in accordance with the rule of conversion, the bondholder shall be converted into the company's ordinary share.
Conversion price	NT$55.8

The main rights and obligations of outstanding secured ordinary corporate bond issued by the consolidated company in 2020 are as follows:

Item	1st secured ordinary bonds issued in 2020	2nd secured ordinary bonds issued in 2020
Issuing amount	1,000,000,000	1,000,000,000
Issuance date	October 23, 2020	December 14, 2020
Issuance period	October 23, 2020~ October 23, 2025	December 14, 2020~ December 14, 2025
Coupon rate	0.62%	0.58%
Guarantee Institution	Mega International Commercial Bank	Yuanta Commercial Bank
Trust institution	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank
Repayment	Repayable on maturity	

The main rights and obligations of outstanding secured ordinary corporate bond issued by the consolidated company in 2015 are as follows:

Item	1st secured ordinary bonds issued in 2015	2nd secured ordinary bonds issued in 2015
Issuing amount	1,000,000,000	1,000,000,000
Issuance date	November 20, 2015	December 16, 2015
Issuance Period	November 20, 2015~November 20, 2020	December 16, 2015~ December 16, 2020
Coupon rate	1.42%	1.42%
Guarantee Institution	Mega International Commercial Bank	Yuanta Commercial Bank
Trust institution	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank
Repayment	Repayable on maturity	

The consolidated company recognized the amortized interest expenses of ordinary corporate bonds in 2020 and 2019. Please refer to Note 6 (23) for details.

(q)Operating leases

The Company leases its investment property. Since almost all risks and rewards belonging to the ownership of the underlying asset have not been transferred and paid, these lease contracts are classified as operating leases. Please refer to Note 6 (10)－Investment property for details.

The maturity analysis of lease payments is shown in the following table based on the total amount of undiscounted lease payments that will be received after the reporting date:

		December 31, 2020	December 31, 2019
Less than a year	$	46,726	55,286
Between one and two years		34,801	36,744
Between two and three years		33,637	31,910
Between three and four years		26,694	30,021
Between four and five years		18,404	14,065
More than five years		68,619	27,480
total amount of undiscounted lease payments	**$**	**228,881**	**195,506**

Please refer to Note 6 (21) for the rental income generated from investment properties in 2020 and 2019. The maintenance expenses incurred by investment property (recognized in "Cost of Goods Sold and Operating Expenses") are as follows:

	2020	2019
Rental income generating ones	**$ 1,069**	**7,039**

(r)Income taxes

1. Income tax expense

The components of the consolidated company's income tax in the years 2020 and 2019 were as follows:

		2020	2019
Current income tax expense:			
Current period incurred	$	121,002	90,634
Surtax on unappropriated earnings		21,452	19,713
Land appreciation tax		123,307	49,386
Adjustments in respect of current income tax of prior periods		(10,256)	4,368
		255,505	164,101
Deferred income tax expense			
The origination and reversal of temporary differences		22,254	56,980
Income tax expense	**$**	**277,759**	**221,081**

2. The reconciliation of the consolidated company's pre-tax profit and income tax expense for the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Profit before income tax	$ 400,939	1,175,442
Income tax on pre-tax financial income calculated at the domestic rates applicable to profits in the country concerned	$ 216,780	372,201
Tax exemption on income from land transactions	(95,496)	(147,245)
Investment income－equity method	(93,484)	(129,959)
Book-tax-difference in interest capitalization	(3,507)	(13,638)
Surtax on unappropriated earnings	21,452	19,713
Underestimation from prior year	(10,256)	4,368
Land appreciation tax	123,307	49,386
Change in unrecognized temporary differences	(3)	1,038
Current-year losses for which no deferred tax asset was recognized	90,540	43,284
Others	28,426	21,933
Total	**$ 277,759**	**221,081**

3. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

The consolidated company's Unrecognized deferred tax assets were as follows:

	December 31, 2020	December 31, 2019
Temporary differences of tax losses	$ 425,732	155,150
Deductible temporary differences	5,746	7,069
	$ 431,478	**162,219**

(2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets in 2020 and 2019 were as follows:

	deferred tax assets					deferred tax liabilities		
	Unrealized provisions for contingent service cost	Unrealized Impairment losses	Unrealized reduce Inventory to market	Others	Total	Unrealized construction profits	Others	Total
Balance on January 1, 2020：	$ 7,230	6,577	18,585	12,066	44,458	(409,015)	(957)	(409,972)
Debit (Credit) Income statement	-	-	-	5,415	5,415	(28,626)	957	(27,669)
Balance on December 31, 2020	**$ 7,230**	**6,577**	**18,585**	**17,481**	**49,873**	**18,585**	**-**	**(437,641)**
Balance on January 1, 2019：	$ 2,365	6,577	18,585	22,931	50,458	(358,992)	-	(358,992)
Debit (Credit) Income statement	4,865	-	-	(10,865)	(6,000)	(50,023)	(957)	(50,980)
Balance on December 31, 2019	**$ 7,230**	**6,577**	**18,585**	**12,066**	**44,458**	**(409,015)**	**(957)**	**(409,972)**

The consolidated company recognized investment deductions that are likely to be used to deduct future tax payables as a deferred tax asset. The consolidated company must make significant accounting judgments regarding recognizable deferred tax assets based on the possible period of time and amount of future tax payables and future tax planning. Some items are not recognized as deferred income tax assets because the consolidated company is not likely to have sufficient taxable income for the temporary difference in the future.

4.Status of approval of income tax

(1) The Company's income tax settlement and filing through 2018 have been assessed and approved by the Tax Authority.

(2) The years that the Company's subsidiaries' income tax settlement and filings have been assessed and approved by the Tax Authority were as follows:

Approval year	Company
2018	Forest Water Environmental Engineering Ltd.
2018	Rich Forest Leisure Development Co., Ltd.
2018	Lea Ho Investment Co., Ltd.
2019	Lea Ching Co., Ltd
2018	Ho Ching Enterprises Co., Ltd.
2018	Lealea Hotels Co.,Ltd.
2018	Yilan Lealea Hotels & Resorts Co., Ltd.
2018	LeaLea Wushih Marina & Resorts Co., Ltd.
2019	Yi Cheng development Co., Ltd.
2019	Eastern Forest Environmental Technology Co., Ltd.
2018	Green Forest Development Enterprise Co., Ltd.
2018	Orient Forest Development Enterprise Co., Ltd.
2018	Perfection Forest Development Enterprise Co., Ltd.
2018	Re-Use Environmental Co., Ltd.
2018	Grain Forest Green Energy Co., Ltd.
2018	Lealea Hsing Environmental Co., Ltd.
2018	LeaLea Environmental Enterprise Co., Ltd
2018	The Richforest Hotel Co., Ltd.
2018	Garden Hotel Co., Ltd.
2018	Lealea Mingchih Resort Co., Ltd.
2018	Lealea Hotels & Resorts Co., Ltd.

5.According to the rules of the Income Tax Law, tax losses in the previous ten years, approved by the tax collection agency, shall be deducted from the net profit of the current year, and then the income tax shall be assessed. These items are not recognized as deferred income tax assets because the Company is not likely to have sufficient taxable income for the temporary difference in the future.

As of December 31, 2020, the deduction periods of the consolidated company's unused tax losses were as follows:

Year of loss occurrence	Unused balance	Expiry year
2011	$ 190,302	2021
2012	150,344	2022
2013	101,292	2023
2014	39,150	2024
2015	37,375	2025
2016	580,564	2026
2017	253,345	2027
2018	196,729	2028
2019	221,247	2029
2020	452,700	2030
	$ 2,223,048	

(s) Share capital and other equities

As of December 31, 2020 and 2019, the authorized capital of the Company consisted of NT$10,100,000,000 and NT$9,000,000,000, with par value of $10 per share. The outstanding shares consisted of 743,933 thousand shares, and the capital that rose from the shares had all been retrieved.

1. Capital surplus

The components of the capital surplus were as follows:

	December 31, 2020	December 31, 2019
From conversion of convertible bonds	$ 12,949	12,949
From treasury stock transactions	3,337	3,337
Difference between consideration and carrying amount of subsidiaries acquired or disposed	412,063	412,063
Changes in ownership interest in associates accounted for using equity method and joint ventures	73	61
Changes in ownership interest in subsidiaries	180,121	178,068
	$ 608,543	**606,478**

According to the R.O.C. Company Act, the realized capital surplus can only be used to increase the common stock or be distributed as cash dividends in accordance with proportions of shareholdings after the capital surplus is used to offset a deficit. 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.

2. 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 until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve, in accordance with applicable laws and regulations, shall also be set aside. 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 company is in a volatile industrial environment and the life cycle of the company is at a growth stage and is developing towards diversification. Considering the company's future capital needs, long-term financial planning and shareholders' demand for cash inflows, if the company's shareholders' meeting decides to issue shareholder dividends, the cash dividend shall not be less than 10% of the total dividend, but if the cash dividend per share is less than NT$0.1, it will not be paid and will be paid as a stock dividend, but the board of directors may change the aforementioned ratio according to the economic environment and changes in the company's operating conditions.

(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) In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

According to the Financial Supervisory Commission's Permit No. 1010047490 dated November 21, 2012, the difference between the book value and the market value of the parent company's stock held by the subsidiary company at the end of the period is calculated and recognized based on the shareholding ratio. The special surplus reserve of the same amount shall not be distributed. If there is any subsequent rebound in the market price, the amount of that portion must be converted to a special surplus reserve based on the shareholding ratio.

On June 22, 2020 and June 18, 2019, the Company's special surplus reserve is set forth by the resolutions of the general meeting of shareholders as NT$102,025,000 and NT$124,259,000 respectively.

(3) Earnings Distribution

On June 12, 2020 and June 18, 2019, the Company's shareholders' meeting resolved to appropriate the 2019 and 2018 earnings. These earnings were appropriated or distributed as follows:

	2019		2018	
	Amount per share(dollar)	Amount	Amount per share(dollar)	Amount
Common stock dividends per share (dollars)				
－cash	$ 0.60	**446,396**	0.40	**297,597**

3. Treasury stock

(1) Treasury stocks held by the Company may not be pledged nor assigned shareholders' rights before transferring in accordance with the Securities and Exchange Act.

(2) As of December 31, 2020 and December 31, 2019, Lea Ho Investment Co., Ltd., subsidiary of the Company, holds the company's treasury stocks as follows:

	December 31, 2020	December 31, 2019
Shares held by the subsidiaries	**$ 6,305**	**6,305**
Acquisition cost	**$ 98,392**	**98,392**
Market value of stocks	**$ 66,201**	**66,516**

Note：The amount that the Company recognized as treasury stocks based on shareholding ratio was NT$ 98,195,000.

4. Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance on January 1, 2020	$ (2,078)	(228,114)	(47,823)	(278,015)
Shares of differences on translation of associates accounted for using equity method	(3,197)	-	(3,752)	(6,949)
Exchange differences on translation foreign operations' net assets	91	-	95	186
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	152,250	57,748	209,998
Balance on December 31, 2020	**$ (5,184)**	**(75,864)**	**6,268**	**(74,780)**
Balance on January 1, 2019	$ (1,377)	(116,892)	(5,237)	(123,506)
Shares of differences on translation of associates accounted for using equity method	(474)	-	(371)	(845)
Exchange differences on translation foreign operations' net assets	(227)	-	(464)	(691)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(111,222)	(41,751)	(152,973)
Balance on December 31, 2019	**$ (2,078)**	**(228,114)**	**(47,823)**	**(278,015)**

(t) Earnings per share

1. Basic earnings per share

The basic earnings per share for the years ended December 31, 2020 and 2019, which are based on the profit attributable to ordinary shareholders and outstanding weighted-average number of ordinary shares, were calculated as follows:

(1) Profit attributable to ordinary shareholders

	2020	2019
Profit attributable to ordinary shareholders	**$ 103,978**	**827,825**

(2) Outstanding weighted-average number of ordinary shares

	2020	2019
Issued ordinary share as of January 1	743,993	743,993
Effects of Treasury stocks	(6,305)	(6,305)
Outstanding weighted-average number of ordinary shares as of December 31	**737,688**	**737,688**
Earnings per share	**$ 0.14**	**1.12**

2. Diluted earnings per share

The diluted earnings per share for the years ended December 31, 2020 and 2019, which are based on the profit attributable to ordinary shareholders and outstanding weighted-average number of ordinary shares, were calculated as follows:

(1) Profit attributable to ordinary shareholders

	2020	2019
Profit attributable to ordinary shareholders	$ 103,978	827,825
Influence from the convertible bonds of subsidiaries	(800)	(6,962)
Profit attributable to the Company's ordinary shareholders (After adjusting the number of shares of for the effects of dilutive potential ordinary shares)	**$ 103,178**	**820,863**

(2) Outstanding weighted-average number of ordinary shares(diluted)

	2020	2019
Outstanding weighted-average number of ordinary share(basic)	737,688	737,688
Influence from bonus share to employees	196	451
Outstanding weighted-average number of ordinary shares(diluted) as of December 31	**737,884**	**738,139**
Earnings per share (dollar)	**$ 0.14**	**1.11**

(u) Revenue from contracts with customers

1. Disaggregation of revenue

	2020	2019
Major geographic markets：		
Taiwan	**$ 6,468,941**	**7,827,344**
Main product/Service Lines：		
Rentals from investment property (Note)	$ 77,806	81,036
Revenue from real estate sales	1,584,492	3,027,362
Revenue from water treatment contractor－service concession arrangement	260,588	810,465
Revenue from water treatment contractor－Public construction	2,076,535	1,731,915
Revenue from water treatment and maintenance	1,143,994	994,977
Revenue from service concessions	667,634	646,815
Revenue from waste treatment	333,775	260,330
Revenue from hotel services	306,654	258,926
Revenue from other businesses	17,463	15,518
	$ 6,468,941	**7,827,344**

		2020	2019
Timing of revenue recognition：			
Service gradually transferred over time	$	1,233,763	1,089,065
Construction gradually transferred over time		2,337,123	2,542,380
Recognized using effective interest method over time		667,634	646,815
Service transferred at a point in time		640,430	519,256
Goods transferred at a point in time		1,584,492	3,027,362
Others		5,499	2,466
	$	**6,468,941**	**7,827,344**

Note：The Company recognized rental revenue by applying IFRS No. 16.

2.Balance of contract

		December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	$	7,757	14,164	4,733
Account receivable		1,386,614	813,724	927,509
Less：allowance for loss		(26)	-	-
Total	**$**	**1,394,345**	**827,888**	**932,242**
Contract assets－construction completed not yet entitled right to payment	$	1,482,949	1,820,994	2,149,978
Contract assets－retention for contracted construction		247,631	168,043	90,651
Contract assets－retention for disputes		164,063	35,136	35,136
Less：allowance for loss		-	-	-
Total	**$**	**1,894,643**	**2,024,173**	**2,275,765**
Contract liability－construction receipts exceeds construction completed	$	506,279	18,772	14,183
Contract liability－ advance construction receipts		133,590	123,029	113,681
Contract liability－advance hotel booking receipts		118,550	41,559	41,184
Contract liability－advance real estate receipts		87,475	117,956	183,078
Contract liability－advance boat lease receipts		4,807	4,171	2,264
Total	**$**	**850,701**	**305,487**	**354,390**

3.For the disclosure of notes receivable, account receivable and their impairment, please refer to Note 6(4).

4.For the credit risk information of contract assets, please refer to Note 6 (24).

5.Changes in contract assets and contract liabilities are mainly due to the difference between the time when the consolidated company transfers goods or services to customers to satisfy the performance obligations and the time when customers pay. For disputes related to contract assets, please refer to Note 9 for details.

(v) Remuneration of employees and directors

Based on the Company' s Articles of Incorporation, if there is any profit for the year, remuneration of employees shall be appropriated at the rate no less than of 0.5%, and the board of directors shall decide to issue stocks or cash. The payment objects include employees of controlling or affiliated companies that meet certain conditions. The board of directors or their authorized persons are authorized to determine the conditions and rule for distributions; the Company shall allow the board of directors to resolve by allocating no more than 3% the aforementioned amount of profit as directors' remuneration. The distributions for employee and director remuneration shall be reported to the shareholders meeting. However, when the company still has accumulated losses, it shall reserve the amount of remuneration in advance, and then appropriate employee and directors' remuneration based on the aforementioned proportions.

For the years ended December 31, 2020 and 2019, remuneration of employees of $526,000 and $4,575,000, respectively, and remuneration of directors of $3,153,000 and $27,449,000, respectively, were estimated on the basis of the Company's net profit before tax, excluding the remuneration of employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company' s Articles of Incorporation. Such amounts were recognized as operating cost or operating expense for each year. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss.

The remuneration for employees and the remuneration of directors for the year of 2019 were NT$4,575,000 and NT$27,449,000, respectively, and the actual distribution amount was underestimated by NT$22,000 and overestimated by NT$2,656,000. In the year of 2018, the amount of employee and director remuneration was NT$1,010,000 and NT$6,059,000, which were overestimated by NT$301,000 and NT$1,805,000 respectively from the actual distribution amount. For further information, please refer to Market Observation Post System.

(w) Non-operation income and expense

1. Other income

The details of the consolidated company's other income for 2020 and 2019 were as follows:

	2020	2019
Dividend income	$ 7,282	7,045
Income from Counter-Party Default	1,116	6,796
Directors' remuneration	4,482	5,507
Other income	457	4,719
	$ 13,337	**24,067**

2. Other gains and losses

The details of the consolidated company's other gains and losses for 2020 and 2019 were as follows:

	2020	2019
Bargain purchase	31,312	-
Gains from disposal of investments	9,497	-
Net gains on evaluation of financial assets measured at fair value through profit or loss	7,754	(55,733)
Gains from surrender of a lease	7	12
Gains on disposal of property, plant and equipment	(119)	(29)
Miscellaneous income and expenses	6,398	3,447
Impairment losses	(19,501)	-
	$ 35,348	**(52,303)**

3.Financial costs

The details of the consolidated company's finance costs for the years 2020 and 2019 were as follows:

	2020	2019
Interest expenses		
Bank loans	$ 337,847	367,287
Amortization for fixed royalty payable	4,173	4,256
Amortizations for corporate bond discount	13,546	13,221
Interest Payable Refund from Bond	28,874	29,651
Amortizations for liability provision discount	2,881	3,465
Interest of lease liability	9,528	8,983
Interest of lease liability	587	144
Capitalized borrowing cost	(197,520)	(215,344)
Financial expenses	63,581	42,767
	$ 263,497	**254,430**
Capitalization rates	**1.68%~3.12%**	**1.85%~3.17%**

(x)Financial instruments

1.Credit risks

(1) Maximum amount of credit risk exposure

The carrying amount of financial assets and contract assets represents the Company' s maximum credit exposure.

(2) Concentration of credit risks

As of December 31, 2020 and 2019, the concentration of credit risk on government agency due to BOT and public works tenders of the consolidated company accounted for 92% and 90% of total receivables, respectively.

(3) Credit risk of account receivable and debt securities

For the information of credit risk exposure of notes receivable and account receivable, please refer to Note 6(4)

Other financial assets measured at amortized cost include other receivables. It is assessed as a financial asset with low credit risk, so the allowance for the period is measured based on the amount of expected credit loss in twelve months (please refer to Note 4 (7) for the explanation of how the consolidated company determines that the credit risk is low). There is no change in the allowance for losses in 2020 and 2019.

Debt instrument investments measured at fair value through profit and loss include foreign convertible corporate bonds, foreign private equity funds, and foreign stock warrants. Please refer to Note 6 (2) for the valuation gains and losses relevant investment.

(4) Contract assets

The customers of the consolidated company are concentrated in public constructions such as BOT and ROT tenders, etc. As of December 31, 2020 and 2019, the concentration of the consolidated company's credit risk on government agency due to BOT and public construction tenders accounted for 98% and 92% of the total contract assets, respectively. Since the counterparty is mainly a government agency, there is no risk of credit risk.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, without the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	Between 1-2 years	Between 2-5 years	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Variable interest rate instruments	$ 16,296,962	16,973,606	4,321,296	7,505,819	3,877,866	1,268,625
Fixed interest rate instruments	5,068,147	5,166,023	2,484,260	546,420	2,067,858	67,485
Non-interest bearing liabilities	2,127,500	2,133,251	1,936,718	1,978	194,555	-
Lease liabilities	700,125	830,900	115,542	105,576	198,626	411,156
	$ 24,192,734	**25,103,780**	**8,857,816**	**8,159,793**	**6,338,905**	**1,747,266**
December 31, 2019						
Non-derivative financial liabilities						
Variable interest rate instruments	$ 13,826,987	14,425,975	5,062,474	1,533,457	6,065,173	1,764,871
Fixed interest rate instruments	5,667,522	5,760,925	5,120,800	528,240	33,300	78,585
Non-interest bearing liabilities	1,870,385	1,870,385	1,509,819	209,817	141,113	9,636
Lease liabilities	402,823	593,695	28,713	28,480	69,050	467,452
	$ 21,767,717	**22,650,980**	**11,721,806**	**2,299,994**	**6,308,636**	**2,320,544**

The consolidated company does not expect that the cash flow at maturity to be analyzed will occur significantly earlier or the actual amount will be significantly different.

3. Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the consolidated 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 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 which increases or decreases by 1% when reporting to the internal management, which also represents the consolidated company management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 1%, with all other variable factors that remaining constant, the consolidated company's net income would have decreased/increased by $101,664 thousand and $86,624 thousand for the years ended December 31, 2020 and 2019, respectively. This is mainly due to the Company's borrowings in variable rates.

4. Other price risks

If the price of equity securities changes on the reporting date (the two-period analysis adopts the same basis and assumes that other variable factors remain unchanged), the impacts on the comprehensive profit and loss items were as follows:

	2020		2019	
Prices of securities on the reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing10%	**$ 54,652**	**13,337**	**(31,990)**	**10,084**

Decreasing10%	**$ (54,652)**	**(13,337)**	**31,990**	**(10,084)**

5. Fair value information

(1) The valuation process of the fair value of financial instruments

The accounting policies and disclosures of the consolidated company include the use of fair value to measure its financial and non-financial assets and liabilities. The consolidated company establishes relevant internal control systems for fair value measurement. This includes establishing a valuation team to be responsible for reviewing all major fair value measurements (including level 3 fair value) and reporting directly to the chief financial officer. The valuation team regularly reviews significant unobservable input values and adjustments. If the input value used to measure the fair value is to use external third-party information (such as a broker or pricing service agency), the valuation team will evaluate the evidence provided by the third party to support the input value and determine the valuation and its fair value classification. It complies with the requirements of the IFRS.

When measuring its assets and liability, the consolidated company uses observable market data to evaluate its assets and liabilities when it is possible.

The level of fair value is categorized as follows based on the input value used in the valuation technology:

- Level 1: quoted prices (unadjusted) in active markets for identified 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 liability that are not based on observable market data (unobservable inputs).

(2) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company' 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				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss (Current and Non-Current)	$ 177,159	150,972	12,45	13,734	177,159
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 17,833	17,833	-	-	17,833
Equity instrument without a quoted market price measured at fair value	528,689	-	162,34	366,348	528,689
Subtotal	546,522	17,833	162,34	366,348	546,522
Total	**$ 723,681**	**168,805**	**174,79**	**380,082**	**723,681**

	December 31, 2019				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss (Current and Non-Current)	$ 309,774	109,049	-	200,725	309,774
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 12,338	12,338	-	-	12,338
Equity instrument without a quoted market price measured at fair value	307,560	-	-	307,560	307,560
Subtotal	319,898	12,338	-	307,560	319,898
Total	**$ 629,672**	**121,387**	**-**	**508,285**	**629,672**

(3) Valuation techniques of financial instruments not measured at fair value

The consolidated company estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

(3.1) Financial assets and liability measured at amortized cost

If there is quoted price generated by transactions or market makers for financial liabilities, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, then valuation method is used to estimate. The estimates and assumptions used in the valuation method are the discounted cash flows for the estimation of the fair value.

(4) Valuation techniques for financial instruments measured at fair value

(4.1) Non-derivative financial instruments

If the quoted market price in active markets is available for the financial instrument, the fair values are based on quoted market prices in active markets. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

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. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with large bid-ask spreads, significantly increasing bid-ask spreads, or low trading volume is an indication of a non-active market.

If the financial instruments held by the consolidated company are financial assets belong to those with active markets such as listed common shares, beneficiary certificates, etc., which are financial assets with standard terms and conditions and traded on the active market, the fair value are determined by reference to the market quotation.

If the financial instruments held by the consolidated company belongs to those with no active markets, their fair value is an equity instrument with no quoted market price in terms of its category and attribute. The fair value is estimated using the market approach and the binominal tree convertible bond valuation model. The main assumption is that it is measured based on the invested company's peer companies' market value and financial information.

This estimate has been adjusted for the liquidity discount of the equity certificate.

(5)Transfer between level 1 and level 2：

The shares of Tien Li Offshore Wind Technology Co., Ltd. began to be listed on the Emerging Market on October 30, 2020 and were quoted in the active market. Therefore, starting from December 31, 2020, the fair value measurement was transferred from level 3 to level 2.

(6) The details of movement of Level 3 fair value measurements of financial assets

	Financial assets with no quoted market price at fair value through profit or loss	Financial assets with no quoted market price at fair value through other comprehensive income
January 1, 2020	$ 200,725	307,560
Recognized in profit or loss	(11,367)	204,502
Purchased	-	16,583
Acquired in business combinations	-	44
Transferred out of level 3	-	(162,341)
Redemption	(175,624)	-
December 31, 2020	**$ 13,734**	**366,348**
January 1, 2019	$ 521,023	435,621
Recognized in profit or loss	(30,912)	-
Recognized in other comprehensive income	-	(148,061)
Purchased	7,270	20,000
Disposal/liquidation	(296,656)	-
December 31, 2019	**$ 200,725**	**307,560**

The aforementioned total profit or loss is reported in series in "Other Profits and Losses" and "Unrealized Valuation Loss of Financial Assets Measured at Fair Value through Other Comprehensive Profits and Losses". Among them, those related to the assets still held as of December 31, 2020 and 2019 are as follows:

	2020	2019
Total profits or loss		
Recognized in profit or loss (reported in Other Profits or Losses)	$ (291)	(42,903)
Recognized in other comprehensive income (reported in Unrealized Valuation Loss of Financial Assets Measured at Fair Value through Other Comprehensive Profits and Losses)	84,341	(148,061)

(7) Quantitative information of fair value measurement for significant unobservable Inputs (level 3)

The consolidated company’s fair value categorized as level 3 are financial assets measured at fair value through profit or loss and other comprehensive income－liability instruments and equity security investment.

Most of the consolidated company’s fair values categorized as level 3 have only one significant unobservable input.

Quantitative information of significant unobservable inputs of fair value measurement are as follows:

Category of equity securities	Valuation technique	Significant unobservable inputs	Interrelationship between inputs and fair value
Financial assets with no quoted market price at fair value through profit or loss	Market approach and asset-based approach	• Liquidity discount(10%~30% for December 31, 2020 and 10%~43.92% for December 31, 2019, respectively)	• The higher the liquidity discount, the lower the fair value
Financial assets with no quoted market price at fair value through other comprehensive income	The binominal tree convertible bond valuation model-asset-based approach	• Discount rate for risk adjustment (6.4664% for December 31, 2019) • Liquidity discount(10% for both December 31, 2020 and 2019)	• The lower the discount rate for risk adjustment, the higher the fair value • The higher the discount rate for risk adjustment, the lower the fair value
Financial assets with no quoted market price at fair value through profit or loss	Market approach	• Liquidity discount(10% for December 31, 2020)	• The lower the discount rate for risk adjustment, the higher the fair value

(8) For the level 3 of fair value measurement, the sensitivity analysis of fair value to reasonably possible alternative assumptions

The consolidated company's measurement of the fair value of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments categorized as level 3, if the valuation parameters change, the impact on the current profit and loss or other comprehensive profit and loss is as follows:

	inputs	Change upwards or downwards	Change of fair value response to current net profit		Change of fair value response to other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2020						
Financial assets-liability instruments with no quoted market price at fair value through profit or loss	Liquidity discount	+1%	-	(153)	-	-
	Liquidity discount	-1%	153	-	-	-
	Liquidity discount	+1%	-	(155)	-	-
	Liquidity discount	-1%	146	-	-	-
Financial assets-equity instruments with no quoted market price at fair value through other comprehensive income	Liquidity discount	+1%	-	-	-	(3,069)
	Liquidity discount	-1%	-	-	3,083	-
December 31, 2019						
Financial assets-liability instruments with no quoted market price at fair value through profit or loss	Liquidity discount	+1%	-	(156)	-	-
	Liquidity discount	-1%	156	-	-	-
	Discount rates for risk adjustment	+1%	-	(464)	-	-
	Discount rates for risk adjustment	-1%	450	-	-	-
Financial assets-equity instruments with no quoted market price at fair value through other comprehensive income	Liquidity discount	+1%	-	-	-	(4,739)
	Liquidity discount	-1%	-	-	4,769	-

The favorable and unfavorable changes of the consolidated company represent the fluctuation of the fair value, and the fair value is calculated based on the unobservable input parameters to different degrees and calculated by the valuation technique. If the fair value of a financial instrument is affected by more than one input value, the

above table only reflects the impact from the change in a single input value and does not take into account the interrelation and variances between input values.

(y) Financial risk management

1.Overview

The consolidated company is exposed to the following risks from its financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this note, the information on aforementioned risk exposure and objectives, policies and procedures of risk measurement and management are expressed. For quantitative information, please refer to the related notes in the consolidated financial report.

2.Risk management framework

The consolidated company's risk management policies are established to identify and analyze the risks faced by the consolidated 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 consolidated company' s activities. The consolidated company, through their 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 consolidated company's supervision and management personnel in Audit Committee oversee 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. Internal Audit personnel undertake both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Audit Committee.

3. Credit risk

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

1) Accounts receivable and other receivables

Since the consolidated company's main business is pre-sales of real estate, it has a large customer base and geographically dispersed sales territories, and has not significantly concentrated transactions with a single customer, so the credit risk of accounts receivable is not likely to be significantly concentrated; the consolidated company's construction engineering follows the rule of the company's contracting project operation, subcontracting reputable construction manufacturers with construction technology that meets the requirements, so its construction quality and progress can be fully controlled. In addition, the consolidated company's customers for the transactions in the business of sewage treatment operation are concentrated in public constructions such as BOT and ROT tenders, etc. As of December 31, 2020 and 2019, the concentration of the consolidated company's credit risk on government agency due to BOT and public construction tenders accounted for 98% and 90% of the total account receivables, respectively. Since the counterparty is mainly a government agency, there is no risk of credit risk.

The consolidated company establishes loss allowance accounts to reflect the estimation of incurred losses in its accounts receivable, other receivables and investments. The main components of the allowance account contain specific losses associated with individual major risks. The component, and the component of the combined loss established for the loss of a similar group of assets, has occurred but not yet identified.

The loss allowance account is determined based on historical payment statistics of similar financial assets.

2) Investment

The exposure to credit risk for bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the consolidated company's finance department. The consolidated company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The consolidated company does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties. However, the consolidated company continues to evaluate changes in the economic environment and establish a valuation profit and loss account for the investment it holds.

3) Guarantees

As of December 31, 2020 and 2019, the consolidated company provided peers with endorsement and guarantees in accordance with the requirement of contracting of the project, and please refer to Note 9(2) for details.

4. Liquidity risk

Liquidity risk is a risk that the consolidated company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The consolidated company' s approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated company's reputation.

The consolidated company calculates the funds required for the cost of each development and construction project, the term payment that can be collected from customers, and the construction financing that the bank can offer, and properly plans the timing of funds generated from revenue and expenditure to ensure that there is sufficient liquidity to cover the due liabilities. As part of the funds required during the development and construction of the project can be financed from the bank, customers can also obtain mortgage from the bank to pay most of the price when the real estate is delivered, and the consolidated company will not incur major losses or risk of reputational damage.

5. Market risk

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

The interest rate risk of the consolidated company mainly arises from its bank borrowings. Interest-bearing loans with floating interest rates will create cash flow risks for the consolidated company, and fixed-rate borrowings will cause fair value risks for the consolidated company. In recent years, the business environment in which the consolidated company assesses the interest rate level has remained stable, which should not create significant interest rate risks.

(z) Capital management

The objective of the consolidated company's capital management is to ensure its ability to operate continuously to provide returns to stockholders and the interests of other related parties, while maintaining the optimal capital structure to reduce costs of capital.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders, issue new shares or dispose assets to redeem liabilities.

Similar to its peers, the Company monitors its capital based on debt to capital ratio. The ratio is calculated as the Company's net debt divided by its total capital. The net debt is derived by taking the total liabilities on the balance sheets minus cash and cash equivalents. The total capital consists of total equity (including capital, additional paid-in capital, retained earnings and other components of equity) plus net debt.

The consolidated company's strategy for capital management in 2019, which is same as that of 2019, is to maintain a reasonable ratio in order to raise capital with reasonable cost. The debt to capital ratios as of December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 25,793,989	22,729,070
Less: Cash and cash equivalents	(2,555,517)	(1,868,810)
Net debt	23,238,472	20,860,260
Total equity	17,843,943	17,769,474
Total capital after adjustment	**$ 41,082,415**	**38,629,734**
Debt to capital ratios	**56.57%**	**54.00%**

VII. Related-party transactions

a. Names and relationship with related parties

The related parties involved in transactions with the consolidated company during the period covered by this consolidated financial report are as follows:

Name of related party	Relationship with the Company
Li Peng Enterprise Co., Ltd. (Hereafter Li Peng Co.,)	The chairman is the Company's chairman's second degree of kingship
Giantforest Solutions Co., Ltd.	The chairman is the Company's director
Neng Pang Construction Co., Ltd. (Hereafter Neng Pang Construction)	The director is the Company's director
Lead U Education Co., Ltd.	The director is the Company's director
GEC Electric Co., Ltd. (Hereafter GEC Electric)	substantive related party
Lealea Development Enterprise Co., Ltd. (Hearafter Lealea Development)	substantive related party
DYX construction Co., Ltd. (Hereafter DYX Construction)	The chairman is the Company's chairman's second degree of kingship
Qing Yi Development Co., Ltd	substantive related party
Leader Construction Co., Ltd. (Hereafter Leader Construction)	The director is the Company's director
ITT Management Co., Ltd.	The chairman is the Company's director
S.T.Y Steels Co., Ltd (Hereafter S.T.Y. Steels)	substantive related party
Reach Integrated Trading Co., Ltd.	The chairman is the Company's director
Li Yang Electric Development Co., Ltd. (Hereafter Li Yang Electric)	substantive related party
Lealea Development Enterprise Co., Ltd.	Subsidiary (Note)
Shui Shen Yin Guan Development Co., Ltd.	The director is the Company's chairman
Lealea Technology Co., Ltd.	The chairman is the Company's chairman's second-degree of kinship
Lea Jie Energy Co., Ltd.	The chairman is the Company's chairman's second-degree of kindship
Libolon Enterprise Co., Ltd.	Substantive related party
The Richforest Hotel Co., Ltd.	Subsidiary (Note)
Lealea Mingchih Resort Co., Ltd.	Subsidiary (Note)
Lealea Eagle Travel Service Co., Ltd.	Subsidiary (Note)
Garden Hotel Co., Ltd.	Subsidiary (Note)

Lealea Long-Term Care Yilan Foundation	The chairman is the Company's director
Richforest Garden Hotels Kentin Co.,Ltd.	Substantive related party
Lead Way Investment Group Co., Ltd.	The chairman is the Company's chairman
Lealea Enterprise Co., Ltd.	The chairman is the Company's chairman's second-degree of kinship
Jet Goal Enterprises Co., Ltd.	The chairman is the Company's director
Mu Sheng Yun Duo Design Co., Ltd.	The chairman is the Company's director
Artblooming Co., Ltd.	The chairman is the Company's chairman
Kuo Mu Sheng Foundation	The chairman is the Company's chairman
Regiant Industrial Co., Ltd.	Substantive related party
Learned Winner Enterprise Co., Ltd.	Substantive related party
Jarline Industrial Co., Ltd.	Substantive related party
Lien Ta Construction Co., Ltd.	Substantive related party
Sea Mild Biotechnology Co., Ltd	Substantive related party
Howsler Food Co.,Ltd.	The chairman is the Company's director
Broadway Hotels	The chairman is the Company's chairman's second-degree of kinship
Shu Cheng Kuo	The Company's chairman
Hon Lin Heavy Industries Co., Ltd.	The chairman is the Company's chairman's second-degree of kinship
Vesun International Co., Ltd.	The chairman is the Company's director
Jia Ruei International Development Co.	The chairman is the Company's director
Yi Lea Hotels Co., Ltd.	The supervisor is the company's director
Leadingage International Co., Ltd.	Substantive related party
Buy Chow Food Co., Ltd.	The director is the Company's director
Taiwan Green Power Co., Ltd.	The chairman is the Company's chairman
Zhi Mao International Co., Ltd.	The chairman is the Company's chairman
Teamphon Energy Co., Ltd	The director is the Company's director
Lealea Green Care Foundation	The chairman is the Company's director
Qing Shan Lin Limited	Substantive related party
Lineng Power Co., Ltd.	Substantive related party

Note：It is used to be an associate, and since November 25, 2020, it has become a subsidiary because the Company has obtained control.

b. Significant Transactions with related parties

1. Purchase of Goods from Related Parties

(1) The purchase amount and outstanding balance of the project contracted by the consolidated company to other related parties for the need of are as follows:

	Contract amount		Purchase(Current price)	
	December 31, 20120	December 31, 2019	2020	2019
Leader Construction	$ 769,657	1,886,485	184,144	217,917
Neng Pang Construction	905,999	907,356	124,676	148,730
Lealea Development	-	365,360	-	74,865
GEC Electric	-	189,347	-	30,051
Li Yang Electric	299,675	-	74,566	-
DYX Construction	33,300	33,300	-	8,090
Other related Parties	796,945	153,759	55,544	33,116
	$ 2,805,576	**3,535,607**	**438,930**	**512,769**

The price of the project contracted by the consolidated company to the related party is based on the project budget plus reasonable management costs and profits, determined after the price comparison and negotiation between the two parties, and paid in accordance with the contractual payment terms; After the price is negotiated and the price agreed by both parties, the term payment will be billed monthly, and some related parties will prepay the pre-operation fee after signing the contract. After receiving the billing requests, which will be calculated every month, half of the amount for demand notes and half of the amount for 30-day promissory notes will be issued for the payment. For the payment to other related parties, it is paid by a 30-day promissory note, and there is no significant difference compared to the terms of transactions with non-related parties.

(2) In March 2020, the consolidated company purchased land from Lead Way International to build commercial office buildings for sale or lease at a total price of NT$698,775,000. As of December 31, 2020, the transfer procedures have been completed, and the price of 698,775,000 has been paid, which is accounted in the inventory. The aforesaid acquisition price refers to the real estate appraisal report. Please refer to Note 13 for the purpose of acquisition and the progress of the previous transfer.

2.Receivables-related parties

Details of the consolidated company's receivables-related parties were as follows:

Account Items	Categories of related party	December 31, 2020	December 31, 2019
Notes receivable	Other related parties	$ 1,063	-
Notes receivable	Associates	-	811
Account receivable	Other related parties	75	1,298
Account receivable	Associates	-	786
Other receivable	Other related parties	3,584	244
		$ 4,722	**3,139**

3.Prepayments

The details of the prepayment to the related parties from the consolidated company were as follows:

	December 31, 2020	December 31, 2019
Other related party－Lealea Development	$ -	5,081
Other related party－Li Yang Electric	11,189	-
Other related party－Neng Pang Construction	5,286	11,847
Other related party－Others	4,652	112
	$ 21,127	**17,040**

4.Payables-related parties

The details of the consolidated company's payables-related parties were as follows:

Account items	Categories of related parties	December 31, 2020	December 31, 2019
Notes payable	Leader Construction	$ 20,716	28,901
Notes payable	GEC Electric	18	4,220
Notes payable	DYX Construction	1,355	-
Notes payable	Neng Pang Construction	602	16,151
Notes payable	Lealea Development	9,559	5,008
Notes payable	S.T.Y. Steels	-	1,311
Notes payable	Li Yang Electric	3,994	-
Notes payable	Other related party	384	-
Accounts payable	Neng Pang Construction	40,290	54,077
Accounts payable	Leader Construction	-	47,789
Accounts payable	DYX Construction	-	1,324
Accounts payable	GEC Electric	1,721	33,234
Accounts payable	Li Yang Electric	14,008	-
Accounts payable	Lealea Development	10,810	16,522
Accounts payable	Other related party	14,388	1,196
Other payables	DYX Construction	16,591	7,147
Other payables	GEC Electric	-	6,851
Other payables	Lien Ta Construction	80,060	97,405
Other payables	Other related party	1,208	3,073
Long-term payables	Leader Construction	(Note) 19,764	(Note) 13,294
		$ 235,468	**337,503**

Note：The consolidated company borrowed NT$19,000,000 and NT$13,000,000 from other related parties at an annual interest rate of 3% in the year of 2020 and 2019, respectively. The recognized financial costs in 2020 and 2019 were NT$ 470,000 and 250,000 respectively.

5.Purchase or sales of other assets

(1) Please refer to Note 9 (1) for the contractual commitments of the hotel construction project that was contracted out by the consolidated company to other related parties on December 31, 2020 and 2019.

(2) The consolidated company's deposits for the signing of joint built sub-housing and joint investment construction contracts with other related parties on December 31, 2020 and 2019 were all NT$111,020, 000. Please note 9 (1) for details.

6.leases

(1)Lease as a lessor：

The consolidated company leases office buildings, parking spaces and hotels to associates and other related parties, and signs lease contracts for a period of 1 to 6 years with reference to the lease prices of neighboring areas. The rental income in 2020 and 2019 were NT$37,600,000 and NT$33,607,000, respectively. The deposit due to leases on December 31, 2020 and 2019 were NT$1,761,000 and 3,960,000, respectively.

(2)Lease as a lessee：

The consolidated company leases office buildings and parking spaces from other related parties and signs a 1- to 5-year lease contract with reference to the lease prices of offices and parking spaces in neighboring areas. The recognized interest expenses in the year of 2020 and 2019 were NT$768,000 and NT$971,000 respectively, and the balance of lease liabilities as of December 31,2020 and 2019 were NT$28,035,000 and NT$36,952,000, respectively.

7.Endorsement and guarantee

The consolidated company, in the need of mutual insurance in accordance with the contract due to the contracting of the project, guarantees the following amounts to other related parties:

	December 31, 2020	December 31, 2019
Other related parties	**$ 50,486**	**75,996**

8.Others

(1) The consolidated company commissioned by associates to provide hotel management consulting services, and monthly management fees are paid at the agreed rate. The management fees paid in 2020 and 2019 were NT$3,435,000 and NT$3,600,000, respectively.

(2) The consolidated company paid other related parties' software lease setting maintenance fees of NT$10,892,000 and NT$9,264,000 in 2020 and 2019, respectively (the operating costs and operating expenses are accounted for).

(3) The consolidated company paid NT$9,385,000 and NT$13,322,000 for operating expenses, management fees and employee travel to associates and other related parties due to operating requirements in the year of 2020 and 2019, respectively.

(4) The sales commission paid by the consolidated company for entrusting other related parties to sell premises in 2020 and 2019 were NT$3,808,000 and NT$20,043,000, respectively.

(5) The consolidated company acquired 1,000,000 shares of financial assets measured at fair value through other comprehensive gains and losses from other related parties on May 21, 2019, at a contract price of NT$20,000,000. As of December 31, 2019, the aforementioned price has been paid in full.

(6) The consolidated company subscribed for 10,000,000 cumulative preferred shares issued by other related parties on August 12, 2019 and recognized them as financial assets measured at amortized cost—non-current, with a contract price of NT$100,000,000. In addition, it is agreed in the issuance rule that the annual interest rate of the dividend for preferred shares is 3.5%. If there is no dividend in the current year, the accumulated interest of the annual interest rate of 1.06% shall

be given priority to make up in the future. As of December 31, 2019, the aforementioned price has been paid in full.

(7) The consolidated company donated NT$9,438,000 and NT$9,121,000 to other related parties in 2020 and 2019, respectively.

c. Key management personnel

Remuneration for key management personnel

	2020	2021
Short-term employee benefits	$ 35,322	36,352

VIII. Pledged assets

The carrying values of the consolidated company's pledged assets were as follow:

Pledged assets	Purpose of pledge	December 31, 2020	December 31, 2019
Other financial assets-current	Credit account	$ 45,860	18,440
Other financial assets-current	Bond payable	-	809,230
Other financial assets-current	Bank borrowing、Bank performance guarantee	479,201	318,667
Other financial assets-current	Gift certificate guarantee	71,437	31,320
Inventory	Commercial paper payable and bank borrowing	15,174,251	15,415,913
Financial assets measured at fair value through profit or loss－current	Bank borrowing	36,960	54,259
Other financial assets-non-current	Bank borrowing、Bond payable	590,604	52,526
Other financial assets-non-current	Bank performance guarantee	1,401	10,000
Property, plant, and equipment	Bank borrowing	6,462,226	4,361,626
Special concession arrangement	Bank borrowing	1,203,838	1,033,018
Net investment property	Bank borrowing	1,098,529	1,618,513
Long-term account receivable	Bank borrowing	7,067,883	6,836,662
		$ 32,232,190	30,560,174

IX. Significant Contingencies and Unrecognized Contract Commitments

a. Significant commitments and contingencies were as follows:

1.unreconized contract commitment by the consolidated company were as follows：

	December 31, 2020	December 31, 2019
Signed contracts		
Sales premises and sold floor areas	$ 450,037	439,903
Purchase land for construction	293,766	291,476
Hotel construction and renovation contract	4,772,250	3,953,935
Hotel Consultant Management Contract	-	25,000
Contract issuance of premises under construction	925,891	806,843
Price received or paid		
Sales premises and sold floor areas	$ 87,435	117,956
Purchase land for construction	187,887	190,469
Hotel construction and renovation contract	2,237,591	1,926,842
Hotel Consultant Management Contract	-	12,300
Contract issuance of premises under construction	381,894	153,543

2. The details of the joint construction contract or joint investment construction contract signed by the consolidated company on December 31, 2020 and 2008 are as follows:

Construction projects	Attribute of joint construction	Joint Construction Guarantee (Recognized as other financial assets-current) December 31, 2020	December 31, 2019
Xia Yuan	Joint construction sub-housing	$ 15,464	15,464
Sec 6. Chung Shan North Rd.	〃	11,000	11,000
Huan Shan Project	〃	111,020	111,020

Yong An Section, Yong He District	〃	75,000	75,000
		$ 212,484	**212,484**

3. Unrecognized contract commitment of the contracted construction by the consolidated company were as follows：

	December 31, 2020	**December 31, 2019**
Signed but price not received yet(pre-tax)	**$ 4,797,674**	**4,150,574**
Signed but price not paid yet(pre-tax)	**$ 3,333,071**	**2,900,856**

4. The consolidated company has established a service concession arrangement with government agencies under BOT (build-operate-transfer) arrangement for sewage treatment services. The main contents are as follows:
   (1) During the service concession period, the consolidated company shall provide construction, operation and maintenance of such sewage treatment facilities in accordance with the service method designated by the government agency;
   (2) And the consolidated company has the right to use these facilities and related land to provide sewage treatment services during the service concession period, and get remuneration according to the price and price adjustment index agreed in the construction operation contract;
   (3) The government agency will control and supervise the scope of services that the consolidated company needs to provide when using these facilities;
   (4) Both the consolidated company and the government agency have the right to terminate the relevant agreement if the terms of the agreement are severely violated;
   (5) During the service concession period, the consolidated company is the nominal registrant of the relevant land rights and the ownership of sewage treatment facilities; at the end of the service concession period, the designated plant and equipment will be restored to normal operation in accordance with the provisions of the construction and operation contract request, transfer and return free of charge;
   (6) The consolidated company may apply for the right of first refusal renewal four years before the expiration of the time limit.
   (7) In addition, in the construction and operation contract signed between the consolidated company and the Yilan County Government, in accordance with Article 8.4.7 of the contract, the Yilan County Government shall, in the agreed month, deduct the difference between the yield of tap water distributed users and the actual yield of incoming water from the sewage treatment plant. Relevant information needs to be clarified by the water plant; however, the Yilan County government deducted all the actual water entering the water plant in the agreed month, and the payment will be made after the water plant reviewed the yield that were distributed for the user's actual water consumption. According to historical experience, the consolidated company will receive in about two years, and it should estimate the deduction of revenue according to the historical deduction proportions. Please refer to Note 6 (4) for the estimated recovery year of the above accounts receivable.
   5. The consolidated company has entered into a service concession arrangement with government agencies under ROT (Rehabilitate-Operate-Transfer) arrangement for sewage treatment services. The main contents are as follows:
   (1) During the service concession period, the consolidated company shall provide additional, reconstructed, repaired and operated sewage treatment facilities in accordance with the service methods designated by the government agency; and in

accordance with the provisions of the contract, the consolidated company shall pay a fixed royalty, variable royalties, and equipment transfer funds every year during the operation period;

(2) And the consolidated company the right to use these facilities and related land to provide sewage treatment services during the service concession period. In addition, as agreed in the investment contract, the merged company will receive remuneration at the rate of sewage treatment system approved by the government agency;

(3) The government agency will control and supervise the scope of services that the consolidated company needs to provide when using these facilities;

(4) Both the consolidated company and the government agency have the right to terminate the relevant agreement if the terms of the agreement are severely violated;

(5) At the end of the service concession period of the consolidated company, in accordance with the provisions of the contract, restore the designated plant and equipment to the operating requirements stated in the contract, and transfer and return it free of charge;

(6) The consolidated company can apply for first right of refusal renewal before the end of November, 2029, and the new contract period shall not exceed 15 years.

6. The consolidated company has entered into a service concession arrangement with government agencies under ROT (Rehabilitate-Operate-Transfer) arrangement for waste and rice straw treatment services. The main contents are as follows:

(1) During the service concession period, the consolidated company shall provide constructed, operated, and maintained composting food waste treatment facilities and in accordance with the provisions of the contract, the consolidated company shall pay a fixed royalties and variable royalties every year during the operation period;

(2) And the consolidated company the right to use these facilities and related land to provide composting food waste treatment and rice straw treatment services during the service concession period. In addition, the waste treatment is paid according to the contractual price and treatment quantity; the rice straw treatment is paid according to the contractual price and the treatment quantity provided by the government agency.

(3) The government agency will control and supervise the scope of services that the consolidated company needs to provide when using these facilities;

(4) Both the consolidated company and the government agency have the right to terminate the relevant agreement if the terms of the agreement are severely violated;

(5) At the end of the service concession period of the consolidated company, in accordance with the provisions of the contract, restore the designated plant and equipment to the operating requirements stated in the contract, and transfer and return it free of charge;

(6) The consolidated company can apply for first right of refusal renewal before August, 2039, and the new contract period shall not exceed 20 years, which is limited to only one time.

7. Service concession arrangement signed by the consolidated company with government agencies are as follows:

Subsidiary that operates	Location	Authorities	Type of arrangement	Service concession period
Green Forest Development Enterprise Co., Ltd.	Nanzi	Kaohisung city government	Sewer construction system BOT	April 2006 to April 2041
Orient Forest Development Enterprise Co., Ltd.	Luodong	Yilan County government	Sewer construction system BOT	December 2005 to December 2040
Perfection Forest Development Enterprise Co., Ltd.	Guanyin Industrial park	Bureau of Industry, MOEA	Sewer construction system BOT	August 2016 to July 2031
Grain Forest Green Energy Co., Ltd.	Taichung	Environmental Protection Bureau of Taichung City Government	Composting food waste removal ROT	August 2017 to August 2042

8. The major agency operations contracts undertaken by the consolidated company are as follows:

Owner	Construction	Contract amount	Contract completion period
Yilan County Government	Agency operated maintenance work of Yilan Water Resources Recycling Center	Part is fixed income, and part is billed according to the monthly completion amount	June 2014 to May 2019 Jun 2019 to May 2022
Central Science Industrial Park Bureau	Agency operated maintenance work of the sewage sewer system in Taichung Park	Part is fixed income, and part is billed according to the monthly completion amount, and the annual billing amount does not exceed the upper limit specified in the contract.	January 2015 to December 2019 January 2020 to December 2024
Administration Office of Export Processing Zone, MOEA	Agency operated maintenance work of the sewage treatment plant in the Taichung Export Processing Zone	Part is fixed income, and part is billed according to the monthly completion amount, and the annual billing amount does not exceed the upper limit specified in the contract.	October 2016 to December 2019 January 2020 to December 2022
Department of Water Resources, Taoyuan City Government	Agency operated maintenance work of Taoyuan Guishan Water Resources Recycling Center	Part is fixed income, and part is billed according to the monthly completion amount, and the annual billing amount does not exceed the upper limit specified in the contract.	January 2018 to December 2019 January 2020 to December 2021
Public Works Department, Taipei City Government	Agency operated maintenance work of Dihua sewage treatment plant	Part is fixed income, and part is billed according to the monthly completion amount, and the annual billing amount does not exceed the upper limit specified in the contract.	September 2017 to June 2020 July 2020 to June 2023

b. Contingent liability:

1. As of December 31, 2020 and 2019, the consolidated company contracted the project, and the bank issued the project performance guarantee and guarantee letter of the advance project payment for NT$1,620,001,000 and NT$928,303,000, respectively. In addition, the amounts of guarantee provided by the consolidated company, for purpose of undertaking a construction project, to the peers for the mutual insurance in accordance with contractual provisions were NT$1,494,805,000 and NT$1,879,403,000, respectively.
2. As of December 31, 2020 and 2019, the amount of deposit guarantee notes issued by the consolidated company, for the purposes of undertaking the contract and borrowing requirements, were NT$7,180,912,000 and NT$8,169,739,000, respectively.
3. In accordance with the construction and operation contract signed with the Kaohsiung City Government, the subsidiary has successively applied to the Kaohsiung City Government for the commissioned treatment fee. However, since 2012, the Kaohsiung City Government has claimed that NT$1.28/m3 should be deducted from the subsidiary's construction cost for the sewage treatment. The subsidiary filed a lawsuit. The lawyer in charge believed that the Kaohsiung City Government's claims were unreasonable, and the appraisal report was completed by the ROC Construction Management Association, whose appraisal in terms of engineering and law completely supported the company's claims, given that the financial appraisers agreed with the Kaohsiung City Government. The lawyer in charge assessed that the opinions supported by the other two experts would have no adverse impact on the company. However, the outcome of the litigation still depends on the progress on the follow-up appraisals and the final evidence approved by the court. The summary of each year's litigation description is as follows:

Period deducted by Kaohsiung City Government	Deducted amount	Progress of litigation
2012 and 2013	NT$70,176,000	Taiwan's Kaohsiung District Court ruled that the subsidiary won the case. The Kaohsiung City Government filed an appeal on April 2, 2015. The appeal is currently being heard by the Taiwan High Court. The appeal was invalidated on March 3, 2021.
2010, 2014, and 2015	NT$105,216,00	Taiwan's Kaohsiung District Court ruled that the

	0	subsidiary won the case. The Kaohsiung City Government filed an appeal on December 8, 2017. The appeal is currently being heard by the Taiwan High Court.
2016 and 2017	NT$70,176,000	Taiwan's Kaohsiung District Court ruled that the subsidiary won the case. The Kaohsiung City Government filed an appeal on September 16, 2019. The appeal is currently being heard by the Taiwan High Court.
2018 and 2019	NT$70,080,000	It has yet to be heard after the 2015 ruling.

In addition, on December 31, 2020 and 2019, the subsidiary recognized 132,187,000 and 120,265,000 as contract liabilities for the reconstruction fee charged in advance in accordance with the construction operation contract and financial plan; Also, the receivables recognized due to the construction and replacement services that have not been provided under the aforementioned contract agreement were NT$ 315,941,000 and NT$280,512,000.

4. On January 19, 2019, the company signed the "Tainan Yongkang Water Resources Recycling Center and Turnkey Project for Renewable Water Plant Construction" with the Ministry of Internal Affairs and Construction. The current construction has not reached the scheduled control points, so that the amount of temporary deduction is NT$128,927,000 (accounting for contract assets), but the company is currently actively making efforts to claim to the owner that the delayed construction schedule and the determination of the progress control points should not be attributed to the company. According to the terms in the contract, if the project is the project is completed within the scheduled construction period, the above temporary deduction can be refunded in full.
5. The Changhua District Prosecutors Office charged Lealea Environmental Protection Co., Ltd. (Hereafter Lealea Environment) as a co-defendant for the former owner and the former factory manager allegedly violated the Waste Disposal Law; however, the accused incident occurred before the change of control. On top of that, after the change of control, Lealea Environmental has not obtained illegal gains due to the aforementioned behavior. If there is an adverse impact on Lealea Environmental in the future, Lealea Environmental may claim the compensation against the former owner in accordance with the share purchase agreement, and the former person in charge has promised to the investigating officers to be responsible for the follow-up case removal. The whole case is currently under investigation of case 2020 Zhen Zi No. 9917 of the Changhua District Prosecutor's Office.
6. According to the agency operation contract signed by the Company and the owner, the Company was fined NT$45,720 thousand by the owner because the equipment and water quality did not meet the standards of the Water Pollution Prevention and Control Act. However, some of the fines were still in dispute. On December 31, 2020, according to the lawyer's opinions, the preliminary estimate for the fine was NT$18,770 thousand, and mediation has been successively proposed. The final liquidated damages are still subject to the final result.
7. The Beitou Line Aerial Tramway BOT case conditionally passed the environmental impact assessment review at the 123rd meeting of the Environmental Impact Assessment Review Committee on December 21, 2012. The conditional approval by the aforementioned EIA committee's decision was later revoked by the Taipei High Administrative Court's 2015 Su Geng Yi Zi No. 14 judgment. However, the Taipei City Government did not appeal, so the conclusion of the environmental assessment was determined to be revoked by the judgment. According to the contract, the consolidated company is not required to perform an EIA, so the fees for the EIA that have been implemented should be paid by the Taipei City

Government. After the consolidated company's claim in accordance with the contract was rejected, it claimed the refund NT$10,358,000 against Taipei City Government to refund in accordance with the law on July 20, 2018. In this case, the Taiwan High Court ruled that the Taipei City Government should pay NT$8,286,000 to the consolidated company on June 30, 2020. However, the Taipei City Government appealed to the Supreme Court on July 30, 2020, and it is still being heard by the Supreme Court.

In addition, the consolidated company suggested that the Taipei City Government consider whether to terminate the contract. The Taipei City Government replied to the consolidated company that the case should be handed over to the Fourth Coordination Committee of the Beitou Line Aerial Tramway BOT for coordination. The coordination process is underway for the consolidated company, according to the relevant rights granted by the law, to fight for the Company's interests.

X. Significant losses due to major disasters: None

XI. Significant subsequent Events: None

XII. Others

The followings are the summary statement of employee benefits, depreciation, depletion, and amortization expenses by function in the current period:

By Function / By item	2020			2019		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	379,129	147,882	527,011	364,087	181,565	545,652
Labor and health insurance	40,170	11,467	51,637	38,228	11,155	49,383
Pension	18,978	7,460	26,438	18,676	6,934	25,610
Other employee remunerations	17,720	9,424	27,144	17,779	10,454	28,233
Depreciation	163,337	26,740	190,077	164,070	22,162	186,232
Amortization	115,862	22,043	137,905	87,718	16,288	104,006

XIII. 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", of the Company

1.Lend to other parties：

Unit：NT$ thousand

No	Financing company	Counter party	Financial statement account	Related Party	Maximum balance	Ending balance	Amount actually drawn	Interest rate	Nature for financing	Transaction amount	Reason for financing	Allowance for bad debt	Collateral	Financing limits for each borrowing company	Total Financing limits
													Item		
0	The Company	Lealea Hotels Co., Ltd.	Other receivables	Yes	60,000	-	-	3%	2	-	Working capital	-	None	1,342,383	2,684,767
1	Ho Ching Enterprises Co., Ltd.	Forest Water Environmental Engineering Ltd.	Other receivables	Yes	300,000	300,000	-	2%	2	-	Operating capital	-	None	782,762	1,565,524
2	Richforest Hotels Co., Ltd.	Garden Hotels Co., Ltd	Borrowing between peers	Yes	10,000	10,000	7,000	3%	2	-	Working capital	-	None	67,306	67,306

Note 1: The Company's Lending to Other Parties Procedure stipulates that the financing is for t the company or corporation that is necessary for short-term financing. The total amount of the financing is limited to 20% of the net value of the most recent financial statement of the financing company. The financing amount for the individual object should be no more than 10% of the net value of the financing company's latest

financial statement.

Note 2：According to Lending to Other Parties Procedure of Ho Ching Enterprises Co., Ltd.

(1) Financing is for companies or corporations that have business transactions. The total amount of loans is limited to no more than 10% of the company's net worth, and the amount for the individual company is limited to no more than the amount of business transactions between the two parties in the most recent year.

(2) Financing is for companies or corporations that are necessary for short-term financing. The total amount of financing shall not exceed 40% of the company's net worth, and the amount for the individual company shall not exceed 20% of the company's net worth.

Note 3: According to the Procedure of Lending to Other Parties of Richforest Hotels Co., Ltd.:

(1) The financing for the individual enterprise shall not exceed 40% of the company's net worth.

(2) The total amount of financing to others shall not exceed 40%, the maximum limit, of the company's net worth.

Note 4: Explanation of nature for financing:

(1) Those with business contacts are 1

(2) The need for short-term financing is coded as 2

Note 5: When preparing the consolidated financial report, it has been written off.

2. Endorsement/Guarantee provided to others:

Unit: NT$ thousand

No	Endorsement/ Guarantee Provider	Guaranteed party		Limits on Endorsement/ Guarantee Amount	Maximum Balance for the Period	Ending balance	Amount actually drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Company	Green Forest Development Enterprise Co., Ltd.	2	53,695,33	257,85	144,45	144,45	-	1.08%	80,543,00	Y	N	N
0	The Company	Orient Forest Development Enterprise Co., Ltd.	2	53,695,33	900,00	900,00	900,00	-	6.70%	80,543,00	Y	N	N
1	Forest Water Environmental Engineering Co., Ltd.	Grain Forest Green Energy Co, Ltd.	2	1,132,74	500,00	500,00	500,00	-	8.83%	2,831,86	Y	N	N

Note 1: code 0 represents the Company

Note 2：There are seven types of relationship between the endorsement/guarantee provider and the counter-party，the categories are coded as follows：

(1)A company with which it does business.

(2)A company in which the public company directly and indirectly holds more than 50% of the voting shares.

(3)A company that directly and indirectly holds more than 50 % of the voting shares in the public company.

(4)A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5)A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6)A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The Company’s Operating Rules for Endorsement and Guarantees set the limits for the total amount of endorsement and guarantee liability and the limit of an individualenterprise’s endorsement as follows:

The total amount of the Company’s external endorsements and guarantees shall not exceed (excluding) six times the company’s net worth, and the amount of endorsement and guarantees for a single enterprise is limited to four times the Company’s net worth. If the business relationship is engaged in endorsement and guarantees, in addition to the aforementioned restrictions, it shall not exceed the total amount of transactions with the company in the most recent year. The net worth is based on the most recent financial statement reviewed or reviewed by CPA.

Note 4: Forest Water Environmental Engineering Co., Ltd.’s Operating Rules of Endorsement and Guarantee sets the limit for the total amount of endorsement and guarantee liability and the endorsement limit of an individual enterprise as follows:

(1) The total external endorsement guarantee liability shall not exceed 50% of the company's net worth.

(2) The amount of endorsement and guarantee for an individual enterprise shall not exceed 20% of the current net worth of the Forest Water Environmental Engineering Co., Ltd.

3. Securities held as of December 31, 2020 (excluding those investments in subsidiaries, associates and joint ventures):

Unit: NT$ thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Highest interim shareholding or investment	Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair value		
The Company	Trade-Van Information Services Co., Ltd.		Financial assets at fair value through profit or loss- current	85,535	4,319	0.06 %	4,319	0.06%	
The Company	Beijing Enterprises Medical and Health Industry Group Limited	-	Financial assets at fair value through profit or loss- current	60,192,000	32,057	0.99 %	32,057	1.00%	
The Company	Beijing Sports and Entertainment Industry Group Limited	-	Financial assets at fair value through profit or loss- current	1,972,500	1,377	0.15 %	1,377	0.17%	
The Company	Agate-Jt Healthcare Fund L.P.	-	Financial assets at fair value through profit or loss-non-current	-	13,734	- %	13,734	- %	
The Company	Lealea Tourism Development Co., Ltd.	The chairman is the Company's director's first degree of kingship	Financial assets at fair value through other comprehensive income－non-current	200,000	1,454	7.69 %	1,454	7.69%	
The Company	Cando Corporation		Financial assets at fair value through other comprehensive income－non-current	1,745,772	-	0.45 %	-	0.45%	
The Company	Hon Lin Heavy Industries Co., Ltd.		Financial assets at fair value through other comprehensive income－non-current	1,875,000	14,831	6.44 %	14,831	6.44%	
The Company	Millenmin Ventures Inc.		Financial assets at fair value through other comprehensive income－non-current	2,479,000	-	5.89 %	-	5.89%	
The Company	Asia Pacific Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income－non-current	1,638,578	16,550	0.04 %	16,550	0.04%	
The Company	Li Ling Film Co., Ltd.		Financial assets at fair value through other comprehensive income－non-current	4,000,000	23,200	6.67 %	23,200	6.67%	
The Company	Tien Li Offshore Wind Technology Co., Ltd.		Financial assets at fair value through other comprehensive income－non-current	276,375	16,088	0.50 %	16,088	0.50%	
Lea Ho Investment Co., Ltd.	Rich Development Co., Ltd.	The parent company of the Company	Financial assets at fair value through profit or loss- current	6,304,815	66,201	0.85 %	66,201	0.85%	
Lea Ho Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through profit or loss- current	3,720,820	33,561	0.41 %	33,561	0.41%	
Lea Ho Investment Co., Ltd.	Lealea Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through profit or loss- current	3,560,142	46,994	0.38 %	46,994	0.38%	Note1
Lea Ho Investment Co., Ltd.	Lealea Technology Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through other comprehensive income－non-current	2,740,779	70,109	7.22 %	70,109	7.22%	
Lea Ho Investment Co., Ltd.	Hua Zi Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	5,435	520	1.09 %	520	1.09%	
Lea Ho Investment Co., Ltd.	Shin Kong Mitsukoshi Department Store	-	Financial assets at fair value through other comprehensive income－non-current	274,079	12,769	0.02 %	12,769	0.02%	
Lea Ho Investment Co., Ltd.	Information Technology Total Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	33,750	1,283	0.12 %	1,283	0.12%	
Lea Ho Investment Co., Ltd.	Book4u Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	6,250	-	0.12 %	-	0.12%	
Lea Ho Investment Co., Ltd.	Lealea Tourism Development Co., Ltd.	The chairman is the Company's director's first degree of kingship	Financial assets at fair value through other comprehensive income－non-current	200,000	1,454	7.69 %	1,454	7.69%	
Ho Ching Enterprise Co.,Ltd	Leader Construction Co., Ltd. Preferred shares	The director is the Company's director	Financial assets at amortized cost－non-current	10,000,000	100,000	- %	100,000	- %	
Ho Ching Enterprise Co.,Ltd	Lealea Enterprise Co.,Ltd.	The chairman is the level 1 degree of relative of the Company's chairman	Financial assets at fair value through profit or loss- current	160,000	2,112	0.02 %	2,112	0.02%	
Ho Ching Enterprise Co.,Ltd	Sea Mild Biotechnology Co., Ltd	-	Financial assets at fair value through profit or loss- current	140,000	1,516	0.73 %	1,516	0.73%	
Ho Ching Enterprise Co.,Ltd	Teamphon Energy Co., Ltd	-	Financial assets at fair value through profit or loss- current	37,317	500	0.22 %	500	0.22%	
Blossom Increase Limited	Redblades Windtek (Cayman) Holdings Company Limited	-	Financial assets at fair value through other comprehensive income－non-current	2,710,398	118,580	4.93 %	118,580	4.93%	
Blossom Increase Limited	Tien Li Offshore Wind Technology Co., Ltd. offshore	-	Financial assets at fair value through other comprehensive income－non-current	1,232,500	71,744	2.24 %	71,744	2.24%	
Forest Water Environmental Engineering Co.,Ltd.	Millenmin Ventures Inc. equity	-	Financial assets at fair value through other comprehensive income－non-current	1,648,000	-	3.91 %	-	3.91%	
Re-Use Environmental Co.,Ltd.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss- current	2,375,673	30,052	- %	30,052	- %	
Modern Rich Investment	Tien Li Offshore Wind	-	Financial assets at fair value through other comprehensive	1,280,000	74,509	2.33 %	74,509	2.33%	

Limited	Technology Co., Ltd.		income－non-current						
Modern Rich Investment Limited	Redblades Windtek (Cayman) Holdings Company Limited	-	Financial assets at fair value through other comprehensive income－non-current	2,820,278	123,387	5.13 %	123,387	5.13%	
Lealea Hotels and Resorts Co., Ltd	Shares-Sea Mild Biotechnology Co., Ltd	-	Financial assets at fair value through profit or loss- current	971	10,518	5.03 %	10,518	5.03%	
Lealea Hotels and Resorts Co., Ltd	Shares- Tengsen Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	5	50	5.00 %	50	5.00%	

Note1：2,800,000 shares are pledged as collateral.

4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital for the year ended December 31, 2020.

Unit: NT$ thousand

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of shares	amount	Number of shares	amount	Number of shares	Price	Carrying amount	Gain/loss on disposal	Shares	Amount
Lealea Hotels Co., Ltd.	Lea Ching Enterprise Co., Ltd.	Using equity method	Non-open market(Capital increase)	A brother company	10,000,000	99,908	30,000,000	300,000	-	-	-	(1,911)	40,000,000	397,997

Note: The above-mentioned gains and losses on disposal are the subsidiary's gains and losses recognized using the equity method and the effects of changes in equity, which have been written off when preparing the consolidated financial report.

5. The amount of property acquired reaches NT$300 million or more than 20% of the paid-in capital:

Unit: NT$ thousand

Acquiring company	Name of property	Date of occurrence	Transaction amount	Payment	Counterparty	Relationship	If the counterparty is the relate party, its information about the previous transfer				Pricing reference	Purpose of the acquisition and current status	Other
							Owner	Relationship	Date of transfer	Amount			agreement
The Company	No. 615 and No. 6161, Section 5, Qiyan Section, Beitou District, Taipei City and its ground objects	March 10, 2020	698,775	698,775	Lead Way International Development Co.,Ltd.	The chairman is the Company's chairman	Natural person	Non-related party	February, 2010		Appraisal report from the property appraiser	Construction of commercial and office buildings for sale or lease	-
Lea Ching Enterprise Co., Ltd.	Two pieces of land such as 949 and 949- 5 of Shuishe Section, Yuchi Township, Nantou County, and the construction in progress attached	December 17, 2019	1,381,729	1,166,096	Lealea Hotels Co., Ltd.	A brother company	Natural person	Non-related party	December 20, 2010	751,200	Appraisal report from the property appraiser	Established operation offices	-

6. The amount of property disposal reaches NT$300 million or more than 20% of the paid-in capital:

Unit:NT$ thousand

Acquiring company	Name of property	Date of occurrence	Date of acquisition	Carrying amount	Transaction amount	Payment	Gains or loss on disposal	Counterparty	Relationship	Purpose of disposal	Pricing reference	Other agreement
Lealea Hotels Co., Ltd.	Two pieces of land such as 949 and 949- 5 of Shuishe Section, Yuchi Township, Nantou County, and the construction in progress attached	December 17, 2019	December 20, 2010	1,197,687	1,381,729	1,166,096	184,042	Lea Ching Enterprise Co., Ltd.	A brother company	Working capital	Appraisal report from the property appraiser	Note

Note: The land transfer and related point handover procedures have been completed on December 31, 2020.

7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital for the year ended December 31, 2020

Unit:NT$ thousand

Purchasing or selling company	Counterparty	Relationship	Transaction details				Abnormal transactions and reasons		Note/Account receivables(payables)		Note
			Purchase/sales	Amount	% of total Purchase/sales	Payment terms	Unit price	Payment terms	Ending balance	$ of total receivables(payables)	
The Company	Leader Construction Co., Ltd.	Other related parties	purchases	184,144	19 %	Same as general transactions	-	-	(20,716)	31.09%	
Orient Development Enterprise Co., Ltd.	Neng Pang Construction Co., Ltd.	Other related parties	Purchases	133,112	3.58 %	Monthly bases	-	-	(40,140)	3.04%	
Forest Water Environmental Engineering Co.,Ltd.	Green Forest Development Enterprise Co.,Ltd.	Parent and subsidiary	Sales	115,030	2.56 %	Monthly bases	-	-	8,035	0.60%	

Note：Except for the transactions with other related parties, the transactions had been written off when preparing the consolidated financial statements.

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital December 31, 2020

Unit: NT$ thousand

Company name	Counterparty	Relationship	Ending balance	Turnover rate	Overdue		Amount received in subsequent periods	Allowance for impairment loss
					Amount	Actions taken		
Lealea Hotels Co., Ltd.	Lea Ching Enterprise Co., Ltd.	A brother company	215,633	-%	-	-	215,633	-

Note：The abovementioned receivables from related parties had been written off when preparing the consolidated financial statements.

9.Transactions of derivative financial products：None.

10.Inter-company Business Relationships and Significant Inter-company Transactions

Unit: NT$ thousand

No	Company Name	Counterparty	Relationship	Transaction details			
				Financial Statement account	Amount	Transaction terms	Ration to total revenue or assets
1	Forest Water Environmental Engineering Co., Ltd.	Orient Development Enterprise Co., Ltd.	3	Sales revenue	74,015	After the related party bills the owner for payment, notify the company to collect the payment 10 days after the invoice is issued.	1.14%
1	Forest Water Environmental Engineering Co., Ltd.	Green Development Enterprise Co., Ltd.	3	Sales revenue	115,030	〃	1.79%
1	Forest Water Environmental Engineering Co., Ltd.	Eastern Forest Environmental Technology Co., Ltd.	3	Cost of Goods Sold	4,580	〃	0.07%
1	Forest Water Environmental Engineering Co., Ltd.	Orient Development Enterprise Co., Ltd.	3	Notes and Accounts receivable	9,454	〃	0.02%
1	Forest Water Environmental Engineering Co., Ltd.	Green Forest Development Enterprise Co., Ltd.	3	Notes and Accounts receivable	8,035	〃	0.02%
1	Forest Water Environmental Engineering Co., Ltd.	Grain Forest Development Enterprise Co., Ltd.	3	Notes and Accounts receivable	21,704	〃	0.05%
2	Lealea Hotels Co., Ltd.	Lea Ching Enterprise Co., Ltd.	3	Other receivables	215,633	Equivalent as general transactions	0.49%

Note 1: The way to code is as follows:

1.The parent company is coded as 0.

2. Subsidiaries are coed sequentially starting from Arabic numeral 1 by companies.

Note 2: The relationship with counterparty is divided into the following three categories:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: When preparing the consolidated financial statements, they were all written off.

b. Information on invested companies:

The consolidated invested companies in the year ended December 31, 2020 are as follows:

Unit: NT$ thousand

Investor	Invested Company	Location	Main Businesses	Original investment amount		Ending			Highest interim shareholding Or investment	Current Gains(losses) of investee	Investment gains (losses recognized of current period	Note
				December 31, 2020	December 31, 2019	Number of shares	ratio	Carrying amount				
The Company	Lea Ho Investment Co., Ltd.	Taiwan	Investing various manufacturing or financial business operations	454,536	454,536	45,447,854	100.00%	454,747	100.00%	(4,467)	2,884	
The Company	Green Forest Development Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	672,000	672,000	83,312,460	30.00%	1,100,117	30.00%	300,625	90,188	
The Company	Rich Forest Leisure Development Co., Ltd.	Taiwan	Construction and operation of aerial tramway	426,911	426,911	42,691,114	52.38%	325,352	52.38%	(7,600)	(3,981)	
The Company	Lealea Hotel Co., Ltd.	Taiwan	General Hotel Management, etc.	395,592	395,592	35,053,747	42.23%	274,616	42.23%	(35,624)	(41,353)	
The Company	Yilan Lealea Hotels & Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	585,000	585,000	58,500,000	63.59%	311,356	63.59%	(66,715)	(42,422)	
The Company	Ho Ching Enterprises Co., Ltd.	Taiwan	Waste cleaning, waste treatment, environmental testing services, waste-water treatment	1,657,619	1,657,619	68,511,940	68.44%	2,678,748	68.44%	104,948	71,830	
The Company	Lealea Hotels & Resorts Co., Ltd.	Taiwan	Lealea Hotels & Resorts Co., Ltd.	124,464	46,464	7,744,041	38.53%	140,990	38.53%	(31,058)	(6,618)	
The Company	Forest Water Environmental Engineering Ltd.	Taiwan	Environmental Protection engineering and industrial waste-water treatment	76,241	76,241	1,571,069	1.17%	66,004	1.17%	154,974	1,806	
The Company	Lea Ching Co., Ltd	Taiwan	General Hotel Management, etc.	400,200	250,200	40,020,000	50.01%	398,196	80.01%	(3,684)	(2,442)	
The Company	LeaLea Wushih Marina & Resorts Co., Ltd.	Taiwan	Water recreation activities and other business operations	504,000	504,000	50,400,000	55.94%	473,641	60.00%	(16,582)	(9,920)	
The Company	Grain Forest Green Energy Co., Ltd.	Taiwan	Waste cleaning and renewable energy for power generation equipment	99,000	99,000	9,900,000	30.00%	77,152	30.00%	(36,270)	(10,881)	
The Company	Re-Use Environmental Co.,Ltd.	Taiwan	Waste cleaning,etc.	274,568	274,568	2,957,240	43.49%	313,290	43.49%	89,461	30,065	
The Company	Ya Ni Development Enterprise Co., Ltd.	Taiwan	General Hotel Management, etc.	63,240	63,240	6,200,000	32.46%	62,715	32.46%	(873)	(284)	Associates
The Company	Lea Long Energy Co., Ltd.	Taiwan	Renewable energy for power generation equipment	9,000	-	900,000	30.00%	8,485	30.00%	(3,105)	(515)	Associates
Lea Ho Investment Co., Ltd	Blossom Increase Limited	Samoa	Oversea holding company	154,479	154,479	5,445,000	100.00%	190,504	100.00%	(43)	(43)	
Lea Ho Investment Co., Ltd	Rich Forest Leisure Development Co., Ltd.	Taiwan	Construction and operation of aerial tramway	32,144	32,144	3,240,728	3.98%	24,698	3.98%	(7,600)	(302)	
Lea Ho Investment Co., Ltd	Lealea Hotels Co., Ltd.	Taiwan	General Hotel Management, etc.	33,000	33,000	3,300,000	3.98%	25,853	3.98%	(35,624)	(5,076)	
Lea Ho Investment Co., Ltd	Ho Ching Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	3,414	3,414	144,695	0.14%	5,657	0.14%	104,948	152	
Lea Ho Investment Co., Ltd	Lealea Hotels and Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	48,547	46,908	1,205,189	6.00%	14,506	7.85%	(31,058)	(2,227)	
Lea Ho Investment Co., Ltd	Forest Water Environmental Engineering Co., Ltd.	Taiwan	Environmental protection engineering construction	4,371	4,371	87,148	0.06%	3,661	0.06%	154,974	100	
Ho Ching Enterprise Co., Ltd.	Forest Water Environmental Engineering Co., Ltd.	Taiwan	Environmental protection engineering construction	2,881,717	2,879,525	88,506,755	65.65%	3,718,340	65.65%	154,974	101,681	
Ho Ching Enterprise Co.,	Richone Holdings Ltd.	Samoa	Investing various financial business	17,955	17,955	608,000	40.00%	18,808	40.00%	1,961	785	Associates

Ltd.			operations									
Ho Ching Enterprise Co., Ltd.	Lealea Hotels and Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	-	1,544	-	- %	-	0.70%	(31,058)	(103)	
Lealea Hotels Co., Ltd.	Yilan Lealea Hotels & Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	335,000	335,000	33,500,000	36.41%	178,298	36.41%	(66,715)	(24,293)	
Lealea Hotels Co., Ltd.	Lea Ching Co.,Ltd.	Taiwan	General Hotel Management, etc.	400,000	100,000	40,000,000	49.99%	397,997	49.99%	(3,684)	(1,243)	
Forest Water Environmental Engineering Co., Ltd.	Orient Forest Development Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	1,773,984	1,773,984	210,628,000	100.00%	2,783,580	100.00%	168,183	168,183	
Forest Water Environmental Engineering Co., Ltd.	Green Forest Development Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	1,797,842	1,797,842	194,395,740	70.00%	2,566,939	70.00%	300,625	210,437	
Forest Water Environmental Engineering Co., Ltd.	Perfection Forest Development Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	190,000	190,000	19,000,000	100.00%	137,566	100.00%	(18,771)	(18,771)	
Forest Water Environmental Engineering Co., Ltd.	Yi Cheng Development Co., Ltd.	Taiwan	Waste Cleaning, etc.	109,990	109,990	8,000,000	100.00%	50,711	100.00%	(11,621)	(12,684)	
Forest Water Environmental Engineering Co., Ltd.	Grain Forest Green Energy Co., Ltd	Taiwan	Renewable energy for power generation	231,000	231,000	23,100,000	70.00%	180,022	70.00%	(36,270)	(25,389)	
Forest Water Environmental Engineering Co., Ltd.	Eastern Forest Environmental Technology Co., Ltd.	Taiwan	Environmental Hygiene and Pollution Prevention	35,000	35,000	3,500,000	70.00%	22,171	70.00%	(6,055)	(4,238)	
Forest Water Environmental Engineering Co., Ltd.	Re-use Environmental Co., Ltd.	Taiwan	Waste Cleaning, etc.	318,248	318,248	3,427,710	50.41%	364,003	50.41%	89,461	34,808	
Forest Water Environmental Engineering Co., Ltd.	LeaLea Hsing Environmental Co., Ltd	Taiwan	Waste Cleaning, etc.	500	500	50,000	100.00%	456	100.00%	-	-	
Forest Water Environmental Engineering Co., Ltd.	LeaLea Environmental Enterprise Co., Ltd	Taiwan	Waste Cleaning, etc.	206,049	-	4,142,000	95.00%	194,274	95.00%	19,686	(11,750)	
Forest Water Environmental Engineering Co., Ltd.	New Fresh International Investment Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	3,300,000	100.00%	-	100.00%	-	-	
Forest Water Environmental Engineering Co., Ltd.	Modern Rich Investment Limited	Samoa	Investing various manufacturing or financial business operations	265,295(Note) (USD5,610,000) (RMB20,000,000)	265,295(Note) (USD5,610,000) (RMB20,000,000)	8,568,730	100.00%	297,310	100.00%	6,827	6,827	
Eastern Forest Environmental Technology Co., Ltd.	Rising Investment Ltd.	Samoa	Investing various manufacturing or financial business operations	16,398(Note) (USD530,000)	16,398 (USD530,000)	530,000	100.00%	7,867	100.00%	(3,251)	(Note2)	
Rising Investment Ltd.	Forest Water Investment Ltd.	Samoa	Investing various manufacturing or financial business operations	15,779(Note) (USD510,000)	15,779(Note) (USD510,000)	510,000	100.00%	7,391	100.00%	(3,188)	(Note2)	
Modern Rich Investment Limited	Faith Honest International Investment Limited	Samoa	Investing various manufacturing or financial business operations	93,358(Note) (USD5,000) (RMB20,000,000	93,358(Note) (USD5,000) (RMB20,000,000	2,963,730	100.00%	98,763	100.00%	6,904	(Note2)	
Modern Rich Investment Limited	Fu Yang Global Ltd.	Samoa	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	1	100.00%	-	100.00%	-	(Note2)	
Modern Rich Investment Limited	Leaan Development Holding Ltd.	Samoa	Investing various manufacturing or financial business operations	- (USD1)	-	1	100.00%	-	100.00%	-	(Note2)	
Faith Honest International Investment Limited	Loyal Sheen International Limited	British Virgin Islands	Investing various manufacturing or financial business operations	93,200(Note) (RMB20,000,000)	93,200(Note) (RMB20,000,000)	40	40.00%	98,734	40.00%	20,499	(Note2)	Associates
New Fresh International Investment Ltd.	Sigma One International Holdings Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	1,400,000	100.00%	-	100.00%	-	(Note2)	
New Fresh International Investment Ltd.	New Palm Investment Co., Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	220,000	100.00%	-	100.00%	-	(Note2)	
New Fresh International Investment Ltd.	Keeptime Management Co., Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	220,000	100.00%	-	100.00%	-	(Note2)	
New Fresh International Investment Ltd.	New View International Investment Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	220,000	100.00%	-	100.00%	-	(Note2)	
Lealea Hotels and Resorts Co., Ltd.	The Richforest Hotel Co., Ltd.	Taiwan	General Hotel Management, etc.	170,000	170,000	17,000,000	100.00%	168,790	100.00%	(3,759)	(3,580)	
Lealea Hotels and Resorts Co., Ltd.	Howsler Food Co.,Ltd.	Taiwan	Food retails	16,920	16,920	257,153	36.00%	10,365	36.00%	2,392	861	Associates
Lealea Hotels and Resorts Co., Ltd.	Lealea Eagle Travel Service Co., Ltd.	Taiwan	Travel agency, etc	6,600	6,600	660,000	100.00%	4,186	100.00%	(968)	(968)	
The Richforest Hotel Co., Ltd.	Lealea Mingchih Resort Co., Ltd.	Taiwan	General Hotel Management, etc.	40,800	40,800	4,080,000	51.00%	53,253	51.00%	21,956	11,198	
The Richforest Hotel Co., Ltd.	Garden Hotel Co., Ltd.	Taiwan	General Hotel Management, etc.	29,400	29,400	2,940,000	98.00%	(408)	98.00%	(6,728)	(6,594)	

Note1：It is the amount that the invested company's original investment amount in original

currency is multiplied by the exchange rate on the day of investment.

Note2：According to regulations, not need for disclosure.

Note3：Except for associates, all had been written off when preparing the consolidated financial statements.

c. Information on investments in mainland China:

1.Information on the invested company in Mainland China:

Unit:NT$thousand/RMBthousand/USDthousand

Invested company	Main businesses	Paid-in capital	Method of investment	Cumulative investment amount remitted from Taiwan - Beginning of the period	Investment amount remitted or received for the current period		Ending balance of accumulated outflow of investment from Taiwan	Profit or Loss of investees for the current period	Percentage of Ownership (Direct or Indirect)	Highest interim shareholding or investment	Investment gains (losses) recognized for the current period	Carrying amount - end of the period	Accumulated Repatriation of Investment Income as of the end of the period
					remitted	received							
Lea Zan Shanghai Business Consultancy Limited.	Investing various financial business operations	42,720 (USD1,500)	(1)	17,088 (USD600)	-	-	17,088 (USD600)	1,992 (RMB459)	40.00%	40.00%	797 (RMB184)	18,621 (RMB4,254)	-
An Ning Beijing Enterprise Water Resource Limited	Water treatment construction and sewage treatment	102,860 (RMB23,500)	(1)	87,540 (RMB20,000)	-	-	87,540 (RMB20,000)	25,081 (RMB5,778)	40.00%	40.00%	10,030 (RMB2,311)	84,581 (RMB19,324)	-
Beijing Forest Water Environmental Engineering Ltd.	Soil restoration and related business	19,517 (RMB4,459)	(1)	14,183 (RMB3,240)	-	-	14,183 (RMB3,240)	(4,378) (RMB1,009)	49.00%	49.00%	(2,145) (RMB(494))	6,375 (RMB1,457)	-
Lealea Eagle Travel Xiamen limited	Travel services, etc.	1,298 (CNY300)	(4)	-	392 (CNY90)	-	392 (CNY90)	(197) (CNY45)	30.00%	30.00%	(94)	296	-

Note1：The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China

Note2：The above-mentioned thousands of NTD disclosures are converted by multiplying the actual investment amount in original currency by the ending exchange rate.

Note3：It is based on the indirect shareholding ratio to recognize the amount of investment by existing companies in the third region using the equity method to invest in companies in mainland China.

Note4：Invest directly to Mainland China for the operation.

Note5：The recognition of investment gains and losses is the recognition of indirect shareholding in the financial statements verified by the international accounting firm with cooperative relations with the accounting firms in ROC.

Note6：The recognition of investment gains and losses is verified by CPA of the Taiwanese parent company based on the indirect shareholding ratio.

2. Limitation on investment in Mainland China:

Company	Cumulative investment amount remitted from Taiwan - End of the current period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment regulated by Investment Commission, MOEA
Ho Ching Enterprise Co., Ltd.	17,088 (USD599,994)	17,088 (USD599,994)	2,348,286 (Note7)
Forest Water Environmental Engineering Co., Ltd.	101,723 (RMB23,240,415)	101,723 (RMB23,240,415)	3,398,236 (Note8)
Lealea Eagle Travel Service Co., Ltd.	365 (USD13)	365 (USD13)	80,000 (Note9)

Note7:Calculation of limit：Subsidiary's net quity×60%=
NT$3,913,810,000×60%=NTD2,348,286,000.

Note8：Calculation of limit：Subsidiary's net
quity×60%=NT$5,663,727,000×60%=NT$3,398,236,000

Note9：Calculation of limit：The cumulative amount of investment by SME investors in the mainland shall not exceed the following investment amounts:

NT$80 million, or 60% of the net worth, whichever is higher.

Net equity of current period×60%=NT$4,186,000×60%=NT$2,512,000

3.Significant transactions with the investee in Mainland China: None.

d. Information on main shareholders:

Unit:share

Main Shareholders / Number of shares	Number of shareholding	Ratio of shareholding
Qing Yi Development Co., Ltd	62,931,817	8.45%
Lealea Enterprise CO., Ltd.	51,839,894	6.96%
Li Peng Enterprise Co., Ltd.	51,117,852	6.87%

XIV. Segment information

a.General information

The consolidated company has three reportable departments, and as described below, these departments are the strategic operating units of the consolidated company. Each strategic business unit provides different products and services and is managed separately due to the different technologies and marketing strategies it needs. The chief operating decision maker of the consolidated company reviews the internal management reports of each strategic operating unit at least quarterly. The operation summary of each reportable department of the consolidated company is as follows:

1. Construction segment: commissioning construction companies to build commercial buildings and lease and sale of residential buildings.
2. Sewage treatment segment: water treatment engineering, piping engineering, waste (sewage) water treatment and pollution prevention equipment wholesale.
3. Tourist hotel segment: operating international tourist hotel business.

b. Reconciliation of segment revenue and results：

2020	construction	Environmental construction and sewage treatment	Tourist hotels	Other segments	Reconciliation and written off	Total
Revenue：						
Revenue from external customers	$ 1,663,348	4,486,977	318,616	-	-	6,468,941
Revenue between segments	-	189,045	-	-	(189,045)	-
Interest income	1,182	1,226	156	4,875	-	7,439
Total of revenue	**$ 1,664,530**	**4,677,248**	**318,772**	**4,875**	**(189,045)**	**6,476,380**
Interest expenses	$ 99,100	129,381	34,752	264	-	263,497
Depreciation and amortization	46,313	179,541	102,128	-	-	327,982
Financial Valuation loss of assets/liability	1,978	(10,955)	(5,149)	21,565	315	7,754
Profit(loss) of reportable segment	**$ 70,549**	**402,953**	**(87,238)**	**14,675**	**-**	**400,939**
Assets of reportable segments	**$ 19,122,677**	**15,958,201**	**7,964,169**	**592,885**	**-**	**43,637,932**
Liability of reportable segments	**$ 12,307,087**	**8,741,192**	**4,721,833**	**23,877**	**-**	**25,793,989**
2019						
Revenue：						
Revenue from external customers	$ 3,108,398	4,446,968	271,978	-	-	7,827,344
Revenue between segments	-	455,422	-	-	(455,422)	-
Interest income	1,904	16,138	177	29	-	18,248
Total of revenue	**$ 3,110,302**	**4,918,528**	**272,155**	**29**	**(455,422)**	**7,845,592**
Interest expenses	$ 97,276	131,950	24,151	1,053	-	254,430
Depreciation and amortization	45,274	132,305	112,659	-	-	290,238
Financial Valuation loss of assets/liability	(13,802)	(37,924)	-	5,892	(9,899)	(55,733)
Profit(loss) of reportable segment	**$ 756,691**	**599,893**	**(143,963)**	**2,821**	**-**	**1,215,442**
Assets of reportable segments	**$ 19,509,669**	**14,399,667**	**5,132,595**	**1,456,613**	**-**	**40,498,544**
Liability of reportable segments	**$ 12,140,979**	**7,244,725**	**3,297,846**	**45,520**	**-**	**22,729,070**

c. Product type and labor service type information

Please refer to Note 6 (21) for the product and service information of the consolidated company's revenue from external customers.

d. Geographical Information

The main operating base of the consolidated company is located in Taiwan. As of the end of the year of 2020 and 2019, the revenue from external customers was all in Taiwan.

e. Main customers

	2020	2019
Customer A from construction segment	$ -	1,825,120
Customer A from sewage treatment segment	634,849	731,099
Customer B from sewage treatment segment	591,322	795,253
Customer C from sewage treatment segment	664,658	556,044
	$ 1,890,829	**3,907,516**