TSE : 3703
Printed on April 3, 2021

CONTINENTAL 欣陸投控
HOLDINGS CORPORATION

CONTINENTAL HOLDINGS CORPORATION

Annual Report 2020

(Translation)

Taiwan Stock Exchange Market Observation Post System: mops.twse.com.tw

CHC website: www.Continental-holdings.com

CHC Spokesperson
Name: Kris Lin (Asst. Manager)
Tel:(02)3701-2000
Email:link@continental-holdings.com
CHC Deputy Spokesperson
Name: Emily Liu (Vice President)
Tel:(02)3701-2000
Email:liue@continental-holdings.com

Continental Holdings Corporation
Address: No. 95 Dun Hua S. Road, Sec 2, Taipei, Taiwan
Tel: (02)3701-2000
Website: http:// www. Continental-holdings.com

Members of Continental Holdings Corporation
Continental Engineering Corporation
Address: No. 95 Dun Hua S. Road, Sec 2, Taipei, Taiwan
Tel: (02)3701-1000
Website: http://www.continental-engineering.com
Continental Development Corporation
Address: No. 95 Dun Hua S. Road, Sec 2, Taipei, Taiwan
Tel: (02)3701-3000
Website: https://www.continental-propertydevelopment.com
HDEC Corporation
Address: No. 95 Dun Hua S. Road, Sec 2, Taipei, Taiwan
Tel: (02)3701-5000
Website: http:// www.hdec-corp.com

Common Share Transfer Agent and Registrar
Company: The Transfer Agency Department of Taishin Bank
Address: B1F., No. 96, Sec. 1, Jianguo N. Rd., Taipei City ,Taiwan, R.O.C.
Tel: 02-2504-8125
Website: http://www.taishinbank.com.tw

Certified Public Accountants
Auditors: Chung-Che Chen, Ti- Nuan, Chien
Auditors Company: KPMG
Address: 68F, No. 7, Xinyi Rd., Taipei City, Taiwan, R.O.C.
Website: http://www.kpmg.com.tw
Tel: 02-8101-6666

Public listings and securities trading in overseas stock exchanges: None

Note: The English version is a translation of Chinese version. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Contents

Letter to shareholders

Continental Holdings Corp. (CHC), despite faced with the industry environment and society impacted by COVID-19 pandemic in 2020, saw all three main businesses of Civil & Building Construction, Real Estate Development, and Environmental Project Development with significant increase in net operating profit thanks to the efforts of all employees and the support from business partners. CHC's consolidated revenues of NT$21,689 million was slightly lower than the 2019 result of NT$22,665 million but consolidated gross margin was 15.2%, better than the 2019 result of 12.1%; operating profit was NT$1,762 million, up 33% from 2019. Net profit after tax reached NT$1,539 million in 2020 for an EPS of NT$1.87. This represented a significant increase from the previous year where net profit after tax was NT$97 million and EPS was NT$0.12.

The Civil & Building Construction business has now accumulated a solid volume of backlog to meet revenue growth targets for the next few years. Major public sector projects now under construction include: "Taoyuan MRT Green Line GC01 Contract", "Taoyuan MRT Green Line GC03 Contract", and "Construction of Public Housing at Nangang Depot Site in Nangang District, Taipei City." Future focus include railroad, high-class housing, and commercial building construction projects. We also continue evaluating the development of new markets, leveraging our core abilities and solid credentials in construction in order to expand new sectors of growth.

For the Real Estate Development business, "La Bella Vita" has been completed and started to settle in 2020. Presale projects "Drawing the Dream Life", "Timeless and Modern Expression", "Tianjin Street Project" and "Arranging New Asia Bay" all saw strong interests from market in 2020, and are expected to drive profit growth upon their completion in the future. In 2021, the Real Estate Development business is planning to launch four new residential projects, and the iconic project "Bountiful Journey" is also scheduled for completion in the second half of the year. Overseas developments in San Francisco, U.S.A and Kuala Lumpur, Malaysia, are expected to be completed in 2021 as well.

The Environmental Project Development business was awarded with "Tongluo Science Park Wastewater Treatment Plant Phase II EPC Project" and "Tainan City Anping Reclaimed Water Plant New Construction Turnkey DBO Project" in 2020, an expansion to the project portfolio. The Environmental Project Development business also supported the domestic water resource policy in regard to climate change. The Environmental Project Development business will not only continue to enhance its professional capabilities in water resource related businesses, but also appraise opportunities thoroughly and constantly in order to enter other environmental engineering sectors such as biomass energy and solid waste treatment.

CHC will continue to focus on managing subsidiaries, planning the Group's business strategy, and coordinating Group resources. We have established the Corporate Social Responsibility Committee in 2020, dedicating more efforts on the environment, society and corporate governance. We are also committed properly responding to stakeholders' expectations. Looking to the future, we will focus more on core businesses and enhancing enterprise value, as well as putting more effort on promoting corporate sustainability.

Chairman

Company Overview

Founding and History

Continental Holdings Corporation

Established: April 8, 2010
Capitalization: NTD$8,232,160 thousands

Continental Holdings Corporation (CHC) is a publicly listed company on the Taiwan Stock Exchange (TWSE: 3703). Its member companies include Continental Engineering Corporation (CEC), Continental Development Corporation (CDC), and HDEC Corporation (HDEC); the business portfolio encompasses Civil and Building Construction, Real Estate Development, and Environmental Project Development.

CHC traces its roots back to 1945, when Mr. Glyn T. H. Ing founded CEC in Sichuan Province, China, following the Second World War. With the need for a separate entity to provide governance and strategy, CHC was incorporated in 2010 as CEC's parent company, and was publicly listed on April 8th.

CHC is not only responsible for formulating development strategy of the group as a whole, but also for integrated synergy of group resources as well as oversight of subsidiaries. CHC pursues revenue and profit growth by utilizing core competencies while ensuring sustainability in all aspects of operation, such as corporate governance, talent development, community engagement, and maximizing business value for shareholders in a fast-changing global market.

Key Subsidiaries and History

Continental Engineering Corporation

Established: December 29, 1945
Capitalization: NTD$4,400,621 thousands

CHC's construction and engineering arm is Continental Engineering Corporation (CEC). Founded in 1945, CEC has built a reputation for delivering superior engineering and construction work in both public and private sectors, with a presence in Taiwan, Hong Kong, Macau, Malaysia, and India.

CEC has successfully completed many significant infrastructure projects, including major civil construction works involving viaducts, bridges, and tunnels for highway, metro, and railway projects. The company was also one of the principal consortium investors and contractors for the US$17 billion Taiwan High Speed Rail, one of the world's largest Build, Operate, and Transfer (BOT) projects.

CEC has also delivered a comprehensive range of building projects, including hospitals, hotels, office buildings, multifunctional complexes, high-end residences, education and research facilities, as well as township communities.

Continental Development Corporation

Established: June 2, 2010
Capitalization: NTD$5,907,670 thousands

Continental Development Corporation (CDC) has its roots in the property development business sector of Continental Engineer Corporation (CEC), Taiwan's leading engineering construction company founded in 1945. In response to the fast-changing construction market, CEC was restructured in 2010, spinning off its property development business division to form an independent entity—CDC. Thereafter, CDC became a premium property developer, specializing in residential, commercial, hotel, and community sectors. The company's business strategy centers on ensuring the highest quality and customer satisfaction.

Following the corporate values of "integrity, discipline, quality and innovation" conceived by CEC's founder Mr. Glyn T. H. Ing, CDC is dedicated to cutting edge innovation and collaboration with the very best talent from across the globe to deliver outstanding solutions and services which cater to customers' needs.

CDC has pioneered innovative architectural concepts and partnered with master architects to accomplish many landmark buildings including, Richard Meier (1984 Pritzker Architecture Prize laureate), Antonio Citterio (2008 Royal Designer for Industry, by the Royal Society for the Encouragement of Arts, Manufactures & Commerce of London), and Benedetta Tagliabue (designer of the Spanish Pavilion at the 2010 World Expo Shanghai). CDC currently holds investments in Taiwan, Southeast Asia, and the United States.

HDEC Corporation

Established: May 24, 2006
Capitalization: NTD$1,978,000 thousands

HDEC Corporation (HDEC), originally a fully-owned subsidiary of Continental Engineering Corporation (CEC), was established in 2006. In an effort to boost the company's competitiveness as well as enhance its financial and management synergies, CEC transferred all of its shares in HDEC to parent company Continental Holdings Corporation (CHC) through a series of mergers and acquisitions in July 2017, making HDEC a direct subsidiary of CHC.

HDEC inherited the environmental engineering technology and capabilities of CEC. The company has also leveraged CEC's extensive engineering experience and project management ability to enter the emerging domestic market for environmental engineering. By bidding on local governments' sewage system BOT projects and BTO projects for water reclamation and reuse, HDEC was able to demonstrate its comprehensive experience and capabilities in every phase from planning, design, construction, operation, and maintenance.

HDEC mainly focuses on waterworks such as sewage treatment and water purification projects, and extends to waste treatment and renewable energy projects. Currently HDEC has the following subsidiaries: HDEC Construction Corp., HDEC (Puding) Environment Corp., North Shore Corp., Blue Whale Corporation, HDEC-CTCI (Linhai) Corp., and CTCI-HDEC (Chungli) Corporation.

Recent Milestones

2020 CEC and HDEC joint venture was awarded "Tongluo Science Park Wastewater Treatment Plant Phase II Project-Functional Enhancement of Conductivity Treatment Facilities Turnkey Project."

CEC completed Contract CJ910 and CJ930 construction of the Taichung Metropolitan MRT System.

CDC completed La Bella Vita, the landmark residential project located in the 7th Redevelopment Zone of Taichung.

CDC partnered with Japanese Daiwa House Group to launch Arranging New Asia Bay, a hotel-residential joint development project, as its first foray into southern Taiwan.

HDEC was awarded the "Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project."

2019 HDEC completed phase II of "Fengshan River Wastewater Reclamation and Reuse BTO Project", which is now operational.

CDC and Taipei Fullerton signed a joint construction agreement for Fullerton Taipei Nanjing, the first-ever reconstruction and renewal of unsafe and old hotel project in Taiwan.

CEC-led joint venture was awarded "Taoyuan MRT Green Line Contract GC03 - Underground Civil Turnkey Project."

CEC-led joint venture was awarded "Taipei Nangang Depot Public Housing Design and Build Project."

CEC was awarded "Contract G506 - Construction of Station Square at Kai Tak Phase 1" in Hong Kong.

CDC partnered with Daiwa House Group, a Japanese company, for CDC's first property investments in Kaohsiung.

2018 CEC was awarded "Taoyuan MRT Green Line Contract GC01 - Elevated Viaduct Civil Turnkey Project."

CDC invested in Bangsar Rising Sdn. Bhd. to develop high-end residential properties in Kuala Lumpur.

HDEC was awarded "Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, Kaohsiung City"

2017 CEC was awarded "Tainan Urban District Railway Underground Project" and "Guanci Po-Ai Park Public Housing Development Project".

CEC was awarded "Contract C214 - South Tainan Station section of the Tainan Railway Underground Project"

HDEC became BOT contractor for CTCI-HDEC (Chungli) Corporation's Chungli Area Sewerage System BOT Project.

HDEC became the contractor for HDEC (Puding) Environmental Corporation's "Public Sewerage System Design and Build Turnkey Project."

CDC established CDC US Corporation as its US subsidiary for investing in the development of hotels and high-end residential properties in San Francisco.

HDEC was spun-off from CEC to become a 100% CHC-owned subsidiary.

2016 HDEC was awarded contract for "Promotion of Private Participation: Puding Area Sewerage System BOT Project"

HDEC was awarded contract for "Promotion of Private Participation: Fengshan River Wastewater Reclamation and Reuse BTO Project, Kaohsiung City"

HDEC was awarded contract for "Promotion of Private Participation: Chungli Area Sewerage System BOT Project"

CEC was awarded contract for CQ840 section of Taipei MRT Wanda-Zhonghe-Shulin Line.

CEC was awarded contract for CQ850A section of Taipei MRT Wanda-Zhonghe-Shulin Line.

2015 CEC celebrates its 70th anniversary

CEC was awarded contract for Kai Tak Development – Stage 2 Infrastructure Works in Hong Kong.

CEC was awarded contract for the Liantang/Heung Yuen Wai Boundary Control Point and associated works-Contract 6, by the HK SAR Government.

CEC was awarded contracts for the Noida-Greater Noida Metro Project in India.

CDC invested in Grand River D. Ltd. to take part in the Xinyi A7 - Sky Tower development.

2014 CEC was awarded contract for CQ842 section of Taipei MRT Wanda-Zhonghe-Shulin Line.

CEC received Taipei City's Distinguished Public Construction Award for the Taipei Metro Xinyi Line (Project CR580A). The project included the Daan Forest Park Station and Daan Station, underground tunnel connecting the east side of the Dongmen Station and the west side of the Xinyi-Anhe Station, and common conduits.

CEC was awarded contracts for the C2 Renshui Tunnel of the Suhua Highway Mountain Section Improvement Project, and a residential building project at the site of the former Jingmei Financial Training Center.

CEC was awarded contract for the CM01 section of the project for connecting Taiwan Taoyuan International Airport to the MRT system and extension to Zhongli TRA Station.

CDC entered the Malaysian market by securing a majority stake in MEGA CAPITAL DEVELOPMENT SDN. BHD. Mega Capital Development Sdn. Bhd. to develop serviced apartments in Kuala Lumpur.

2013 CEC was awarded contract for Jaipur Metro in Rajasthan, India.

CEC was awarded a Civil Construction Project Contract in New Delhi, India.

CEC was awarded contract for CJ930 section of Taipei MRT by the Central District Office, Department of Rapid Transit Systems, Taipei City Government.

CDC Taichung Office established as part of business expansion to Central Taiwan.

2012 CEC was awarded tunnel construction contract for Klang Valley MRT, Malaysia.

CEC was awarded contract for CJ910 section of Taipei MRT by the Central District Office, Department of Rapid Transit Systems, Taipei City Government.

CEC was awarded electrical and mechanical construction contract for the National Convention and Exhibition Center (Nangang Exhibition Hall Expansion).

CEC was awarded contract for “Widening of Tin Ha Road and Tan Kwai Tsuen Road” by Civil Engineering and Development Department, HK SAR Government.

CEC was awarded contract for “Upgrading of Mui Wo Sewage Treatment Works and Village Sewerage at Wang Tong and Yue Kwong Chuen” in Hong Kong.

CEC established a subsidiary, CEC International Malaysia Sdn. Bhd (CIMY).

CEC was awarded contract for “Macau Light Rail Project Phase 1 - C360 Cotai Section” by Macau SAR Government.

CEC and its subsidiary, CICI, formed a joint venture to win the Delhi Metro Railway Project Contract (CC04) in India.

2011 HDEC was awarded EPC contract for Chinchu Water Treatment Plant by Taiwan Water Corporation.

CEC was awarded contract for Stonecutter Island Sewage Treatment Works Effluent Tunnel and Disinfection Facilities, Hong Kong.

2010 CHC became parent company of CEC with a 100% stake through a one-to-one share swap.

CDC was spun off from CEC Real Estate Development Business Sector to become a 100% CHC-owned subsidiary.

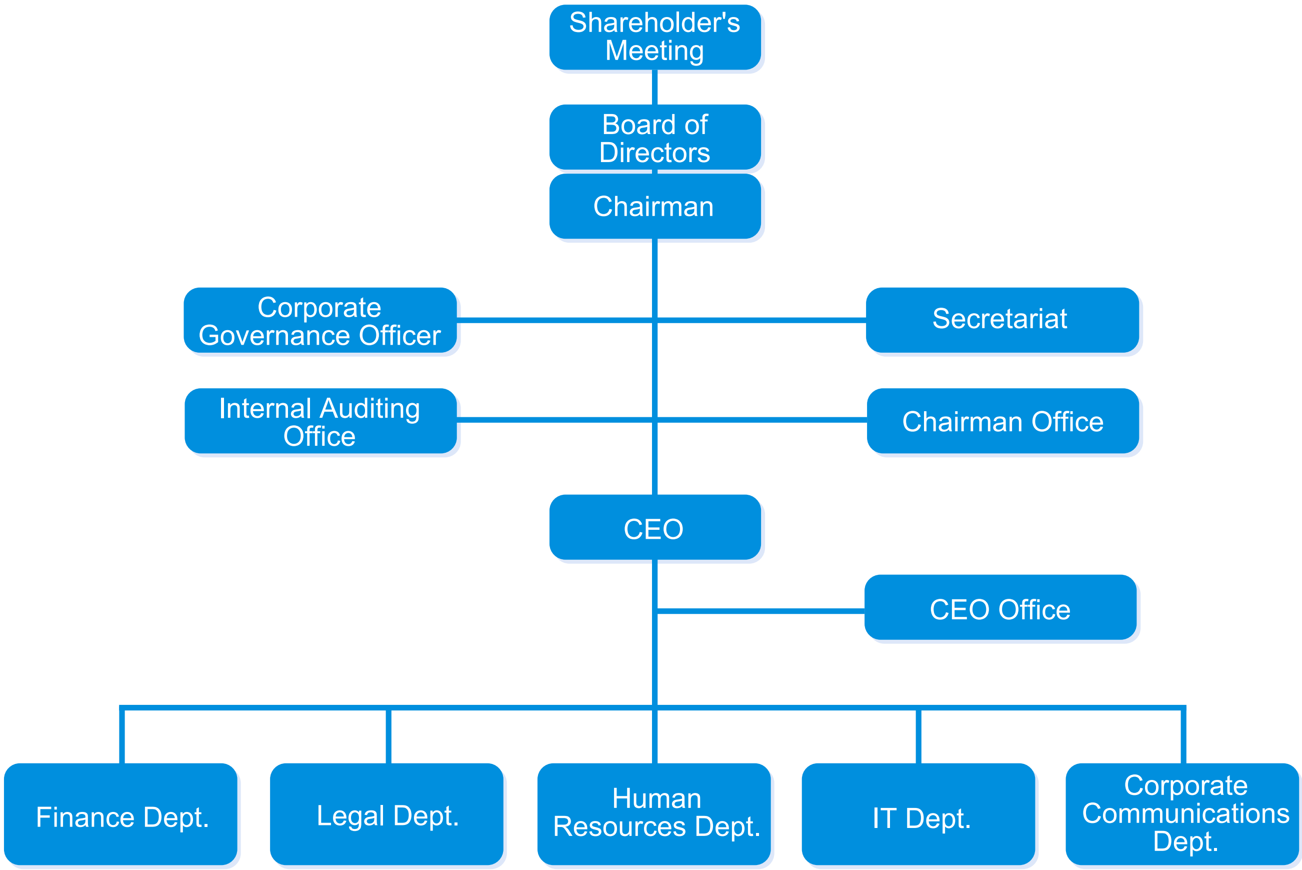
CEC was awarded contract for section CL-314 for civil construction project from Shanli Tunnel to Taitung Railway Station by Taiwan Railway Administration.

CEC was awarded contract for metro tunnel construction project (BMR-UG02) in Bangalore, India.

Corporate Governance Report

I. Organiztion System

(I) CHC Org chart



(II) Major Business Units and Functions

1. Corporate Governance Officer

To supervise Corporate Governance matters, support the Board members to carry out their duties and strengthen the Board function.

2. Secretariat

(1) Planning and managing of Board and functional committee meetings. It also provides and supports the Directors with the resources to perform their duties.

(2) Managing the board meetings at tier-1 member companies including CEC, CDC and HDEC.

(3) Planning, preparation and proceedings of shareholders' meetings.

(4) Assist with the planning and execution of disclosure activities.

(5) Assist with the planning of corporate governance-related matters.

3. Chairman Office

The administrative staff of the Chairman.

4. Internal Auditing Office

(1) Assist the Board of Directors and executives to ensure due diligence on internal controls.

(2) Inspect and review deficiencies in the Company's internal control systems, measure business performance and efficiency, and provide recommendations on improvements when appropriate.

5. CEO Office

The administrative staff of the CEO.

6. Finance Department

(1) Planning and execution of the Group's financial strategies to increase shareholder returns while keeping the Group's financial and taxation risk to an appropriate level.

(2) Provide the Group with timely and accurate financial information as well as collate and track budget spending to facilitate business decision-making and operational management.

(3) Prepare statutory financial and taxation reports in accordance with laws and regulations governing listed companies.

(4) Manage investor relations.

(5) Assist with promoting CSR initiatives, and prepare CSR reports

7. Human Resources Department
    (1) Planning and management of the Group’s human resources strategies.
    (2) Set the direction and general principles for human resources strategies at CHC and its subsidiaries to ensure that all human resources planning and management are aligned with the Company’s development strategy and business operations.
    (3) Ensure consistent employment conditions and codes of ethics throughout all Group companies.

8. IT Department
    (1) Drafting of the Company’s IT policy, delegation of responsibilities for IT operations, and the defining of implementation details.
    (2) Assessing and planning for the introduction of new information technologies.
    (3) Planning, deployment, implementation and monitoring of IT security policies.
    (4) Establish a monitoring mechanism for IT security incidents and the implementation of related response measures.

9. Legal Department
    (1) Assist with the planning and execution of the Group's corporate governance structure to ensure proper compliance.
    (2) Oversee the legal dimension of subsidiaries operations to control major legal risks.
    (3) Assist the Group with the management of important litigation and legal disputes.
    (4) Assist the Group with managing projects (e.g. mergers, investments or joint ventures) of strategic importance.
    (5) Formulation and implementation of Company regulations on management of legal affairs and signatures.

10. Corporate Communications Department
    (1) Planning and management of the Group’s corporate reputation and brand image as a whole.
    (2) Establish guidelines and management mechanisms that build and enhance the corporate image and branding of all Group companies.
    (3) Build and strengthen the Group’s media relations.
    (4) Planning and development of the Group’s internal communications to reinforce the Group’s corporate culture.

II. Board Members and Management Team

(I) Information Regarding Board Members

Title	Name	Gender	Nationality or Place of registration	Date Elected	Tenure of Office (Year)	Date First Elected	Shares Held When Elected		Share Currently Held	
							Shares	%	Shares	%
Chairman	Nita Ing	Female	R.O.C	2018.6.5	3	2009.11.2	903,298	0.11	903,298	0.11
Director	Christopher Chang Representative of Wei-Dar Development Co., Ltd		R.O.C	2018.6.5	3	2009.11.2	160,525,200	19.50	206,025,200	25.03
		Male	R.O.C	2018.6.5	3	2009.11.2	-	-	-	-
Director	Helena Kuo Representative of Wei-Dar Development Co., Ltd		R.O.C	2018.6.5	3	2009.11.2	160,525.200	19.50	206,025,200	25.03
		Female	R.O.C	2018.6.5	3	2009.11.2	-	-	-	-
Director	John Huang Representative of Han-De Construction Co., Ltd.		R.O.C	2018.6.5	3	2015.5.22	63,755,667	7.74	63,755,667	7.74
		Male	R.O.C	2018.6.5	3	2018.6.5	-	-	-	-
Independent Director	Donny Kao	Male	R.O.C	2018.6.5	3	2010.6.29	-	-	-	-
Independent Director	Frank Juang	Male	R.O.C	2018.6.5	3	2015.5.22	-	-	-	-
Independent Director	Allen Lee	Male	R.O.C	2018.6.5	3	2015.5.22	-	-	-	-

Note 1: Director as the legal representative, the major shareholder of institutional shareholder on page. 14
Note 2: Chairman and CEO are not the same person.
Note 3: CHC's Directors did not hold and Positions within the company's independent audit firm or its Affiliates.

Unit: Shares ; % (As of 2021.4.3)

Shares Currently Held by Spouse & Monors		Shares held by nominee arrangement		Selected Education, Past Position	Selected Current Positions at CHC and Other Companies	Other officer, Directors or Supervisors Who are Spouses or within Two Degrees of realtive			Remarks (Note 2)
Shares	%	Shares	%			Title	Name	Relation	
-	-	-	-	Bachelor of Arts in Economics, UCLA	Chairman, Continental Engineering Corporation Chairman, TSRC Corporation Chairman, Hao Ran Foundation	None			None
-	-	-	-	Bachelor of Law, National Chengchi University	Chairman, Continental Development Corporation Chairman, CEC Commercial Development Corporation Director, Mega Capital Development Sdn. Bhd. Executive Director, Bangsar Rising SDN. BHD Director & CEO, CDC US Corporation Director, CDC Asset Management Malaysia Sdn. Bhd. Director , Grand River Development Limited Manager, CDC Investment Management LLC Manager, Trimosa Holding LLC Company Manager, 950 Investment LLC Company Manager, 950 Property LLC Company Manager, 950 Hotel Property LLC Company Manager, 950 Retail LLC Independent Director, Wistron Corporation Director, Sanlien Educational Foundation Member of Compensation Committee, Taiwan Fire & Marine Insurance Company Director, Friends of Police Association	None			None
230,000	0.03	-	-						
-	-	-	-	MBA, Accounting & Finance, USC MA is Cognitive Learning , UCLA Vice President / Bank of America Senior Adviser / UBS Chairman / Taishin Bills Finance Co., Ltd. Chairman / Taiwan Depository & Cleaning Corp.	Executive Advise, Taishin International Bank Adviser, Taiwan Depositary & Cleaning Corp.	None			None
-	-	-	-						
-	-	-	-	Bachelor of Science (Accounting), National Cheng Kung University	Director, Continental Holdings Corporation Managing Director, Pan Asia Corp. Director, TSRC Corporation Chairman, Han-De Construction Co., Ltd. Chairman, Wei-Dar Development Co., Ltd. Chairman, Oriens Corporation Chairman, Maoshi Corporation Director, Continental Engineering Corporation Director, Continental Development Corporation Director, CEC Commercial Development Corporation	None			None
-	-	-	-						
-	-	-	-	Bachelor of Science (Accounting), National Cheng Kung University	Independent Director, Chia Chang Co. Ltd	None			None
-	-	-	-	Master of Law, Institute of Technology Law, National Chiao-Tung University Master of Business Administration, University of Iowa Bachelor of Business Administration, National Taiwan University	Independent Director, Wistron Information Technology & Service Corporation Director, Taiwan Opportunities Fund Limited Director, Azure Investment Ltd	None			None
-	-	-	-	PhD Program, Wharton School of the University of Pennsylvania MBA, Drexel University, USA MBA, Marketing, National Taiwan University B.A, International Trade, National Taiwan University	Independent Director, Continental Holdings Corporation Independent Director, Advagene Biopharma Co., Ltd.	None			None

Major Shareholder of Institutional Shareholder

Name of Institutional shareholders	Major shareholders
Wei-Dar Development Co., Ltd	Maoshi Corporation (99.8%)
Han-De Construction Co., Ltd.	Maoshi Corporation (99.8%)

Major shareholders of the Company's major institutional shareholders

Name of Institutional shareholders	Major shareholders
Maoshi Corporation	Jade Fortune Enterprises Ins. (100%)

Independence Analysis of Directors

Director qualifications

Criteria / Name, Title	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independent Criteria (Note1)												Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Nita Ing Chairman			✓	✓		✓					✓	✓	✓	✓	✓	0
Christopher Chang Director			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Helena Kuo Director			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
John Huang Director			✓	✓		✓	✓				✓	✓	✓	✓		0
Donny Kao Independent Director			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Frank Juang Independent Director	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Allen Lee Independent Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: Directors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

1. Not an employee of the company or any of its affiliates;
2. Not a director or supervisor of the company or any of its affiliates;
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3;
5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
7. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
9. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000";
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;
11. Not been a person of any conditions defined in Article 30 of the Company Law; and
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law

(II) Information Regarding Management Team

Title	Name	Gender	Nationality	On Board Date	Shares Held		Shares Held by Spouse & Minors	
					Shares	%	Shares	%
CEO	Cindy Chang	Female	R.O. C	2018.10.8	-	-	-	-
Corporate Goverance Officer	Calvin Tsai	Male	R.O. C	2021.3.17	-	-	-	-
Chief Auditor	Charleen Chang	Female	R.O. C	2020.10.15	-	-	-	-
Vice President	Emily Liu	Female	R.O. C	2010.10.18	-	-	-	-
Vice President	Weifan Wang	Male	R.O. C	2020.7.1	-	-	-	-
Vice President	Anthony Lien	Male	R.O. C	2018.7.16	-	-	-	-
Vice President	Kevin Chueh	Male	R.O. C	2018.10.8	-	-	-	-
Principal Financial Officer	Kris Lin	Male	R.O. C	2018.11.3	-	-	-	-
Principal Accounting Officer	Eva Lin	Female	R.O. C	2019.5.7	-	-	-	-
Vice President	Calvin Tsai (Note1)	Male	R.O. C	2018.2.22	-	-	-	-
Chief Auditor	Eric Hsu (Note 2)	Male	R.O. C	2016.5.23	-	-	-	-

Note 1: Mr. Calvin Tsai was resigned, on June 6,2020.
Note 2: Mr. Eric Hsu was resigned, on September 30,2020.
Note 3: The Mangement Team did not hold and Positions within the company's independent audit firm or its Affiliates.
Note 4: Chairman and CEO are not the same person.

Unit: Shares;%

	Shares Held in the Name of Others		Education and Past Positions	Current Positions at Other Companine	Managers Who are Spouses or within Second-degree Relative of Consanguinity To Each Other			Remarks (Note 4)
	Shares	%			Title	Name	Relation	
	-	-	Cornell University MBA	Director, Continental Engineering Corporation Director, Continental Development Corporation Director, CEC Commercial Development Corporation Director, HDEC Corporation Director, CDC US Director Mega Capital Development SDN.BHD Director, Bangsar Rising SDN BHD Director, CDC Asset Management Malaysia Sdn. Bhd.	none	none	none	none
	-	-	Bachelor of Law, National Taiwan University	Vice President, TSRC Corporation	none	none	none	none
	-	-	Master of Business Administration, National Chengchi University	None	none	none	none	none
	-	-	Boston University MS in Public Relations	None	none	none	none	none
	-	-	University of California	Vice President, Continental Engineering Corporation Vice President, HDEC Corporation	none	none	none	none
	-	-	Master of Business Administration, National Cheng Kung University	Vice President, Continental Engineering Corporation	none	none	none	none
	-	-	Fordham University MBA	Vice President, Continental Engineering Corporation	none	none	none	none
	-	-	University of Illinois MS in Finance	Surpervisor, HDEC Corporation	none	none	none	none
	-	-	Bachelor of Business Administration, Chung Yuan Christian University	None	none	none	none	none
	-	-	Bachelor of Law, National Taiwan University	N/A	none	none	none	none
	-	-	University of Hartford MS in Insurance	N/A	none	none	none	none

(III) Remuneration to Directors, CEO and Vice Presidents

1. Remuneration Paid to Director and Independent Directors

Title	Name	Director Remuneration								(A+B+C+D) as a % of Net Income	
		Base Compensation (A)		Severance Pay and Pensions (B) (Note 3)		Compensation to Directors (C)		Allowances (D) (Note 4)			
		From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities
Chairman	Nita Ing	7,200	7,200	-	-	-	-	-	60	0.47%	0.47%
Director	Christopher Chang Representative of Wei-Dar Development Co., Ltd.	600	15,600	-	-	-	-	-	60	0.04%	1.02%
Director	Helena Kuo Representative of Wei-Dar Development Co., Ltd.	600	600	-	-	-	-	-	-	0.04%	0.04%
Director	John Huang Representative of Han-De Construction Co., Ltd.	600	600	-	-	-	-	-	120	0.04%	0.05%
Independent Director	Donny Kao	1,300	1,300	-	-	-	-	250	250	0.10%	0.10%
Independent Director	Frank Juang	1,300	1,300	-	-	-	-	180	180	0.10%	0.10%
Independent Director	Allen Lee	1,300	1,300	-	-	-	-	150	150	0.09%	0.09%

Note 1: The remuneration policies, procedures, standards, and packages for Directors and Independent Directors, as well as the linkage to factors such as individual responsibilities, risks, and time spent:

1. If the Company turns a profit during the year then 0.05% should be allocated as employee compensation and no more than 0.05% as directors' compensation. After taking the level of directors' involvement in the Company operations as well as domestic/overseas trends in the structure of directors' compensation into account, the 10th meeting of the 3rd Board of Directors session resolved that directors' remuneration will be paid as fixed compensation instead. A distinction shall also be made between Independent Directors and ordinary Directors.
2. All Independent Directors are members of the Company's Audit Committee and Compensation Committee. Reasonable compensation is paid to Independent Directors based on their level of engagement, the business performance of the Company, linkage to future risks, as well as prevailing industry standards.

Note 2: No Directors' compensation was allocated in 2020.

Note 3: Two-vehicles were allocated for business purchases. One vehicle was purchased outright for NTD$2,500 thousands while one vehicle was leased at a cost of NTD$1,038 thousands for the whole year.

2. Compensation Paid to CEO and Vice Presidents

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)	
		From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities
CEO	Cindy Chang	15,561	25,957	-	-	190	357
Chief Auditor	Charleen Chang						
Vice President	Anthony Lien						
Vice President	Kevin Chueh						
Vice President	Weifan Wang						
Vice President	Emily Liu						
Vice President	Calvin Tsai						

Note 1: Mr. Calvin Tsai was resigned on june 6,2020.

Note 2: Three company vehicles were allocated for business purchases. Two vehicles were purchased outright for NTD$2,252 thousands while one vehicle was leased at a cost of NTD$512 thousands for the whole year.

Unit: NT$ thousands

	Compensation Earned by a Director Who is an Employee of CHC or of CHC's Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
	Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees' Compensation (G)						
					From CHC		From All Consolidated Entities				
	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	Cash	Stock	Cash	Stock	From CHC	From All Consolidated Entities	
	-	-	-	-	-	-	-	-	0.47%	0.47%	none
	-	-	-	-	-	-	-	-	0.04%	1.02%	none
	-	-	-	-	-	-	-	-	0.04%	0.04%	none
	-	-	-	-	-	-	-	-	0.04%	0.05%	none
	-	-	-	-	-	-	-	-	0.10%	0.10%	none
	-	-	-	-	-	-	-	-	0.10%	0.10%	none
	-	-	-	-	-	-	-	-	0.09%	0.09%	none

Unit: NT$ thousands

	Employees' Compensation (D)				(A+B+C+D) as a % of Net Income		Compensation Received from Non-consolidated Affiliates or From TSMC Parent Company
	From CHC		From All Consolidated Entities		From CHC	From All Consolidated Entities	
	Cash	Stock	Cash	Stock			
	2,347	-	4,405	-	1.18%	2.00%	none

3. Compensation range table

Range of Compensation	Name	
	From CHC	From All consolidated Entities
NT$0~ NT$1,000,000	Calvin Tsai, Kevin Chueh, Weifan Wang, Charleen	Charleen Chang
NT$1,000,000 ～ NT$ 2,000,000	Anthony Lien	
NT$2,000,000 ～ NT$3,500,000		Calvin Tsai, Weifan Wang
NT$3,500,000 ～ NT$5,000,000	Emily Liu	Emily Liu, Kevin Chueh,
NT$5,000,000 ～ NT$10,000,000		Anthony Lien
NT$10,000,000 ～ NT$15,000,000	Cindy Chang	Cindy Chang
NT$15,000,000 ～ NT$30,000,000		
NT$30,000,000 ～ NT$50,000,000		
NT$50,000,000 ～ NT$100,000,000		
Over Nt$100,000,000		
Total	7	7

Note: Mr. Calvin Tsai was resigned on June 30,2020.

4. Employees' Compensation Paid to Mangaers

Unit: NTD thousand

Title	Name	Stock	Cash	Total	Total Employees' Profit sharing Bonus Paid to Manager as a % of Net Income
CEO	Cindy Chang	0	5,214	5,214	0.34%
Chief Auditor	Charleen Chang				
Vice President	Anthony Lien				
Vice President	Emily Liu				
Vice President	Weifan Wang				
Vice President	Kevin Chueh				
Principal Financial Officer	Kris Lin				
Principal Accounting Officer	Eva Lin				

Note: The aforementioned Employees' Compensation for 2020 are estimated figures.

(IV) Total remuneration, as a percentage of net income stated, paid by the Company and by each other company included in the consolidated financial statements during the past two fiscal years to Directors, supervisors, and executives above the grade of vice president

Unit: NTD thousand;%

Title	2020				2019			
	Total remuneration		Percentage of Net Income After Tax (%)		Total remuneration		Percentage of Net Income After Tax (%)	
	CHC	All Consolidated Entities	CHC	All Consolidated Entities	CHC	All Consolidated Entities	CHC	All Consolidated Entities
Directors	13,480	28,720	0.88%	1.87%	13,480	28,740	13.89%	29.62%
CEO and Vice President	18,098	30,719	1.18%	2.00%	17,395	30,011	17.93%	30.94%

The remuneration policies, standards, and packages for Directors and Executives, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Policy for Directors' remuneration: Please refer to Note 1: Directors' Remuneration on P. 18.

Policy for Employees and Managers' compensation

CHC strives to provide competitive total reward packages. To ensure internal fairness and external competitiveness, salary surveys are conducted each year to serve as a reference for adjustments to compensation and to respond to changes in the external salary market in a timely manner. To ensure equal working rights regardless of gender, there is no gender-based difference in compensation at every level. Gender equality in the workplace is enforced by basing compensation purely on the qualifications required for each position, individual ability and performance. To encourage the continued pursuit of excellence among employees, the Company has drawn up regulations governing performance bonuses. Employees that make a contribution to the Company's development are rewarded with performance bonuses based on the Company's and their individual performance for the year. The performance-based bonuses establish a fair and reasonable reward system for encouraging greater employee initiative.

Management and employee remuneration at CHC consist of fixed compensation and variable bonuses. Fixed compensation is the monthly salary based mainly on factors such as roles, skills, market rates, and company operations. Variable bonuses are based on the Company's operating performance for the year, the contributions made by managers and employees during the year, as well as the Company's operating risks. The procedure for determining remuneration requires approval through the internal the Level of Authority Table. Management compensation should be submitted to the Compensation Committee for review before being presented to the Board for approval.

III. Corporate Governance Operations

(I) Board of Directors Meeting Status

The Board of Directors Convened 8 times (A) in 2020. Directors' attendance was as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance Rate in person (B/A)	Note
Chairman	Nita Ing	8	0	100%	
Director	Christopher Chang Representative of Wei-Dar Development Co., Ltd.	8	0	100%	
Director	Helena Kuo Representative of Wei-Dar Development Co., Ltd.	8	0	100%	
Director	John Huang Representative of Han-De Construction Co., Ltd.	8	0	100%	
Independent Director	Donny Kao	8	0	100%	
Independent Director	Frank Juang	8	0	100%	
Independent Director	Allen Lee	8	0	100%	

Other matters that require reporting:

The Board of Directors convened 8 times in 2020. The meetings were attended by all independent directors in person and their attendance rate was 100%. The Board of Directors has met twice in 2021 as of the date of publication. The meetings were attended by all independent directors in person and their attendance rate was 100%.

1. (1) Items listed in Article 14-3 of the Securities and Exchange Act:

Date	Session	Key resolution	Status of implementation
2020/5/6	4-15	1. Appointment of CPA for the Company's 2020 ~ 2022 financial reports 2. Change of Company CPA	Approved by all Directors presented
2020/8/13	4-17	1. Change to the Company's Chief Internal Auditor and compensation.	
2020/11/15	4-19	1. Proposed issue of ordinary corporate bonds by the Company	

(2) Other resolutions of the Board that independent directors expressed a dissenting opinion or qualified opinion upon in the meeting minutes or in writing: No such occurrence.

2. Recusal of directors over conflicts of interest: There were no motions involving conflicts of interest at Board meetings in 2020.
3. Implementation Status of the Board Evaluations: Please refer to P26-27 for more details.
4. Strengthening the function of the Board: (1) The convening, meeting, discussions and resolutions of the CHC Board all adhere to the relevant laws, regulations as well as the rules and guidelines issued by the competent authorities. Internal Company rules such as Rules of Procedure for Board of Directors Meetings, articles of incorporation and other relevant rules have also been put into place. (2) An Audit Committee and Compensation Committee were established by the Company on May 22, 2016. The two committees are composed of three independent directors. These committees serve as a preliminary review body for the Board of Directors to assist the Board with carrying out its duties and performance of its supervisory function. (3) The Chairperson did not hold a concurrent position as a managerial officer of the Company.

Continuing Education/Training of Directors in 2020

Name	Date	Organizer	Course/Seminar	Hours
Nita Ing	2020.11.20	Securities and Futures Institute	Business Strategies and Corporate Governance for Responding to Global Unsustainability Risks - a COVID-19 Perspective	3
	2020.11.20	Securities and Futures Institute	Cyber security awareness training	3
Christopher Chang	2020.9.18	Taiwan Corporate Governance Association	Analysis of the Top 10 Global Risks	3
	2020.9.18	Taiwan Corporate Governance Association	Insider Trading in Taiwan: Latest Developments and How Businesses can Protect Against It	3
Helena Kuo	2020.7.22	Taiwan Depository & Clearing Corporation	Anti-Money Laundering, Countering Terrorism Financing, Whistleblower System, Anti-Corruption and Ethics Training for Serving Directors and Supervisors	1
	2020.11.20	Securities and Futures Institute	Business Strategies and Corporate Governance for Responding to Global Unsustainability Risks - a COVID-19 Perspective	3
	2020.11.20	Securities and Futures Institute	Cyber security awareness training	3
John Huang	2020.11.20	Securities and Futures Institute	Business Strategies and Corporate Governance for Responding to Global Unsustainability Risks - a COVID-19 Perspective	3
	2020.11.24	Taiwan Corporate Governance Association	Corporate Governance 3.0 - Blueprint for Sustainable Development	3
Donny Kao	2020.11.20	Securities and Futures Institute	Business Strategies and Corporate Governance for Responding to Global Unsustainability Risks - a COVID-19 Perspective	3
	2020.11.20	Securities and Futures Institute	Cyber security awareness training	3
Frank Juang	2020.9.18	Taiwan Corporate Governance Association	Analysis of the Top 10 Global Risks	3
	2020.9.18	Taiwan Corporate Governance Association	Insider Trading in Taiwan: Latest Developments and How Businesses can Protect Against Them	3
Allen Lee	2020.11.20	Securities and Futures Institute	Business Strategies and Corporate Governance for Responding to Global Unsustainability Risks - a COVID-19 Perspective	3
	2020.11.20	Securities and Futures Institute	Cyber security awareness training	3

(II) Audit Committee operations

1. An Audit Committee was established by the Company with the 3rd Board of Directors in 2015 and is composed of three independent directors. Independent Director Donny Kao was the convener in a unanimous decision by the 4th Board of Directors. The operations of the Audit Committee adhere to the Company Act, the Securities and Exchange Act, as well as other rules and regulations issued by the competent authorities. An Audit Committee Organic Charter was also defined for internal use by the Company. The primary purpose of the Committee is supervision of the following items:
   (1) Fair representation of the Company's financial statements
   (2) The appointment, dismissal, independence and performance of CPAs
   (3) The effective implementation of the Company's internal controls
   (4) Company compliance with the relevant laws and regulations
   (5) Company management of existing or potential risks
2. The Audit Committee develops an annual work plan in accordance with its key functions as listed below:
   (1) Adoption or amendment of the internal control system pursuant to Article 14-1.
   (2) Assessment of the effectiveness of the internal control system.
   (3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

(4) Matters bearing on the personal interests of a director.
(5) Material assets or derivatives transactions.
(6) Material monetary loans, endorsements, or provisions of guarantee.
(7) The offering, issuance, or private placement of any equity-type securities.
(8) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
(9) The appointment or discharge of a financial, accounting, or internal auditing officer.
(10) Annual financial reports and second quarter financial reports.
(11) Any other material matter so required by the company or the competent authority.

3. Key matters reviewed during 2020 were as follows:
   (1) 2019 business report and financial statements, and issuing the statement of internal control
   (2) Distribution of the Company's 2019 surplus
   (3) Financial reports for 2020 Q1 ~ Q3
   (4) Removal of anti-compete clause for directors
   (5) Review of amendment to rules and regulations: Group Internal Control System,Charter of Audit Committee, Guidelines for related party transaction, Guidelines for Budge Management, and Group Risk Management Policy.
   (6) Change to the Company's Chief Internal Auditor and compensation
   (7) Review of the 2021 Company budget
   (8) Review of the first issue of domestic secured vorporate bonds in 2020

The Audit Committee Convened 7 times (A) in 2020. Attendance by independent directors was as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance Rate in person (%) (B/A)	Note
Convener and Committee Member	Donny Kao, Independent Director	7	0	100%	
Committee Member	Frank Juang, Independent Director	7	0	100%	
Committee Member	Allen Lee, Independent Director	7	0	100%	

Other matters that require reporting:
1. (1) The Audit Committee meeting status and items listed in Article 14-5 of the Securities and Exchange Act:

Date	Session	Key resolution	items listed in Article 14-5 of the Securities and Exchange	Status of implementation
2020/3/20	4-11	1. Acceptance of the Company's 2019 Business Report and financial statements;	✓	Approved by All independent presented
		2. Issue of the Company's Statement of Internal Control for 2019	✓	
		3. Evaluate the independence and suitability of the Company CPA in 2019		
		4. Amendment of the Group Internal Control System	✓	
2020/4/30	4-12	1. To review the proposal for appropriation of 2019 earnings.		Approved by All independent presented
2020/5/7	4-13	1. Submission of the Company's 2020 Q1 financial report	✓	Approved by All independent presented
		2. Appointment of CPA for the Company's 2020-2022 financial reports	✓	
		3. Change of Company CPA	✓	
2020/8/10	4-14	1. To review 2020 Q2 financial report	✓	Approved by All independent presented
		2. To revised the Chart of Audit Committee		
2020/9/4	4-15	1. Change to the Chief Internal Auditor and compensation.	✓	Approved by All independent presented
2020/11/3	4-16	1. To approve 2020 Q3 financial report		Approved by All independent presented
		2. To approve the first issue of domestic secured corporate bonds in2020	✓	
		3. To approve the cash capital increase for CEC		
		4. Subscription to the capital increase for CEC		
		5. To approve the cash capital reduction for CDC		
		6. Revision of the Guidelines for Budget Management		
		7. Revision of the guidelines for related		
		8. Formulation of the Group Risk Management Policy		
2020/12/19	4-17	1. Approval for 2021 budget		Approved by All independent presented
		2. Approval for 2020 audit plant	✓	

(2) Other matters that independent directors expressed a dissenting opinion or qualified opinion upon in the meeting minutes or in writing: No such occurrence.

2. Recusal of independent directors over conflicts of interest: There were no motions involving conflicts of interest at Audit Committee meetings in 2020.
3. Communication between independent directors, chief internal auditor, and CPAs:

(1) The Company's chief internal auditor attended meetings of the Audit Committee and Board of Directors to report on the work/operations of the Audit Office. In addition to regular reports on the tracking of corrective actions, the chief internal auditor also delivered each audit report upon completion to the independent auditors to help them monitor the state of internal controls at the Company and member companies. Independent directors could contact the chief internal auditor by e-mail or telephone at any time if they had any questions and a positive working relationship was maintained. Key communications in 2020 were as follows:

Date	Method of communication	Subject of communication with chief internal auditor	Communication status and outcome
2020/1~ 2020/12	Chief internal auditor's report to the Audit Committee	1. Audit report 2. Tracking report 3. Annual audit plan	1. The chief internal auditor communicated approximately 1 to 2 times a month with the independent directors. 2. Ordinary directors or managerial officers were not present during communications with independent directors. 3. Liaised with the independent directors when developing the annual audit plan to learn their views on the Company's approach to managing environmental and risky operations. 4. Audit Office investigated and responded to in a timely manner deficiency in internal controls that independent directors inquired about.
2020/3/20	4-11 Audit Committee	1. Audit report 2. Issue of the Company's Statement of Internal Control for 2019	1. The Audit Office work report was examined by the full Audit Committee and submitted to the Board of Directors. 2. The 2019 Statement of Internal Control was discussed and approved by the full Audit Committee and submitted to the Board.
2020/8/10	4-14 Audit Committee	Audit report	The Audit Office work report was examined by the full Audit Committee and submitted to the Board of Directors.
2020/11/3	4-16 Audit Committee	Audit report	The Audit Office work report was acknowledged by the full Audit Committee and submitted to the Board of Directors.
2020/12/15	4-17 Audit Committee	1. Audit report 2. Review of the 2021 audit plan	1. The Audit Office work report was examined by the full Audit Committee and submitted to the Board of Directors. 2. The 2021 audit plan was discussed and approved by the full Audit Committee and submitted to the Board.

(2) The CPA of the Company reported to the Audit Committee on the audit of the annual report, review of the Q1, Q2, and Q3 financial statements, recommendations from the corporate governance unit, and items that they are required to communicate by law. The Audit Committee engaged in constructive two-way communication and consultation with the CPA.
Key communications in 2020 were as follows:

Date	Method of communication	Subject of communication with CPA	Communication status and outcome
2020/3/20	4-11Audit Committee	1. Discussion of the audit outcomes for the Company's 2019 Business Report and financial statements 2. Explanation of key audit matters 3. Explanation of accounting treatments and regulatory updates 4. Communication and clarification over questions posed by the Audit Committee	Approved all full Audit Committee members and submitted to the Board
2020/5/4	4-13 Audit Committee	1. Discussion of the Company's 2020 Q1 financial report 2. Explanation of key accounting principles as well as changes in securities and taxation laws 3. Appointment of CPA for the Company's 2020 ~ 2022 financial reports 4. Change of Company CPA	Approved by all Audit Committee members and submitted to the Board
2020/8/10	4-14 Audit Committee	1. Discussion of the Company's 2020 Q2 financial report 2. Explanation of key accounting principles as well as changes in securities and taxation laws 3. Communication and clarification over questions posed by the Audit Committee	Approved by all Audit Committee members and submitted to the Board
2020/11/3	4-16 Audit Committee	1. Discussion of the Company's 2020 Q3 financial report 2. Explanation of key accounting principles as well as changes in securities and taxation laws 3. Communication and clarification over questions posed by the Audit Committee	Approved by all Audit Committee members then and submitted to the Board for resolution

No objections were raised by independent directors over the above items.

(III) Taiwan Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Non-implementation Yes No Explanation and Its Reason(s)
	Yes	No	Explanation	
1. Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?		✓	The Corporate Governance Principles were approved at the 19th Meeting of the 4th Board of Directors to strengthen the function of the Board, protect shareholder rights, and respect the rights of stakeholders. The Principles enhance the integrity of the Company’s corporate governance system and are disclosed on the Company website and on the Market Observation Post System (MOPS).	None
2. Shareholding Structure & Shareholders’ Rights (1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		(1) The Company has a shareholder services unit that is responsible for providing shareholder services, handling shareholder recommendations, and responding to shareholder querier. (2) Trading of Company shares is closely monitored by the Company to track the latest developments. Stock transfer agents may be asked to provide related information when necessary. (3) Internal controls have been implemented for the Company and member companies. Self-audits are also carried out on a regular basis. The “Guidelines for supervision and Management of subsidiaries” were formulated by the Company and enforced by the audit unit to provide assurance on risk controls. (4) The Company has established its “Code of Conduct”, "Guideline for Reporting and Handling Unlawful, Immoral or Unethical behavior","Group Guideline for Anti-Insider Trading Management"and "Procedures for Handling Material Inside Information" that defines to Insiders of the Company shall not inquire about or collect any non-public material inside information to trade in securities.	None
3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		(1) The diversification policy for the Board of Directors is defined in Article 21 of the “Corporate Governance Principles.” The composition of the Board should take diversification into account. Appropriate diversification strategies should also be developed in terms of Board operations, business model, and development requirements. These include but are not limited to the following criteria: A. Basic conditions: Gender, age, nationality, and cultural background. B. Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience. The Board of Directors as a whole should possess the following capabilities: 1. Ability to make business judgments. 2. Accounting and financial analysis ability. 3. Business management ability. 4. Crisis management ability. 5. Industry knowledge. 6. Understanding of international markets. 7. Leadership decision-making ability. 8. Decision-making ability.	None

Assessment Item	Implementation Status			Non-implementation Yes No Explanation and Its Reason(s)
	Yes	No	Explanation	
	✓		A. The 4th of Board of Directors comprises 7 directors including 3 independent directors. The Company places a strong emphasis on the diversity of Board members' industry backgrounds. The Board members come from a range of different professional backgrounds including academia, accounting, business, financial holdings, law, technology, and construction. All possess business judgment, financial analysis, business management, crisis management, understanding of international markets, and decision-making abilities. Female members of the Board include Chairman Nita Ing and Director Helena Kuo. Two of the independent Directors have served for 2 terms. One independent director has served 3 terms but was retained for the 4th session as the independent director's extensive financial and economic background, industry experience and hands-on experience can make a significant contribution to the Company's business planning and decision-making. B. In terms of age distribution, Board members aged between 65 and 70 accounted for 86% (6 people) while 14% were aged over 75 (1 person). C. Gender equality in the composition of the Board was emphasized by the Company as well. 2 out of the 7 current Board members were women, so up to 29% of directors were female; the Board also nominated a woman as an independent director candidate for the 5th Board of Directors to increase the proportion of women on the Board. D. No member of the Board was also an employee of the Company. Board meetings were attended by all members. The attendance rate for Board of Directors in 2020 was 100%. The abilities possessed by Board members are aligned with the diversification policy and the Company's future development needs. The actual implementation of the diversification policy for Board members is detailed in Note 1. (See P.30)	None
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?			(2) A Compensation Committee and Audit Committee has been established by the Company in accordance with the law. Topics such as material financial operations, internal systems, transactions with interested parties, and reasonable remuneration for the Board and executives are thoroughly reviewed by the two committees and appropriate recommendations given.	
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?			(3) The Rules for Performance Evaluation of Board of Directors was approved by the 7th meeting of the 4th Compensation Committee, and the 10th meeting of 4th Board of Directors. Amendments passed in 2020 at the 14th meeting of the 4th Compensation Committee and 20th meeting of the 4th Board of Directors required at least one external evaluation every three years. The 2020 evaluations were conducted by the Company in accordance with the Rules for Performance Evaluation of Board of Directors. The evaluation was for the period between January 1, 2020, and December 31, 2020, and covered both "individual Board members" and the "Board of Directors and functional committees." The outcomes of the 2020 Board of Directors evaluation are explained below:	

Assessment Item	Implementation Status			Non-implementation Yes No Explanation and Its Reason(s)
	Yes	No	Explanation	
	✓		A. "Overall performance of the Board" was assessed as "meeting expectations". The Company Board of Directors is well-organized, transparent and complies with the law. All Directors strongly agreed that the existing Board is made up of diverse and mutually complementary members that help the Board exercise its functions and authority. Board recommendations and management through a delegation system ensured clear lines of authority and effective supervision. There is extensive discussion and exchange of opinions of proposals as well. All Board members were able to provide the management team with appropriate direction on improvements and what risks to watch out for when required. The overall efficiency and transparency demonstrated by the Board satisfied the expectations of directors. B. "Overall performance of the functional committees" was assessed as "meeting expectations". The functional committees operated in an independent and transparent manner. All directors strongly agreed that the establishment and current composition of the functional committees helped the committees perform their preliminary review function. The committees also used detailed information provided by the Company as well as external data provided by the CPA, audit department, and HR department to ensure all committee members could participate in the discussion of core issues to offer their recommendations and reminders. C. "Overall performance of individual Board members" was assessed as "meeting expectations". Board members acknowledged the integrity and transparency of Company systems. They also strongly agreed that Board members should pay attention to rules and regulations in exercising their authority, as well as the implementation and supervision of internal controls by the Board and the Company. The experts in each field that make up the Board were also open to communication on business issues. The management team followed the principle of information transparency in providing the directors with all the necessary information for keeping track of the Company's operations. Directors were able to contribute their expertise and experience to the Board and functional committees. They also fulfilled their duty as directors to alert the Company to business, financial, and other relevant risks. The aforementioned assessment outcomes were submitted to the 22th meeting of the 4th Board of Directors session and filed with the relevant authority.	None
(4) Does the Company regularly evaluate its external auditors' independence?			(4) The Company Audit Committee and Board of Directors regularly evaluates the independence and suitability of CPAs at the end of each financial year. The assessment outcome is then submitted to the Board of Directors. The outcome of the Company's 2020 CPA assessment was reviewed and approved by the 19th meeting of the 4th Audit Committee and 22nd meeting of 4th Board of Directors on March 15, 2020. The statement issued by CPA Tsung-Che Chen and CPA Ti-Nuan Chien from the accounting firm KPMG Taiwan is as shown in Note 2. The assessment determined that CPAs Tsung-Che Chen and Ti-Nuan Chien from KPMG Taiwan satisfied the Company's criteria on independence and competence as shown in Note 3. They are therefore qualified to act as the Company's CPAs.	

Assessment Item	Implementation Status			Non-implementation Yes No Explanation and Its Reason(s)
	Yes	No	Explanation	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓		The Company has established the Secretariat to handle the administrative affairs for Board of Directors and functional committee meetings. The Secretariat is also responsible for the planning, preparation and conduct of shareholders' meetings. The Board of Directors approved to appoint Mr. Calvin Tsai as the Corporate Governance Officer reporting directly to the Chairman at the 22nd meeting of the 4th Board of Directors. He is a qualified attorney, and has more than three years of experience managing the legal affairs of a publicly listed company. The Company Corporate Governance Officer(CGO) is responsible for the supervising Corporate Governance matters,support the Board members to carry out their duties and strengthen the Board function. Key responsibilities include the organizing of Board and Shareholders' meetings, recording of BOD and Shareholder's Meeting agenda, assisting with the appointment and continuing education of Directors, providing Directors with the information they need for performing their duties, and assisting Directors with compliance-related matters. The CGO is also responsible for coordinating the Secretariat and relevant departments on making further improvements to the existing corporate governance framework based on the relevant standards and best practices. The goal is to ensure the sustainable development of the Company through a sound governance structure.	None
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		The Company respects stakeholder rights and stakeholder identification is carried out every year in accordance with the sustainability reporting principles published by GRI. Various contacts and communication channels have also been established for stakeholders. The open and diversified communication channels help to maintain positive relationships with each stakeholder. Stakeholder feedback is used to adjust business decision-making and routine operations with regular reports to the Board on the state of stakeholder communications. Stakeholder communications in 2020 were reported to the Board of Directors on December 17, 2020. The Corporate Social Responsibility section of the Company website includes a "Stakeholder Engagement" section that provides complete disclosure on stakeholder-related information. For details of stakeholder communications, please refer to the "Stakeholder Engagement" section and the Corporate Social Responsibility Report published by the Company.	None
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The Company has appointed the Stock Affairs Department of Taishin Bank as the stock transfer agent and to assist with the organizing of shareholder meetings.	None
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		(1) The "Financial Information", "Investor Services", and "Corporate Governance" sections of the Company website provide disclosure of our financial activities and governance information. The contents of the website are updated on a regular basis. (2) The Company website is available in Chinese and English. A dedicated unit is assigned to manage disclosures and updates. A spokesperson system has also been implemented.	None

Assessment Item	Implementation Status			Non-implementation Yes No Explanation and Its Reason(s)
	Yes	No	Explanation	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	✓		(3) The Company financial reports are published and filed by the end of March each year in accordance with Article 36 of the Securities and Exchange Act. The financial reports for the first quarter, second quarter, and third quarter of each year are also signed off by the Chairperson, managerial officer, and Principal Accounting Officer, audited by the CPA, then submitted to the Board of Directors before being published and filed within 45 days after the end of each period.	None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓		(1) Employee rights and support: The Company and all member companies strive to maximize employee welfare. This includes the development of a people-oriented management system, emphasis on management of employee communications and interactions, ready access to information on health and benefits, provision of group insurance plans and health exams, and organizing training to enhance employee skills and career development. An employee welfare committee and a variety of social clubs are also established to promote employee interaction. At the same time, the Company and member companies also exceed statutory quotas on the employment of indigenous and disabled people. (2) Investor relations: The Company discloses material information on the Market Observation Post System as required by law. Corporate governance and financial information is also filed to keep investors up to date. Contact information is provided in the Investor Relations section of the Company website to provide a channel for unobstructed communication. (3) Supplier relations: The Company is an investment holding company so has no commodity suppliers. Supplier management at member companies are governed by the supplier management regulations. Suppliers are provided with the Company's corporate culture statement, business procedures, and health & safety policies by the purchasing unit and asked to sign them for confirmation. (4) Stakeholder rights: Please refer to the Stakeholder Engagement section of the Company website. (5) Continuing education for directors: All directors of the Company undertake more than 6 hours of continuing education and training each year. Details on the implementation of continuing education in 2020 are outlined in the Continuing Education for Directors section on page 22 of the Annual Report. (6) Risk management policy and implementation of risk assessment standards: The Company's "Group Risk Management policy" was approved by the Board of Directors on November 5, 2020. The policy serves as the basis for the framework, procedure and scope of risk management. In addition to defining the organizational responsibilities, it also sets out the corresponding mechanisms for execution and supervision. For details on the implementation of group risk management in 2020, please refer to the Risk Management section of the Company website. (7) The Company is an investment holding company so there is no customer relations policy in effect. (8) Company purchase of liability insurance for Directors and supervisors: The Company has purchased liability insurance for directors, supervisors, and officers carrying out their business duties. Total coverage is USD 10,000,000 per year.	None

9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange.
Non- improvement Item

Note1. Implementation of Board diversification policy

Diversification Policy / Name	Nationality	Gender	Independent Directors' tenure		Professional Background and Ability											
			3-6years	More than 6 years	Law	Technology	Accounting	Financial holding	Commerce	Development Construction	Business judgment	Financial analysis	Business management	Crisis management	Understanding of international	Leadership decision-making ability
Nita Ing Chairman	R.O.C	Female							✓	✓	✓	✓	✓	✓	✓	✓
Helena Kuo Director	R.O.C	Female						✓	✓		✓	✓	✓	✓	✓	✓
Christopher Chang Director	R.O.C	Male			✓					✓	✓	✓	✓	✓	✓	✓
John Huang Director	R.O.C	Male					✓				✓	✓	✓	✓	✓	✓
Donny Kao Independent Director	R.O.C	Male		✓		✓	✓		✓		✓	✓	✓	✓	✓	✓
Frank Juang Independent Director	R.O.C	Male	✓		✓	✓			✓		✓	✓	✓	✓	✓	✓
Allen Lee Independent Director	R.O.C	Male	✓				✓		✓		✓	✓	✓	✓	✓	✓

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 kpmg.com/tw

Addressee: CONTINENTAL HOLDINGS CORP.

Subject: To declare that we are appointed to audit and certify your financial statements for 2020 strictly in accordance with the independence requirements defined in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (hereinafter referred to as the "Norm").

Descriptions: Our independence requirements cover the policies and procedures for all members' personal independence (financial interests, financing guarantee, and employment relationship, etc.), business relationships with customers, CPA's rotation system, and non-audit services. The important norms and compliance matters are stated as follows:

I. Important independence requirements

(1) The Office and its personnel and any other personnel subject to the independence requirements (including associates' personnel) are required to maintain their independence pursuant to the Norm.

(2) All personnel are prohibited from engaging in insider trading (directly or indirectly), misusing internal messages, or any activities that might mislead the securities or paid-in capital markets. Meanwhile, a statement of compliance with independence policies and procedures will be obtained from the Office's personnel each year.

(3) Required to transfer the CPA, including the in-charge CPA, countersigning CPA, CPA retained for engagement quality control review, and CPA retained for audit on a subsidiary which satisfies specific conditions, who has undertaken the audit on a TWSE/TPEx-Listed and Emerging Stock Market company's financial statements for a specific time limit that reaches the period prescribed by the Norm or laws.

(4) Take appropriate actions to eliminate the effect posed by any circumstance that might affect the identification and evaluation of services rendered, or mitigate the effect to an acceptable extent; if necessary, terminate the appointment for the case.

II. Supervision on compliance with independence policy

(1) The Office controls whether all members complete the annual Declaration of Statement for Independence via the online system.

(2) Audit individual members' compliance with independence requirements by a random check conducted periodically, and check whether personnel serving as assistant managers and above declare any update on their personal investment pursuant to the relevant requirements, via the personal investment declaration system.

(3) Supervise and conduct a random check on the rotation of CPAs, including the CPAs' certification period and adequacy of the non-audit services provided by them, etc.

(4) Any member (or partner) in violation of the independence policy will be reported to the Risk and Independence Committee for resolution in accordance with the independence disciplines and policies, and be punished adequately subject to materiality of the case.

In conclusion, when we are entrusted by you to audit your 2020 financial statements, we maintain an attitude of rigor and impartiality and a detached and independent viewpoint, free from any violations of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10.

KPMG

CPAs: Chung-Che Chen

Ti-Nuan Chien

February 23, 2021

Note3 Independence assessment indicators of CPA

CONTINENTAL HOLDINGS CORP
External Auditor's Independence and Competence Evaluation Form

(1) Year of Evaluation: 2020
(2) CPA Firm and CPAs:
KPMG / Chung-Che Chen and Ti-Nuan Chien, CPAs
(3) Scope of evaluation: Set in reference to Article 47 of the Certified Public Accountants Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10:

Item No.	Evaluation Indicators	Evaluation Result	
		Yes	No
1	The CPA is currently employed by the Company to perform routine work for which he or she receives a fixed salary, or currently serves as a director of the Company.		✓
2	The CPA has previously served the Company as a director, supervisor, managerial officer, or an employee with material influence over attestation, and has left the position for less than two years.		✓
3	The CPA is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company.		✓
4	The CPA, or his/her spouse or minor child, has invested in the Company, or shares in financial gains therewith.		✓
5	The CPA, or his/her spouse or minor child, has lent or borrowed funds to or from the Company.		✓
6	The CPA provides management consulting or other non-attestation services that affect his or her independence.		✓
7	The CPA fails to comply with regulations, as prescribed by the competent authority with relevant jurisdiction, governing CPA rotation, handling of accounting matters on behalf of clients, or other matters that affect his or her independence.		✓
8	The Company has engaged the same CPA without replacement for 7 years consecutively, or the CPA is subject to disciplinary action or other circumstances prejudicial to his/her independence.		✓
9	Entering into a contingent fee arrangement relating to an audit engagement.		✓
10	Acting as an advocate on behalf of the Company in litigation or disputes with third parties.		✓
11	A former partner within one year of disassociating from the Firm joins the Company as a director, or managerial officer or is in a key position to exert significant influence over the subject matter of the audit engagement.		✓
12	A member of the audit engagement team being asked to agree with the Company's inappropriate accounting treatment or inappropriate disclosure in financial statements.		✓
13	The Company inflicts pressure on the CPA to reduce professional fees and compel the CPA to reduce the extent of work performed.		✓
14	The Company's decision-making management functions are involved.		✓

(IV) Compensation Committee Members' Professional Qualifications and Independence Analysis

Name Title	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Criteria (Note1)										Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committe Member	Note
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Donny Kao Independent Director			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Frank Juang Independent Director	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Allen Lee Independent Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note 1: Compensation Committee Members, during the two years before being elected or during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:
1. Not an employee of the company or any of its affiliates;
2. Not a director or supervisor of the company or any of its affiliates.;
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3;
5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.
6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
7. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
9. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000";
10. Not been a person of any conditions defined in Article 30 of the Company Law.

(V) Compensation Committee Meeting Status

1. The CHC Compensation Committee has three members. The Compensation Committee is made up of the three Independent Directors and Independent Director Frank Juang was unanimously nominated by the 4th Board of Directors as the convener. The purpose of the Compensation Committee is to evaluate the Company's remuneration policies for directors and executives in a professional and objective manner, and to make recommendations to the Board to serve as a reference during decision making. The key responsibilities and annual tasks of the Compensation Committee are as follows:
   (1) Regularly review the Company's remuneration regulations and propose recommendations for improvement.
   (2) Formulate and regularly review the annual and long-term performance targets for the Company's directors and executives, as well as the remuneration policies, procedures, standards and packages.
   (3) Regularly evaluate the performance of the Company's directors and executives, and set the contents and amount of their individual remunerations accordingly.

2. Term of Current Committee: June 5, 2018, through to June 4, 2021. The Compensation Committee Convened 6 times (A) in 2020. Committee members' qualifications and attendance status were as follow:

Committee Position	Name	Actual Attendance (B)	Attendance by Proxy (B)	Actual Attendance Rate (B/A)	Note
Convener and Committee Member	Frank Juang, Independent Director	6	0	100%	
Committee Member	Donny Kao, Independent Director	6	0	100%	
Committee Member	Allen Lee, Independent Director	6	0	100%	

Other matters that require reporting:

1. The Compensation Committee meeting Status, resolutions and the Company's response to committee members' opinions in 2020
   The Compensation Committees has met twice in 2021 as of the date of publication. The meetings were attended by all independent directors in person and their attendance rate was 100%.

Date	Session	Key resolution	Status of implementation
2020.3.20	4-9	1. Allocation of employee and director compensation for 2019 2. CHC executive performance bonus evaluation and bonuses for 2019 3. 2020 Performance targets for CHC executives	Approved by all independent presented
2020.5.4	4-10	1. Personnel changes of the Finance Department 2. Adjustment to 2020 executive compensation.	
2020.6.12	4-11	1. Personnel changes of the Head of Legal Department	
2020.8.10	4-12	1. Amendment to the Chart of Compensation Committee	
2020.9.4	4-13	1. Personnel changes of the Chief internal Auditor	
2020.12.17	4-14	1. Amendment to the "Rules for Performance Evaluation of Board of Directors"	
2021.1.21	4-15	1. To Assign the Corporate Secretary 2. CHC executive performance bonus evaluation and bonuses for 2020 3. 2021 Performance targets for CHC executives	
2021.3.15	4-16	1. To report the status of the Board Evaluations in 2020. 2. Distribution of 2020 employees' compensation and Directors' remuneration. 3. To Review the Directors' remuneration 4. To appoint the Corporate Governance Officer	

2. Recommendations from the Compensation Committee rejected or amended by the Board of Directors: None.
3. Resolutions passed by the Compensation Committee where objections or reservations were registered by committee members: None.

(VI) Social Responsibility Implementation Status as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
1. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		CHC applied the four steps of identification, analysis, confirmation, and review to decide on material topics in accordance with the Materiality principle of GRI Standards. The importance of economic, environmental and social issues that domestic construction and real estate development industries emphasize was then analyzed and ranked to establish the relative priority of environmental, social and corporate governance topics so that the relevant management strategies or targets could be set. For more information, please refer to CHC website and its CSR Report.	None
2. Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	✓		The CSR Committee is a dedicated organization that serves as the top governance body for CSR initiatives of CHC group. The Committee, chaired by the CEO of CHC, is composed of CEOs or Presidents of CHC's subsidiaries and heads of CHC's corporate functions. Committee members with diverse backgrounds, skills, and experience regularly meet to discuss ESG topics, and the group sustainability policies have come out. CHC group promotes its CSR initiatives in a top-down manner. All relevant plans require the approval of the Chairperson and the Board is kept informed of progress. The Committee has conducted a risk assessment on ESG issues in accordance with the Materiality principle. Risk management policies were then developed. For more information, please refer to 7. "Other important information to facilitate better understanding of CHC's implementation of corporate social responsibility."	None
3. Environmental Topic (1) Has the Company set an environmental management system designed to industry characteristics? (2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact? (3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		(1) CHC has adopted appropriate environmental control systems based on the attributes of industries that we operate. These include energy conservation measures implemented in the Group headquarter, a flexible management model for construction sites, the promotion of green buildings and green procurement, and participation in the development of renewable energy. As of the end of 2020, our business locations and operating sites either obtained or were in the process of implementing ISO 14001 environmental management and ISO 50001 energy management system certification. We are improving environmental management performance and trying to reduce impacts on environment, and commit to further improvement in the future. (2) CHC earnestly adhere to environmental regulations and take actions to reduce the environmental impact of our operations, actively taking environmental responsibility. Our initiatives are using more renewable energy, promoting green purchasing and employing environmentally-friendly and energy-saving materials, advancing techniques to realize the recycling of resources. Energy efficiency is incorporated into our product design. (3) Climate change is a topic of concern to CHC group. The potential risks and opportunities to current and future operations have been identified. Measures to mitigate and adjust to climate change have also been adopted in response to the identified risks. For more information, please refer to 7. "Other important information to facilitate better understanding of the company's implementation of corporate social responsibility" and its CSR Report.	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?</td><td>✓</td><td></td><td>(4) CHC group has systematically collected and analyzed data on greenhouse gas (GHG) emissions, water usage, and total waste since 2016. The information is used to develop management measures for energy-efficiency, GHG reduction, as well as reduction in water and waste. An abstract of environmental information for the last two years is provided below. For more details on environmental management measures, please refer to CHC CSR Report.
<table>
<tr><th>Item</th><th>2019</th><th>2020</th></tr>
<tr><td>Greenhouse Gases (GHG) (tCO_2e)</td><td>13,727</td><td>28,514</td></tr>
<tr><td>Water Usage (m^3)</td><td>149,567</td><td>216,216</td></tr>
<tr><td>Non-hazardous Waste (kg)</td><td>38,348</td><td>29,593</td></tr>
</table></td><td>None</td></tr>
<tr><td>4. Social Topic
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?

(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?

(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?</td><td>✓</td><td></td><td>(1) Internationally accepted human rights standards and principles including Universal Declaration of Human Rights, the Ten Principles of the UN Global Compact, and Declaration on Fundamental Principles and Rights at Work were used as the basis of the CHC Group Human Rights Policy. The group also incorporated human rights topic into its CSR initiatives. Please refer to the CSR section of CHC website and the CSR Report for the implementation of human rights management in 2020.
(2) CHC has implemented appropriate employee welfare measures. Individual employee goals are closely linked to organizational goals. Business performance and results are also appropriately reflected in employee compensation that is guided by CHC's procedures for performance evaluations and annual performance bonuses. Until 2020, annual salary adjustment has been conducted for three consecutive years. CHC makes a contribution equal to 6% of salary to each employee's personal pension account under defined-contribution plan. For employees in defined-benefit plan, a pension reserve equal to 2% of the total payroll is deposited into the pension reserve fund supervised by the Workers' Retirement Fund Supervisory Committee. CHC offers various employee benefit options that employees can choose from and leave schemes. For more information on employee benefits, please refer to the section of Labor-Management Relations on page 70-73 of the Annual Report.
(3) CHC commits itself to protecting occupational health and safety (OHS). The group has adopted ISO/CNS 45001 management system standards certification to enhance its OHS management, and has established an OHS management platform to strengthen OHS risk management. Employees undergo regular health check-up, and also health seminars are organized based on the results of health check-up to ensure that employees understand their health status. Regular disaster prevention, health promotion and health and safety related dissemination are in place. In addition, CHC arranges for employees to participate in internal or external health and safety management seminars, studies and evaluations. OHS Committee regularly reviews OHS management results. In 2020, CHC made a prompt response to the COVID-19 by implementing its epidemic prevention plan. All the measures have proved effective and provided employees with a safe and healthy working environment. CHC continues to monitor the latest developments in the pandemic and make rolling adjustments in line with the government's epidemic prevention policy. Moreover, CHC cares about physical and mental well-being of employees. A series of health promoting activities based on a roadmap for balancing physical and mental development are introducing to create a safe and healthy workplace.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(4) Has the Company established effective career development training plans?

(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers' rights and consumer appeal procedures?

(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?</td><td>✓</td><td></td><td>(4) A strong emphasis is placed on employee competency and development of potential. Education and training are provided to strengthen the knowledge and skills needed for roles. An e-learning platform with a variety of learning resources has been set up to support autonomous learning of employees. CHC is continuing to upgrade the e-learning platform and furnish additional learning resources so that create a win-win outcome for both the organization and employees.
Every year CHC conducts an inventory of human resources, runs the Successor and Young Talent programs, and communicates with employees to develop personalized career plans, to which systematic learning packages are offered based on the specific requirements of their role and grade.
(5) CHC cares about the health and safety of our customers. All products of CHC group are designed and produced in accordance with the relevant safe and healthy regulations. A quality policy and customer feedback mechanism have also been put into place. In 2020, we received no complaints or penalties relating to infringement of customer health and safety.
Protecting the privacy and personal information of customers is important to CHC. We comply with the relevant privacy laws and require our suppliers to adhere to all relevant regulations as well to protect the privacy and personal information of customers. In 2020, there were no incidents or complaints of customer privacy violations at CHC group.
All marketing and labeling made by CHC group adhere to the relevant regulations. In 2020, there were no complaints or penalties for violations of marketing and labeling regulations.
(6) CHC has implemented a group purchasing policy and supplier management regulations. We not only communicate on our corporate ethics culture, human rights and OHS related requirements to suppliers, but also regularly evaluate on performance of suppliers. An annual competition is held to encourage a proactive approach among suppliers. For more information, please refer to its CSR Report.</td><td>None</td></tr>
<tr><td>5. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?</td><td></td><td>✓</td><td>The 2020 CSR Report was prepared in accordance with the GRI Standards. The report has not obtained a third-party verification or assurance. CHC will carefully consider that and, if necessary, conduct at the appropriate time.</td><td>Please refer to the Summary for more details</td></tr>
<tr><td colspan="5">6. If the company has established its corporate social responsibility code of practice according to "Listed Companies Corporate Social Responsibility Code of Practice," please describe the operational status and differences.
Not applicable</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility:
(1) Please refer to CHC's website for its corporate social responsibility implementation status: https://www.continental-holdings.com/en/csr/ 社會
(2) The following risks and opportunities related to climate change were identified:</td></tr>
</table>

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	

Item		Type	Risks/Opportunities of Climate Change Identified	Management Practices taken by CHC
Risks	Physical	Extreme Weather Events	• The increasing frequency of climate events, such as heavy storms, torrential rains and hail, may lead to equipment damage, disasters in construction/operation sites and delays in construction that cause financial losses and postponement of operating income.	• When typhoon warnings are issued by the Central Weather Bureau (CWB), emergency personnel are immediately stationed at operating sites to secure all facilities and launch disaster preparations. Regular patrols are also conducted to monitor the situation. • If there is any damage to equipment, repairs are immediately carried out or the backup pool activated to ensure that water quality complies with the regulations. • If there is disaster damage, the emergency response mechanism is activated and resources allocated to mitigate the impact and reduce the losses. • Continued refinement of construction strategies and flexible allocation of manpower; assess the purchase of natural disaster insurance.
			• Torrential rains may lead to a surge in incoming water volume and thus impact on sewage treatment operations in the following ways: (1) Overloading of sewage treatment equipment, flooding of the plant, increase in risk of damage to equipment, and loss of treatment efficiency. (2) Floating and shifting man-hole covers within the plant poses a threat to passing pedestrians and vehicles.	• Monitor torrential rain alerts issued by the CWB and pay attention to inflow volume. The following emergency measures are adopted for excessive inflow volumes: (1) Carry out drainage and notify the authorities. (2) Set up traffic maintenance facilities in potential area of manhole shifting. (3) Install flood barriers for key buildings or low-lying areas. (4) Install sand bags and pumps to prevent the plant from flooding and equipment damage and to ensure the safety of pedestrians, vehicles and employees.
			• Risk of damage to the electrical system of operating sites.	• Regularly inspect and test equipment and systems to ensure that equipment, such as lightning protection system, generators, can work in an emergency. • Carry out emergency measures if the electrical system is damaged.
			• High temperatures increase the risk of heat injury among outdoor workers. • Global warming may impact on the performance of building materials, affect supply and demand for building materials, resulting in increased operating costs. • High temperatures may reduce the water output of sewage treatment plants.	• The following measures are implemented in summer along with regular OHS audits to prevent heat injury among outdoor workers: (1) Provide worker rest areas with shade canopy. (2) Provide drinking water. (3) Install water spray, misting, or cooling appliances. (4) Regularly send "heat injury prevention" to employees for reference. (5) Install thermometers and hygrometers. Raise awareness and reduce risk of heat injury among builders and workers through continuous dissemination and inspections. • Monitor the latest trends in building materials as well as prices to manage the costs of projects. Construction plans are regularly reviewed and refined to avoid delays due to high temperatures. • The pumping power scheme of evaporative cooler system and the ventilation capacity of the plant were upgraded in response to the risk of high temperatures faced by sewage treatment plants.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	

Item		Type	Risks/Opportunities of Climate Change Identified	Management Practices taken by CHC
Risk	Transition	Market	• Climate change may lead to a change in market demand that impacts on the turnover of existing products and services. • Growing awareness on sustainability may bring about a change in preferences on building materials and equipment, leading to higher construction costs.	• Regularly review the impact of climate change on the market and actively develop innovative green products. • Monitor the latest design trends in building materials as well as prices to manage construction costs of projects.
		Policy and Legal	• In response to climate change, the competent authorities may incorporate environmental externality and sustainability factors into laws and regulations, not only impact on product design and business activities but also increase operating costs for businesses.	• Actively track the trend of government policy and international standards so that action plans can be developed in advance. Focus on environment and smart technology in product design and obtain associated certifications. Study the introduction of Carbon Footprint certification. • Review and re-evaluate the risks and opportunities in each part of the business with an emphasis on ESG topics.
Opportunities	Transition	Market	• Ability in project management and product development has won market recognition and CHC can quickly respond to market changes. • Our expertise in turnkey and project management is able to meet the rise of the circular economy.	• Continue to investigate the market to keep a high sensitive degree to the market and enhance product diversity. • Devoting into the realization of the circular economy system by participating in the construction of the first circular economy housing in Taiwan, which facilitates accumulating experience and profession.
		Products and Services	• Continue to provide high-quality residential products and respond to customer needs in line with trends by developing new types of residential products. • Develop products and operating models that reduce in using disposable materials. • Adopt innovative technology and facilitate technological revolutions.	• Increase the share of green and smart buildings in product portfolio as well as boost diversity in product development and design. • Continue to employ IT technology and introduce digital tools that reduce in the consumption of resources and improve the resource utilization efficiency. • Review and redesign how products and services are delivered and develop low-carbon products.
	Physical	Extreme Weather Events	Sewage Treatment Business: • High environmental temperature reduces energy consumption required for anaerobic digestion tanks. • High environmental temperature accelerates the water evaporation of sludge and thus saves clearance costs.	• Monitor daily environmental temperature and adjust control parameters of the system accordingly, saving energy consumption and decreasing quantity of waste.
			• Seasonal water shortages due to uneven temporal and spatial distribution of rainfall will increase the demand for water reclamation and reuse.	• Supply reclaimed water to the general public, strengthening relationships with neighbors and promoting brand recognition. • Expanding the renewable water business.

(VII) Causes for the Difference between Taiwan Corporate Conduct and Ethics Implementation and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	✓		(1) The "Group Ethical Corporate Management Best Practice Principles" were passed by a resolution of the Board of Directors on November 5, 2020. The Principles define the ethical corporate management philosophy and principles of the Group, and establish a common compliance framework for all Group companies. (2) Under the Group Ethical Corporate Management Best Practice Principles, the Company should clearly indicate its stance on ethical corporate management during commercial interactions with other parties. Before the development of commercial relations, the other party should be evaluated to ascertain whether they have a record of involvement in unethical conduct. Their past contract performance and business reputation should also be examined to determine whether to proceed with the partnership. (3) The Company and all Group companies shall define, in accordance with the principles and spirit of these Principles, operating procedures or codes of conduct that explicitly set out items of concern. The contents should cover the criteria for offering and accepting improper benefits, authority for approval of donations and sponsorships, ownership of intellectual property rights and non-disclosure agreements, as well as work rules to prevent unethical conduct. "Guideline for Reporting and Handling Unlawful, Immoral or Unethical behavior" were defined by the Company to prevent dishonest behavior.	None
2. Ethic Management Practice (1) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts? (2) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		(1) Under the Group Ethical Corporate Management Best Practice Principles, commercial contracts between the Company and another party should stipulate their commitment to ethical corporate management policy, and protection of intellectual property rights and trade secrets. Violations may result in the contract being terminated or rescinded at any time, a demand for damages in accordance with the contract, and the black-listing of the other party. (2) Under Article 17 of the Group Ethical Corporate Management Best Practice Principles, the Business Governance Section the Company Corporate Social Responsibility Committee is the dedicated unit for ethical corporate management. The section is chaired by the Vice President of the Legal Department. Its responsibilities include the promotion and supervision of ethical corporate management policies, as well as making regular reports to the Board of Directors. The Company ethical corporate management unit briefed the 20th meeting of the 4th Board of Directors session on ethical corporate management processes on December 17, 2020.	None

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
(3) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly? (4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically? (5) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		(3) The Company's ethical corporate management policy has rules covering conflicts of interest that all Company directors and employees adhere to. If an employee may have a potential conflict of interest with the Company's management and operations, they are expected to notify the Company and handle the situation in a legitimate manner or recuse themselves in accordance with the relevant Company regulations. (4) The Company audit unit develops an annual plan for conducting different audits. Audit outcomes and improvement proposals are then submitted to the Board of Directors and the management. Improvements are also tracked. (5) The ethical corporate management unit conducted a 90-minute classroom training (topic: Compliance Workshop) and a 60-minute orientation training (topic: Introduction to Legal Department functions, morality and integrity, and key Company SOPs) for new employees in Purchasing and Sales departments in 2020 to promote the Company's ethical corporate management policy and increase employee awareness of ethical corporate management laws. Due to COVID-19, an 80-minute online course (topic: Guide to SOP on ethics and integrity) was also made available. These courses were attended 959 times, and 1219.3 hours of training were conducted as of the end of December.	None
3. Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner? (3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		(1) Under the Guideline for Reporting and Handling Unlawful, Immoral or Unethical behavior defined by the Company, the CEO Office is the unit responsible for acting on complaints. A committee shall be set up for each whistleblower case based on the scope and extent of the case. The members of the committee are to be appointed by the CEO/General Manager. If the whistleblower case involved key Company executives or Board members, then it shall be handled by the CHC Chairman or Audit Committee. A system is therefore in place for handling whistleblower complaints and appeals on illegal, unethical, or immoral behavior by employees and third parties. (2) The reporting process is explicitly defined in the whistleblower regulations. The handling unit includes confidentiality mechanisms and protective measures as well. (3) Under the Group Ethical Corporate Management Best Practice Principles, the Company is explicitly required to ensure the confidentiality of the whistle blower's identity and complaint to prevent retribution or interference with the investigation. The Company may not take punitive actions or make unfavorable arrangements against the whistleblower over the complaint.	None
4. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")	✓		In addition to disclosing the Company's ethical corporate management best practice principles and code of ethics on the corporate website, an ethical corporate management section has been set up on the website to disclose implementation details and promotion outcomes.	None

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation. None.				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy). The Company upholds ethical corporate management by striving to manage all matters of concern to each stakeholder. The enforcement of the Group Ethical Corporate Management Best Practice Principles and Code of Conducts ensure consistent ethical standards among all employees at every level and that stakeholders are aware of the Company's ethical standards as well. Our data on work undertaken by the Company in 2020 identified no instances of corruption, and there was no related litigation.				

(VIII) Corporate Governance Guidelines, Regulations, and methods to access those information

The Company has established the "Guideline for Corporate Governance, Rules of Procedure for Shareholders Meetings,, Rules of Procedure for Board of Directors Meeting, Rules and Regulations of the Board of Directors, Rules for the Election of Directors, Charter of Audit Committee, Charter of Compensation Committee, standard operational protocol for responding to requests from directors, Regulation of Self-Evaluation of the Board of Directors, Group Ethical Corporate Management Best Practice Principles, Code of Conduct, Guideline for Reporting and Handling Unlawful, Immoral or Unethical behavior, Group Guideline for Anti-Insider Trading Management" to implement corporate governance. More detailed information was disclosed on our website (https://www.continental-holdings.com/en/)

(IX) Other Important Information for Further Understanding Implementation Status of Corporate Governance: NONE

(X) Internal Control System Execution Status

1. Statement of Internal Control System

Continental Holdings Corporation
Statement of Internal Control System

March 16, 2021

Based on the findings of a self-assessment, Continental Holdings Corporation (CHC) states the following with regard to its internal control system during the year 2020:

1. CHC's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CHC takes immediate remedial actions in response to any identified deficiencies.
3. CHC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. CHC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CHC believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of CHC's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on March 16, 202, with none of the Seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Continental Holdings Corporation

Chairman Nita Ing

Chief Executive Officer Cindy Chang

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

(XI) Details of penalties, major faults, and improvement measures against the Corporation or internal staffs due to violations of legal requirements, or carried out by the Corporation against its own staffs due to violations of internal control regulations during the past year and as of Publication date of the Annual Report.

(XII) Major Resolutions of Shareholders' Meetings and the Board of Directors during current year and up to the publication date of the annual report:

1. Major Resolutions of Shareholders' Meetings and implementation status in 2020

The 2020 General Shareholders' Meeting of CHC was held at Fubon International Conference Center (B2, No. 108 Sec.1 Dunhua S. Rd., Taipei City) on June 12, 2020. Important shareholder resolutions and their implementation status are as follows:

(1) Approval items

1) To accept 2019 Business Report and Financial Statements

Voting outcome: 505,863,493 votes for, 277,052 votes against, 21,030,522 abstentions/no votes. The number of for votes accounted for 95.96% of all votes represented.

Status of implementation: Resolution passed

2) To accept the proposal for distribution of 2019 earnings

Voting outcome: 506,032,561 votes for, 289,402 votes against, 20,410,989 abstentions/no votes. The number of for votes accounted for 96.07% of all votes represented.

Status of implementation: Resolution passed. August 10 set as the ex-dividend date with cash dividend to be distributed on August 31, 2020.

(2) Discussion item

1) To revise the "Regulations for Election of Board of Directors"

Voting outcome: 506,407,650 votes for, 330,752 votes against, 20,432,665 abstentions/no votes. The number of for votes accounted for 96.06% of all votes represented.

Status of implementation: Resolution passed and implemented in accordance with the amended procedure.

2. Major Resolutions of Board Meetings

Date	Session	Key resolution	Resolutions
2020/3/20	4-13	1. Allocation of employee and director compensation for 2019 2. Acceptance of the Company's 2019 Business Report and financial statements; 3. Evaluate the independence and suitability of the Company CPA in 2019 4. Issue of the Company's Statement of Internal Control for 2019 5. Amendment of the "Group Internal Control System"	Approved by all Directors presented
		6. Matters relating to the convening of the Company's 2020 General Shareholders' Meeting	Amended and approved by all Directors presented
		7. Liability insurance for Company Directors and Officers	Approved by all Directors presented
2020/4/30	4-14	1. Distribution of the Company's 2019 surplus 2. Amendment to the "Rules for Election of Directors"	Approved by all Directors presented
2020/5/6	4-15	1. Appointment of CPA for the Company's 2020 ~ 2022 financial reports 2. Change of Company CPA 3. Revision of the Guidelines for Supervision and Management of Subsidiaries 4. Personnel changes of the Finance Department	Approved by all Directors presented
2020/6/12	4-16	1. Personnel changes of the Head of legal department	Approved by all Directors presented
2020/8/13	4-17	1. To Appoint Directors and supervisors of HDEC Corporation 2. Amendment of the "Company Seal Management Procedure" 3. Amendment of the Chart Audit Committee 4. Amendment of the Chart Compensation Committee	Approved by all Directors presented
2020/9/4	4-18	1. Personnel changes of the Chief Internal Auditor	Approved by all Directors presented

Date	Session	Key resolution	Resolutions
2020/11/5	4-19	1. To approve the Cash capital increase for CEC 2. Subscription to the cash capital increase for CEC 3. To approve the Cash capital reduction for CEC 4. Proposed issue of ordinary corporate bonds by the Company 5. Revision of the Guideline on related party transactions 6. Revision of the Guideline for Budget Management 7. Formulation of the "Group Risk Management Policy" 8. Formulation of the "Group Ethical Policy" 9. Formulation of the "Corporate Governance Principles"	Approved by all Directors presented
2020/12/17	4-20	1. Approval of 2021 budget of the Company 2. Approval of 2021 audit plan of the Company	Approved by all Directors presented
		3. Revision of the Rules for Performance Evaluation of Board of Directors	Approved by all Directors presented
2021/1/21	4-21	1. Lending funds to HDEC 2. To assign the Corporate Secretary 3. CHC executive performance bonus evaluation and bonuses for 2020 4. 2021 Performance targets for CHC executives	Approved by all Directors presented
2021/3/16	4-22	1. To report the status of the Board Evaluations in 2020. 2. To approve Distribution of 2020 employees' compensation and Directors' remuneration. 3. To review 2020 business report and financial Statements. 4. To review the proposal for appropriation of 2020 earings. 5. To approve the distribution of 2020 Cash Dividends 6. Amendment to "Articles of Incorporation" 7. Board nominations for the 7 Directors of the 5th Board of Directors 8. To release non-competition restrictions on the members of the 5th Board of Directors 9. Convening the 2021 General Shareholders' Meeting 10. Lending funds to HDEC 11. Evaluate the independence and suitability of the Company CPA in 2020 12. Change of the CPA 13. Issue of the Company's statement of Internal Control for 2020 14. To review the Liability insurance for the Company Directors and officer 15. To review the Directors' remuneration 16. To appoint the Corporate Governance Officer 17. To release non-competition restrictions on the manager 18. Adjustments of Company's organization	Approved by all Directors presented

(XIII) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2020 and as of the Date of this Annual Report: None.

(XVI) Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D during 2019 and as of the Date of this Annual Report:

1. Mr. Eric Hsu, Chief Internal Auditor, resigned his position on September 30, 2020. Ms. Louise Tsao, Assistant Manager of the Audit Office, took over as the acting Chief Internal Auditor between October 1 and October 14, 2020. Ms. Charleen Chang was appointed as the Chief Internal Auditor as of October 15, 2020.

IV. Information on CPA Professional Fees

Unit: NT$ thousands

<table>
<tr><th rowspan="2">Accounting Firm</th><th rowspan="2">Name of CPA</th><th rowspan="2">Audit Fee</th><th colspan="5">Non-audit Fee</th><th rowspan="2">Period Covered by CPA's Audit</th><th rowspan="2">Remarks</th></tr>
<tr><th>System of Design</th><th>Company Registration</th><th>Human Resource</th><th>Others</th><th>Subtotal</th></tr>
<tr><td rowspan="2">KPMG Taiwan</td><td>Kuo-Yang Tseng、Ti-Nuan Chien</td><td rowspan="2">2,103</td><td rowspan="2">-</td><td rowspan="2">-</td><td rowspan="2">-</td><td rowspan="2">250</td><td rowspan="2">250</td><td>2020.1.1~ 2020.3.31</td><td rowspan="2">1. internal rotation at KPMG Taiwan
2. Other non-audit fees: tax consulting services</td></tr>
<tr><td>Chung-Che Chen、Ti-Nuan Chien</td><td>2020.4.1~ 2020.12.31</td></tr>
</table>

1. When non-audit fees paid to the certified public accountant, the accounting firm of the certified public accountant, and/or any affiliated enterprise of such accounting firm surpass one quarter of audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services should be disclosed: None.
2. In the event of a change in accounting firm where the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amount of audit fees before and after said change and the reasons should be disclosed: None.
3. In the event where audit fees paid for the current fiscal year are lower than those of the previous fiscal year by more than 15 percent, reductions in the amount of audit fees, reduction percentage, and reason(s) should be disclosed: None.

V. Replacement of CPA

1. Regarding the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="3">Approved by the Board of Directors on May 6, 2020</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">Due to internal rotation at KPMG Taiwan, the original CPA, Kuo-Yang Tseng, was changed to CPA, Chung-Che Chen.</td></tr>
<tr><td rowspan="3">Describe if the Company terminated the CPA or if the CPA did not accept the appointment</td><td>Parties / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>No longer accepted (continued) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Reasons for issuing audit reports other than unqualified audit reports over the past two years</td><td colspan="3">Not applicable</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of Financial Statements</td></tr>
<tr><td></td><td>Audit scope or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">✓</td></tr>
<tr><td>Remarks/specify details:</td><td colspan="2"></td></tr>
<tr><td>Other disclosures (according to Items 1-4 to 1-7 of Paragraph 6, Article 10 of these principles)</td><td colspan="3">None</td></tr>
</table>

<table>
<tr><td>Replacement Date</td><td colspan="3">Approved by the Board of Directors on March 16, 2021</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">Due to internal rotation at KPMG Taiwan, the original CPA, Ti-Nuan Chien , was changed to CPA, Shu-Ying Chang.</td></tr>
<tr><td rowspan="3">Describe if the Company terminated the CPA or if the CPA did not accept the appointment</td><td>Parties
Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>No longer accepted (continued) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Reasons for issuing audit reports other than unqualified audit reports over the past two years</td><td colspan="3">Not applicable</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of Financial Statements</td></tr>
<tr><td></td><td>Audit scope or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">✓</td></tr>
<tr><td>Remarks/specify details:</td><td colspan="2"></td></tr>
<tr><td>Other disclosures (according to Items 1-4 to 1-7 of Paragraph 6, Article 10 of these principles)</td><td colspan="3">None</td></tr>
</table>

2. Regarding the successor CPA

Name of accounting firm	KPMG Taiwan
Name of CPA	Chung-Che, Chen
Date of appointment	Approved by the Board of Directors on May 6, 2020
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA’s written opinion of disagreement toward the former CPA	None

Name of accounting firm	KPMG Taiwan
Name of CPA	Shu-Ying Chang
Date of appointment	Approved by the Board of Directors on March 16, 2021
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA’s written opinion of disagreement toward the former CPA	None

3. The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

VI. CHC’s Chairman, Chief Executive Officer, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within TSMC’s Independent Audit Firm or Its Affiliates in the Most Recent Year.

VII. Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

Unit: Shares

Title	Name	2020		As of Apr. 3, 2021	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Nita Ing	0	0	0	0
Director	Wei-Dar Development Co., Ltd.	0	27,000,000	0	0
Legal Representative	Christopher Chang	0	0	0	0
Director	Wei-Dar Development Co., Ltd.	0	27,000,000	0	0
Legal Representative	Helena Kuo	0	0	0	0
Director	Han-De Construction Co., Ltd.	0	14,407,000	0	0
Legal Representative	John Huang	0	0	0	0
Independent Director	Donny Kao	0	0	0	0
Independent Director	Frank Juang	0	0	0	0
Independent Director	Allen Lee	0	0	0	0
CEO	Cindy Chang	0	0	0	0
Vice President	Weifan Wang	0	0	0	0
Vice President	Anthony Lien	0	0	0	0
Vice President	Kevin Chueh	0	0	0	0
Vice Presidnet	Emily Liu	0	0	0	0
Chief Auditor	Charleen Chang	0	0	0	0
Finance Officer	Kris Lin	0	0	0	0
Accounting Officer	Eva Lin	0	0	0	0
Major Shareholders	Wei-Dar Development Co., Ltd.	0	27,000,000	0	0
Major Shareholders	Tamerton Group Limited	0	0	0	0
Vice President	Calvin Tsai (Relieved on 2020.6.30)	0	0	N/A	N/A
Chief Auditor	Eric Hsu (Relieved on 2020.9.30)	0	0	N/A	N/A

Shares Trading with related parties: None

VIII. Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wei-Dar Development Co., Ltd.	206,025,200	25.03%	0	0	0	0	Han-De Construction Co., Ltd. Oriens Corporation Tamerton Group Limited Mirton Investment Cooperation Bunker Industry inc.	Substantive Related Party	
Chairman: John Huang	0	0	0	0	0	0	Han-De Construction Co., Ltd. Oriens Corporation	Chairman of Han-De Construction Co., Ltd. Chairman of Oriens Corporation	
Tamerton Group Limited	85,672,300	10.41%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Oriens Corporation Mirton Investment Cooperation Bunker Industry Inc.	Substantive Related Party	
Han-De Construction Co., Ltd.	63,755,667	7.74%	0	0	0	0	Wei-Dar Development Co., Ltd. Oriens Corporation Tamerton Group Limited Mirton Investment Cooperation Bunker Industry inc.	Substantive Related Party	
Chairman: John Huang	0	0	0	0	0	0	Wei-Dar Development Co., Ltd. Oriens Corporation	Chairman of Wei-Dar Development Co., Ltd. Chairman of Oriens Corporation	
Hao Ran Foundation	40,474,902	4.92%	0	0	0	0	None	None	
Chairman: Nita Ing	903,298	0.11%	0	0	0	0	Tso–Ho, Ing	Within 2nd-degree relatives of Chairman of Hao Ran Foundation	
Fubon Life Insurance Co. Ltd	27,450,000	3.33%	0	0	0	0	None	None	
Miriton Investment Corporation	22,984,642	2.79%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Tamerton Group Limited Oriens Corporation Bunker Industry Inc.	Substantive Related Party	
Oriens Corporation	20,662,844	2.51%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Tamerton Group Limited Mirton Investment Corporation Bunker Industry Inc.	Substantive Related Party	
Chairman: John Huang	0	0	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd.	Chairman of Wei-Dar Development Co., Ltd. Chairman of Han-De Construction Co., Ltd.	
Shi-Zhong, Lin	16,000,000	1.94%	0	0	0	0	None	None	
Tso–Ho, Ing	14,054,516	1.71%	0	0	0	0	Nita Ing	Within 2nd-degree relatives of Chairman of Hao Ran Foundation	
Bunker Industry Inc.	12,947,698	1.57%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Miriton Investment Corporation Tamerton Group Limited Oriens Corporation	Substantive Related Party	

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors, supervisors, managers, and any companies controlled either directly or indirectly by the Company.

Unit: shares/ %

Investees	Investment by the Company		Investment by directors, managers and enterprises directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Continental Engineering Corporation	440,062,071	100%	0	0	440,062,071	100%
Continental Development Corporation	590,766,953	100%	0	0	590,766,953	100%
HDEC Corporation	197,800,000	100%	0	0	197,800,000	100%

Note: Investments made by the company with the equity method.

Capital Overview

I. Capital and Shares

(I) Capitalization

Month/ Year	Per Share (NT$)	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2010/4	10	1,000,000,000	10,000,000,000	841,158,076	8,411,580,760	CHC was established in 2010.4.8 by CEC as a holding company through a share-swap deal in a ratio of 1to 1	-	-
2014/8	10	1,000,000,000	10,000,000,000	883,215,980	8,832,159,800	Stock dividends of Common Stock	-	-
2015/12	10	1,000,000,000	10,000,000,000	853,215,980	8,532,159,800	Treasury Stock Retired	-	-
2016/5	10	1,000,000,000	10,000,000,000	823,215,980	8,232,159,800	Treasury Stock Retired	-	-

Type of Stock	Authorized Capital						Remark
	Issued Shares			Treasury shares	Unissued Share	Total	
	Listed	Non-listed	Total				
Common share	823,215,980	-	823,215,980	-	176,784,020	1,000,000,000	-

Information for Shelf Registration: None.

(II) Status of Shareholders

As of 2021/4/3 (Record date)

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	1	18	72	32,244	135	32,470
Shareholding	3,712,000	37,714,268	338,360,229	279,088,640	164,340,843	823,215,980
Holding Percentage	0.45%	4.58%	41.11%	33.90%	19.96%	100.00%

(III) Distribution Profile of Share Ownership

As of 2021/4/3 (Record date)

The par value for each share is NT$10

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	10,657	2,681,972	0.33%
1,000 ~ 5,000	14,814	32,772,954	3.98%
5,001 ~ 10,000	3,103	23,820,491	2.89%
10,001 ~ 15,000	1,172	14,341,296	1.74%
15,001 ~ 20,000	642	11,789,399	1.43%
20,001 ~ 30,000	694	17,309,244	2.10%
30,001 ~ 40,000	345	12,281,494	1.50%
40,001~50,000	220	10,214,776	1.24%
50,001 ~ 100,000	435	31,611,153	3.84%
100,001 ~ 200,000	207	28,900,034	3.51%
200,001 ~ 400,000	89	24,869,660	3.02%
400,001 ~ 600,000	22	11,140,571	1.35%
600,001 ~ 800,000	14	10,044,962	1.22%
800,001 ~ 1,000,000	17	15,471,400	1.88%
1,000,001 or over	39	575,966,574	69.97%
Total	32,470	823,215,980	100.00%

Preferred Shares: None

(IV) Major Shareholders

As of 2021/4/3 (Record date)

Shareholding / Shareholder's	Shares	Percentage
Wei-Dar Development Co., Ltd.	206,025,200	25.03%
Tamerton Group Limited	85,672,300	10.41%
Han-De Construction Co., Ltd.	63,755,667	7.74%
Hao Ran Foundation	40,474,902	4.92%
Fubon Life Insurance Co. Ltd	27,450,000	3.33%
Miriton Investment Corporation	22,984,642	2.79%
Oriens Corporation	20,662,844	2.51%
Shi-Zhong, Lin	16,000,000	1.94%
Tso-Ho , Ing	14,054,516	1.71%
Bunker Industry Inc	12,947,698	1.57%

Note: Shareholders who rank in the top 10 in shareholding percentage.

(V) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$, except for Weighted-average shares and return on investment ratios

Items \ year			2019	2020	2021.1.1-2021.3.31
Market Price per Share (Note 1)	Highest Market Price		18.10	27.80	24.75
	Lowest Market Price		12.65	9.10	21.85
	Average Market Price		15.36	21.03	22.10
Net Worth per Share	Before Distribution		27.47	28.84	28.48
	After Distribution		26.97	27.44	-
Earnings per Share	Weighted-average Shares		823,215,980	823,215,980	823,215,980
	Diluted Earnings Per Share		0.12	1.87	0.58
Dividends per Share	Cash Dividends		0.5	1.4	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note 2)		127	8.61	-
	Price / Dividend Ratio (Note 3)		30.48	11.49	-
	Cash Dividend Yield Rate (Note 4)		3.28	8.7	-

Note 1: Referred to TWSE website.
Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Dividend Policy and Distribution of Earnings

Company's dividend policy and implementation thereof

The Company's dividend policy

The Company's dividend policy is stated as follows (the proposed dividend policy passed at the 22nd meeting of the 4th Board of Directors on March 16, 2021, and was enforced upon resolution of the general shareholders' meeting 2021):

The Company adopts a steady and balanced dividend policy. When it is determined that the Company has net profit for a fiscal year, the earnings shall firstly be appropriated to profit-seeking enterprise income taxes, offset its losses in previous years, set aside a legal reserve at 10% of the earnings, and set aside or reverse the special capital reserve in accordance with Article 41 of the Securities Exchange Act and applicable laws and regulations. The aforementioned ending balance plus unappropriated retained earnings of previous years shall be earnings available for distribution based on which a dividend distribution proposal shall be submitted. In the case when there is no accumulated loss in previous years, dividend shall be not less than 30% of net profit of that fiscal year.

The ratio of cash dividend shall be not less than 30% of total distributes.

The Company's distribution of dividends resolved by the meeting of Board of Directors 2021

Based on dividend policy, the proposed appropriation of 2020 earnings was approved by the Board of Directors on March 16, 2021. The distribution of cash dividend are NT$1,152,502,372 (NT$1.40 per share) this year.

		Distributed per share
Cash Dividend	Payout from Retained Earnings	NT$1.40
	Payout from Capital Surplus	NT$0
Stock Dividend	Stock Dividend from Retained Earnings	NT$0
	Stock Dividend from Capital Surplus	NT$0

(VII) Impact to 2020 Business Performance and EPS Resulting from Stock Dividend Distribution: Not applicable.

(VIII) Remuneration to Directors and Compensation to Employees

1. Percentage or range of the remuneration to employees/directors referred to in the Articles of Incorporation: If there is profit for a specific fiscal year, the Company shall allocate 0.5% of the profit as employee's compensation and no more than 0.5% as remuneration to Directors
2. Basis of estimation for remuneration to employees/directors, basis of calculation for share-based compensation, and accounting treatment for any discrepancies between the amounts estimated and the amounts paid.
   (1) Basis of estimation for remuneration to employees/directors: 2020 net income multiplied by the distribution percentage of employee bonus and remuneration to directors defined in the Company's Articles of Incorporation.
   (2) Basis of calculation for share-based compensation: Subject to the closing price on the day prior to resolution made by the shareholders' meeting and the effect posed by ex-dividends and ex-rights.
   (3) Accounting treatment for any discrepancies between the amounts estimated and the amounts paid: The discrepancies will be treated as changes in accounting estimate and stated as the 2020 income.
3. Proposed amount of stock for distribution approved by the Board of Directors and information about remuneration to directors
   (1) The Compensation to employees and Remuneration to directors recognized in the 2020 financial statements was NTD$7,372 thousands and NTD$0 respectively.
   (2) Proposed amount of employees' stock bonus as a percentage of the current period net profit after tax and the total amount of employees' bonus: N/A.
   (3) Imputed EPS after distributing the remuneration to employees and directors: N/A.
   (4) Actual distribution of Compensation to employees and remuneration to directors in the previous year: The Compensation to employees and the remuneration to directors, NTD$1,861 thousands and NTD$0, was distributed in cash in 2019. The actual distribution is found to be identical with the proposed distribution approved by the Board of Directors.

(IX) Buyback of Common Stock: None.

II. Corporate bond operations

(I) Corporate bond operations

<table>
<tr><td colspan="2">Type of Corporate Bond</td><td>First Secured Common Corporate Bonds in 2020</td></tr>
<tr><td colspan="2">Issuance Date</td><td>January 11, 2021</td></tr>
<tr><td colspan="2">Par Value</td><td>NT$1 million</td></tr>
<tr><td colspan="2">Place of Issuance and Trading</td><td>Issued domestically and listed on TPEx</td></tr>
<tr><td colspan="2">Issue Price</td><td>100% of face value</td></tr>
<tr><td colspan="2">Total Issue Amount</td><td>NT$2 billion</td></tr>
<tr><td colspan="2">Interest Rate</td><td>0.55% per annum (Fixed rate)</td></tr>
<tr><td colspan="2">Term</td><td>5-Year, expiring on January 11, 2026</td></tr>
<tr><td colspan="2">Guarantor</td><td>Mega International Commercial Bank</td></tr>
<tr><td colspan="2">Trustee</td><td>Taiwan Shin Kong Commercial Bank, Trust Dept.</td></tr>
<tr><td colspan="2">Underwriting Institution</td><td>Mega Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Certifying Attorney-at-Law</td><td>Chuan Jian International Law Office (CT Law), Jay Yue, Attorney-at-Law</td></tr>
<tr><td colspan="2">External Auditor</td><td>KPMG, Chung-Che Chen, CPA</td></tr>
<tr><td colspan="2">Method of Repayment</td><td>Repayment of the principal in full upon expiration of five years from the issuance date</td></tr>
<tr><td colspan="2">Outstanding Balance</td><td>NT$2 billion</td></tr>
<tr><td colspan="2">Terms and Conditions for Early Redemption or Repayment</td><td>N/A</td></tr>
<tr><td colspan="2">Restrictive Clause</td><td>N/A</td></tr>
<tr><td colspan="2">Ratings Agency, Date of Rating, and Rating Awarded</td><td>N/A</td></tr>
<tr><td rowspan="2">Other Rights</td><td>Amount of common shares, global depository receipts, or other securities converted (exchanged or subscribed for) up to the publication date of the annual report</td><td>N/A</td></tr>
<tr><td>Regulations governing issuance and conversion (exchange or subscription)</td><td>Please refer to the Company's 2020 1st Secured Corporate Bond Prospectus.</td></tr>
<tr><td colspan="2">Possible dilution of equity and impact on equity of existing shareholders due to the regulations governing issuance, conversion, exchange or subscription or issuance terms</td><td>Please refer to the Company's 2020 1st Secured Corporate Bond Prospectus.</td></tr>
<tr><td colspan="2">Custodian of Exchanged Assets</td><td>N/A</td></tr>
</table>

(II) Corporate bonds undergoing private placement: N/A

III. Preferred Shares: None

IV. Issuance of Global Depositary Receipts: None

V. Status of Employee Stock Option Plan: None

VI. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

VII. Financing Plans and Implementation:

(I) Description of the plans:

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: Nil

(II) Status of implementation:

The first Secured Common Corporate Bonds in 2020 NTD 2 billion has been issued on Jan 11, 2021. Based on current plan, the capital offering has been used for replenishing operating capital in Q1 2021.

Operational Highlights

I. Business activities

(I) Business areas

CHC provides expertise in investment, corporate governance structure and finance to assist member companies compete effectively in the global market. Member companies are currently involved in infrastructure construction projects, property planning and development, construction of commercial, office, and residential buildings, and environmental engineering projects.

Business areas of key subsidiaries

CEC Business Areas

CEC focuses on general contracting of public/private sector civil and construction projects:
Current projects include:

Public sector:
Shield tunnels of Song-Hu~Da-An, Shen-Mei~Da-An 345kv Power Cable Transmission Lines Design and Build Project
Contract CQ842 “Station LG02; LG02 to LG03, and LG02 to LG01 TBM Tunnels Civil Construction”
Taipei Metropolitan Area Rapid Transit System Wanda- Zhonghe- Shulin Line District Contract (Phase I) CQ840 Project
Taipei Metropolitan Area Rapid Transit System Wanda- Zhonghe- Shulin Line District Contract (Phase I) CQ850A Project
Contract C214 - South Tainan Station Southern section of the Tainan Railway Underground Project
Contract C211 - Tainan Northern section of the Tainan Railway Underground Project
Contract E of the Guanci Po-Ai Park Public Housing Development Project
Taoyuan MRT Green Line Contract GC01 - Elevated Viaduct Civil Turnkey Project
Taipei Nangang Depot Public Housing Design and Build Project
Taoyuan MRT Green Line Contract GC03 - Elevated Viaduct Civil Turnkey Project

Private Sector:
Sunland 41 Residential Project
Keishen Grand Victory Residential Project
The South Manor Congregate Housing Project
Winbond Zhubei Office Building - Mechanical-Electrical Engineering Project
Legend Riverview Landmark Residential Project
Amidst the Best Residential Project
FEGC T-Park - Mechanical-Engineering Project
Grand River Xinyi A7 Office Project
Taiming Beitou Residential/Commercial Project
Taichung CMP Midtown Hotel/Church/Art Gallery/Residential Project
Truefull Land - Zhubei Zhuangjing Section Residential Project
Truefull Land - Dayuan Qingchuan Section Residential Project
Arcade Gallery Phase 2 Residential Project
Heming (Hehuan Group) Xindian Residential Project
Fanlu Kaohsiung Hotel & Resdential Project
Truefull Land - Bade Residential Project
Fubon Urban Legend Residential Project
Widen Your Horizons Residential Project
The One & Only Congregate Housing Project

CDC:
Nanjing Songjiang Business Hotel and Residential Project
Taichung La Bella Vita Residential Project
Fullerton Hotel Renewal Project
Xindian Yangbei Residential Project
Taichung Hui-Go 101 Residential Project
Dexing East Road Residential Project
Tianjin Street Commercial/Office/Residential Project

Overseas projects:
Station Square at Kai Tak-Phase 1
India Mumbai Metro Line 3-04
Kai Tak development-infrastructure works for developments at the southern part of the former runway-Stage 2

Planning and development of new products (services)
Large-scale development projects
Condominium construction
Commercial office buildings
Hotels
Mass transit general contractor and system engineering
Railway viaduct/tunnel construction
Port and pier construction
Taipower power plant and power transmission projects
Fuel tank and LNG storage tank project

CDC Business Areas:
CDC is mainly involved in land development, urban renewal, community development, and property leasing/management.
Current projects and services include:

Residential/hotel building in Taipei City	Residential/office building in Taipei City
Residential building in New Taipei City	Hotel building in Malaysia
Residential/hotel building in the US	Residential/commercial building in Taichung City
Residential/hotel building in Kaohsiung City	Other property leasing

Planned products and services: Developments in Taipei City, New Taipei City, Taichung City, Kaohsiung City, and Kuala Lumpur etc.

HDEC Business areas:
HDEC specializes in the construction of environmental engineering projects. Its business encompasses the construction, refurbishment, and operation of "water affairs, bio-energy, and waste markets". Business is mainly concentrated in the construction, operation and maintenance of water treatment projects. HDEC is a vertically integrated environmental engineering company that encompasses "planning, investment, construction and operations". Its core businesses are currently water treatment, sewage treatment, reclaimed water treatment, industrial wastewater treatment, pipeline network construction, user connections, as well as equipment operation and maintenance. HDEC is also working on the development and application of sludge reduction, energy conservation equipment, and green energy technologies. It can provide customers with a complete range of professional services ranging from feasibility studies and analysis, planning and design, to equipment procurement and installation.

Current projects include:

Planning, design, construction and operation of New Taipei City Tamsui Area Sewerage System BOT Project
Planning, design, construction and operation of Taoyuan City Chungli Area Sewerage System BOT Project
Planning, design, construction and operation of Taoyuan City Puding Area Sewerage System BOT Project
Planning, design, construction and operation of Kaohsiung Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project
Planning, design, construction and operation of Kaohsiung Fengshan River Wastewater Treatment Plant and Reuse BTO Project
Tongluo Science Park Wastewater Treatment Plant Phase II Project - Functional Enhancement of Conductivity Treatment Facilities Turnkey Project
Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project

Planning and development of new products (services):

HDEC is continuing to focus on water affairs engineering to boost our core competitiveness. HDEC will also continue to develop the high-end “water affairs market”, expand business. The development of zero discharge technology and advanced water supply technologies have been set as market goals. HDEC is expanding into the industrial wastewater treatment market to compete for contracts relating to the refurbishment, consolidation, and automation of legacy plants.

Experience from past projects as well as current progress on anaerobic digestion technology and operations for sewage treatment plants will be leveraged to develop the “bio-energy” industry. HDEC will actively take part in public projects related to on bio-energy such as kitchen scraps, organic sludge, food, and agricultural waste. Affiliates for BOT projects as well as planning and application on bio-energy projects will be assessed on the basis of the Public-Private Partnership (PPP) Act.

Developing of the waste market is now a gola as. HDEC will play an active role in the “waste disposal” market through strategic alliances and establishment of a professional brand for waste treatment. Future affairs will concentrate in the two growth engines of “water affairs” and “waste” in order to meet the needs of future markets needs.

(II) Industry Overview

Overview of the Domestic Construction Industry

Industry Status and Development:

The governments economic development plan seeks to boost private sector investment and stimulate overall economic growth through infrastructure improvements and construction. A “Forward-looking Infrastructure Development Program” was launched in July 2017. The program includes five major construction plans including “Green Energy”, “Digital Technology”, “Water Environment”, “Railways”, and “Urban-Rural Projects.” The programs are to be completed over 8 years through a special budget totaling NT$882.49 billion. The Company has actively competed for related projects based on a principle of careful selection and accurate costing. Though the COVID-19 pandemic led to a sharp increase in domestic manpower and construction costs in 2020, the Company continued to assess and select construction projects in a prudent and practical manner after assessing all related risks. A solid portfolio of projects has now been lined up for 2021.

The Company’s construction business continued to focus on high-quality residential buildings in Taipei, New Taipei, Taoyuan, and Zhubei during the course of 2020. These include the Zhubei Zhuanjing project, Dayuan Qingchuan and Taoyuan Bade projects for Truefull Land, and the Xindian Yangbei project for CDC. In response to the government's push to accelerated urban development, the Company actively took part in several urban renewal projects suitable for the Company’s construction operations. These included “Timeless and Modern Expression” and “Bountiful Journey” projects for CDC, “Urban Legend” project for Fubon Land, the “Widen Your Horizons” project for Wonderful Union, and “The One & Only” project for Sheng De Fu. Total value of the contracts was approximately NT$10 billion.

The mechanical-electrical engineering business continued to develop as well with an emphasis on building brand recognition and a portfolio of past projects.

The government attempted to kick-start many construction projects under the Forward-looking Infrastructure Development Program 2020. International border restrictions imposed in response to COVID-19, however, led to a sharp drop in the number of foreign workers which created labor shortages for the construction industry. COVID-19 also caused shortages or import difficulties for building materials. The sharp increase in construction manpower and costs all served to dampen enthusiasm for public construction projects among domestic construction companies and many public tenders failed as a result. The government may be able to remedy this situation in the construction market by adjusting the material costs of construction. Despite variables such as a tightening of mortgage lending restrictions, government attempts to rein in the housing market, and higher bank interest rates, the domestic property market showed no signs of being affected by the pandemic during 2020. Many developers continued to launch new projects with. Future demand in the construction market from hotel, factory, office and mixed residential-commercial buildings is therefore expected to remain strong.

The Company is the undisputed leader in technology and market recognition when it comes to Metro TBM and mountain tunnel projects. Continued intervention is however still required for special projects such as power plants, transmission/transformer stations, petroleum storage tanks, airports and ports to stay competitive. The Company enjoys a high level of market recognition in commercial office and residential construction projects. Our business has expanded to include special buildings such as hotels in recent years, but more time is needed to establish a substantial portfolio. Future construction projects will therefore not only maintain our market position but also continue to focus on high-end residential and hotel projects. In mechanical-electrical engineering, synergies created by a strategy of integration with construction and civil engineering means the Company is beginning to build market acceptance in these two categories. In the future, mechanical-engineering projects will continue to focus on brand-building, with an emphasis on competing for special mechanical-engineering projects such as hotels, shopping centers, green energy, and the technology and biotechnology industries.

Overview of Overseas Markets

Hong Kong continues to be a very challenging market filled with uncertainty. The overall value of the construction industry will nevertheless remain roughly unchanged due to strong support from government budgets.

In the short-term, Hong Kong’s overall spending on construction is expected to range between 225 billion to 315 billion HKD.

Construction on most of the main transportation infrastructure was completed in the past 5 to 10 years. The government of Hong Kong will need to continue investing to maintain the scale of its construction industry. The market can therefore expect further government investments to meet the demand from changing demographics such as housing, roads, tunnels, cavern development, metro expansion, new hospitals, and other social infrastructure.

Overview of the Building Industry:

The COVID-19 pandemic in 2020 triggered lock downs and border restrictions that sent the global economy into recession. The impact on the Taiwanese economy was less severe due to effective epidemic prevention measures. New historicalyy low interest rates, Taiwanese companies returning for domestic investment, and the shutdown of all international tourism all contributed to an unexpected surge in the domestic property market. There were 326,000 property transactions in 2020, a year-on-year increase of 8.7%. Construction financing and home loans both reached record highs in December as well.

The overstated property market led to targeted credit controls being imposed by the Central Bank in December 2020. Limits were set on loan-to-value ratio of mortgages for investors and loans for land developers in an effort to ensure the sound development of the property market and to reduce systemic risks associated with excessive bank lending in the property sector. The Ministry of Interior also proposed an “Actual Transaction Price Registration 2.0” scheme in response to deficiencies in existing actual transaction price registration system. The Ministry of Finance also set a minimum tax threshold to plug the loophole where personal income from property transactions was converted into income from trading of securities. An extension to the ownership period for which the maximum tax rate for integrated housing and land tax applies was also studied to curb property speculation. Basel III accord will be progressively implemented by all local banks in 2021. The cost of construction financing will be increased as a result and this may lead to higher interest rates on loans to developers.

All of these measures may cause potential home buyers to adopt a wait-and-see attitude. Developers might also reduce the number of new projects, leading to a cooling down of the property market. The economic fundamentals of Taiwan remain strong with the overall economic indicator score in December 2020 was the highest since March 2011. Economic growth is therefore expected to reach 4.64% in 2021. Low interest rates, investment by returning Taiwanese and foreign companies, as well as no reduction in rigid demand from first-home owners all suggest that the 2021 property market will remain on an even keel with relatively stable prices amidst tight supply.

Overview of Environmental Engineering Industry:

Environmental engineering services encompass the water affairs market, biomass energy market, and waste market.” The overall market is expected to be worth between NT$15 billion to NT$33 billion a year between 2021 and 2023. The water affairs market will consist mostly of water reclamation and functional upgrades to sewage treatment plants, and is expected to be worth NT$46.9 billion in total over 2021 ~ 2023. The biomass energy market will be worth NT$8.9 billion over 2021 ~ 2023, while the waste market (construction and refurbishment of incinerators) will be worth a total of NT$15.9 billion over 2021 ~ 2023. The environmental protection industry will be a key policy area for the government in the future. Despite the conservative outlook on future growth in the overall market and the Taiwan economy, the development of environmental engineering business will benefit from government’s expansion of environmental engineering works in recent years.

The water affairs market consists mainly of water reclamation projects and functional upgrades to sewage treatment plants. For water reclamation projects, the Water Resources Agency is promoting a variety of water resource development and reclamation projects in accordance with “Principle Plan of Water Resources Development in Taiwan Area.” Projects planned for 2021 ~ 2023 include Taipei Binjiang, Taoyuan North District, Taichung Shuinan, Taichung Futian, Taichung Fengyuan, Tainan Rende, and Kaohsiung Luzhu Science Park. Functional upgrade projects for sewage treatment plants include the construction, refurbishment and upgrade of the Taoyuan Guishan Water Resource Center, Keelung’s Heping Island and Bali Sewage Treatment Plants, and Kaohsiung Zhongzhou Sewage Treatment Plant.

For biomass energy, the Environmental Protection Agency encourages local governments to install kitchen scrap recovery and treatment facilities. Turnkey or BOT projects for resource and energy conversion facilities are also being promoted as part of the energy diversification policy. Taiwan Sugar Corp. has been actively modernizing pig pen facilities in recent years and plans to issue an integrated contract for pig pens and methane to energy systems. The construction of biomass energy factories in Taipei City, New Taipei City, Kaohsiung City, and Pingtung County are planned for 2021, while Taiwan Sugar plans to promote methane to energy systems in Chiayi County and Pingtung County. The biomass energy market is concentrated in 2021 and will be worth up to NT$8.9 billion.

For the waste market, there are 24 waste incinerators in Taiwan at present including 19 that have been in service for more than 20 years. The EPA and local governments have now budgeted for their replacement. In the next 5 years, contracts at 13 large urban incinerators are also set to expire. 12 of these will be seeking contractors on a BOT/ROT model under the Act for Promotion of Private Participation in Infrastructure Projects, with 9 to be replaced between 2021 ~ 2023.

(III) Overview of Technology and R&D

CHC is mainly an investment holding company so there is no requirement for technology or R&D at present.

R&D at CEC Subsidiary

R&D at CEC is concentrated in the development of automated construction techniques, the development of shield tunneling technique for hard ground, as well as the development and introduction of new technologies for treatment of construction waste water. The development, mastery and application of core technologies serves to enhance professionalism and competitiveness.

R&D spending in 2020 amounted to NT$18,951,000.

Research Reports

Application of VR Technology to BIM interior design interface reviews Development of automated testing API for net indoor height in BIM.

Research into application of the freezing method for ground improvement.

Secondary development of API for application of BIM Cloud platforms to construction sites.

Research into construction of safety partitions for shield tunnel arrival zones.

Development of AI for rapid modeling of mechanical-electrical and structural interface integration in BIM.

Research into safe and stable construction techniques for deep excavation of underground structures.

Research into the application of design management model for elevated transit system projects.

R&D at HDEC Subsidiary

Development of construction and operating technologies for sludge construction projects.

Planning and construction of energy recovery system for water reclamation.

Removal of urea in water through a combination of Advanced Oxidation Process (AOP) and mixing techniques.

Removal of Boron ions in water through a combination of low-pressure RO and high-efficiency RO technologies.

Treatment of highly conductive wastewater through the use of RO, evaporation, crystallization and heat exchange technologies.

Use of new biological carrier to improve ammonia removal efficiency of the conventional activated sludge method.

Development of remote monitoring, operations management information, and automated management systems for sewage treatment/water reclamation plants.

(IV) Long and Short-term Business Development Plans

CHC

CHC will continue to focus on investment holdings in civil engineering, building construction, property development and environmental engineering to assist each subsidiary enhance their ability to engage in sustainable development.

Business Development Plans of Key Subsidiaries (CEC, CDC and HDEC)

Long-term development strategy for the construction industry:

Maintain a high level of brand (quality) identification.

Continue to increase the scope and depth of products.

Continue to assess, develop and expand into other highly specialized fields such as power plant construction.

Continue to improve the safety of production sites as well as the physical and mental well-being of personnel.

Development strategy for overseas markets:

Despite the impact of the COVID-19 pandemic, the Company continued to cultivate the core team for overseas tunneling projects in 2020. The team will soon begin bidding on projects to expand our business in the chosen target market. In the future, the Company will combine our extensive experience with tunneling projects (including 12 years of involvement in overseas tunnel projects) with the efforts of the core team as well as support from local partners to develop the capability to undertake regional tunnel construction projects.

At the same time, the Company will continue to actively invest in the development of new technologies. We hope this will transform existing technical capabilities from support of internal operations into a business for provision of services, creating a new source of revenue for the Company and spearheading the digital transformation of the industry.

Short-term development strategy for the construction industry:

Vertical integration of civil engineering/mechanical-electrical engineering & building/mechanical-electrical businesses.

Cultivation of professional human resources in project management.

The Company's current business direction in Taiwan is based on increasing project volume and margins by not competing on price for civil engineering projects, and winning high-margin projects through detailed estimates.

The advantages of our company brand and past record will be used to focus on advantageous in civil engineering projects tenders. For building construction projects our focus will mainly be on participation in turnkey projects.

By improving our management efficiency in building projects and concentrating on large developments, we can concentrate our manpower and resources for optimal management.

Long-term development strategy for the building industry:

Become a benchmark enterprise among building brands with planning ability, construction quality and after-sales service performance as our core values.

In the long term, project development will focus on large projects, community developments, or urban renewal in order to increase the scale of individual development projects and build up our land inventory.

In terms of product planning, product innovation and R&D will be emphasized with safe, healthy and eco-friendly housing as the main selling points in keeping with future development trends.

In terms of marketing planning, customer information knowledge management system will be used to achieve effective control over sales channels and enhance our planning ability for commercial facilities in order to added product value.

In terms of customer service, customer complaints and maintenance management information systems will be used in conjunction with external information to expand customer support functions and build up customer trust in our brand.

Short-term development strategy for the building industry:

For brand development, new projects continue to be released in central parts of cities like Taipei, New Taipei, Taichung and Kaohsiung. Product planning, project management and after-sales support will also be integrated to cultivate the brand image for quality residences.

In terms of project development, our focus will be on prime real estate in Taipei City, New Taipei City, Taichung City and Kaohsiung City. Developments in Tainan and Hsinchu's urban areas will also be assessed. Developments will take the form of co-construction or joint development.

In terms of product planning, housing products targeted at first home buyers or owner-occupiers will be developed based on location and market demand. The concepts of healthy homes and green building will continue to be promoted with greater emphasis given to the planning of composite products that provide added value.

In terms of marketing planning, the attributes of the location and the target market will be considered during the product planning stage. Partner resources such as well-known local/foreign architects as well as interior, lighting and landscape designers will be leveraged and applied to product packaging in order to effectively meet the needs of the target market.

In terms of customer services, a customer feedback mechanism will be enforced to improve product planning and construction quality. The efficiency of customer service will also be reinforced to increase customer satisfaction.

Long-term development strategy for the environmental engineering industry:
Experience from past projects as well as current progress on anaerobic digestion technology and operations for sewage treatment plants will be leveraged to actively compete for local governments' biomass energy center projects for kitchen scraps, organic sludge, food, and agricultural waste. Taiwan currently has 24 waste treatment plants (incinerators) but most are reaching the end of their service lives and need to be refurbished. The government will soon begin inviting bids for refurbishment and operations. A relatively closed market will be opened once again due to construction demand creating a good opportunity for market entry. A total of 13 large metropolitan incinerator contracts are set to expire in the next 5 years, creating a market for construction work worth approximately NT$16 billion, as well as business opportunities for incinerator operators worth NT$7 billion a year. Alliances with partners that have experience with waste processing will be leveraged to draw on their management experience and obtain an overall understanding of the material supply market.

Short-term development strategy for the environmental engineering industry:
The existing water affairs business will serve as the foundation for accumulating experience in the construction and operation of sewage networks, water purification, sewage and reclaimed water treatment projects. The development of a diversified water affairs business will enhance our competitive advantage and generate further revenue growth.

Efforts will focus on the development of water treatment technology. We will partner with vendors with experience in industrial wastewater treatment to develop zero-emissions discharge technology and water supply technology for high-tech industries. We will actively work to combine the updating of old plants with the development of automated management in order to expand the size of our business.

Standardization of management systems will be enforced along with further upgrades to the information management system and control capabilities. These include the implementation of a standardized management system and review mechanism as well as remote monitoring and information management systems for sustainable development. The consolidation of procurement resources will continue to build up a pool of civil engineering contractors. We will continue to maintain and optimize the contracts database and set up a database for purchasing and construction costs. In response to the potential for rapid business growth in 2021, a core team was set up to quickly create standards for project management. This will compensate for the slow pace of personnel mobilization during the early stages of projects and ensure that the project can proceed. A unified standard of occupational safety facilities and operations will also be established through contract terms and on-site management. Design management functions will continue to be strengthened including the establishment of a review mechanism for key project equipment, continued improvements to design and integration ability, and the integration ability of the BIM team. The resources of external construction and design partners will continue to be integrated as well to set up a team for long-term cooperation. Finally, improvements in project management will be used to improve the management of quality documentation, strengthen contract management, and enhance our ability to age civil engineering projects.

II. Market and Sales Overview

(I) Market Analysis

CHC is primarily an investment holding company

Market Analysis of Key Subsidiaries

Market Analysis of CEC

Most of the public construction projects launched by the government since 2017 have been mass transit turnkey projects. The Company has extensive experience with civil construction and mechanical-electrical system integration in mass transit projects. We are also familiar with the turnkey contracting process due to our experience with High Speed Rail so this gives us a strong competitive advantage in bidding for the above projects. We are also actively participate in projects based on the most advantageous tenders to maximize our profits.

The quality of the building market has grown at a snail's pace due to government policy. Nevertheless, the excellent brand image of the Company means that we are playing a growing role.
Developers in particular seek our services in project construction as part of their sales strategy.

Steel prices fluctuated in 2020 but by the first quarter of 2021 the average price of steel plates had grown by 8.39% (+NT$2,000/ton). Rebar prices have continued to go up since May 2020 and rose by 18.9% (NT$3,100/ton) as of December 2020. The main reason for this was changes in international commodity prices for iron ore, coal, and scrap steel. Ready-mixed concrete index has been increasing since 2018 and grew approximately 6.19% in 2020. Prices continued to increase due to continued growth in business volume in the market but are now showing signs of slowing. There has been a surge in the prices for commodity-linked products such as cabling and busbars used in mechanical-electrical engineering as well as continued increases in international copper prices.

To manage the aforementioned risks, the following strategies were adopted by the Company during purchasing and contracting: Negotiate with longstanding suppliers to secure flat-rate contracts with no price adjustments as soon as possible once a new project is acquired to stabilize prices and reduce the risk of material shortages. For ready-mixed concrete, payments are based on flat-rates for a fixed period, followed by adjustments based on market price index beyond that period. Cost plus incentive contracts are negotiated with the client for private sector building projects. Purchasing and contracting are handled jointly to reduce risk from commodity price increases.

Market Analysis for CDC:

Supply and Demand in the Property Market

In terms of supply, data from the MOI Construction and Planning Agency indicate a decline in the total floor area of building permit and usage licenses issued since 2016. From 2016 through to 2019, approvals totaled 29,990,000 m² (-9%), 28,820,000 m² (-4%), 28,370,000 m² (-2%) and 26,490,000 m² (-7%). In 2020, this trend was reversed with an increase of 7% (28,250,000 m²). The total floor area of building permit and usage licenses issued for residential buildings also reversed its downward trend and grew by 5% in 2020. The total floor area of building permits issued has in fact increased every year since 2017. From 2017 through 2020, issued permits totaled 29,880,000 m² (14%), 33,980,000 m² (14%), 36,930,000 m² (9%), and 41,520,000 m² (12%) each year. The total floor area of usage licenses issued is therefore expected to increase year on year from 2021 onwards. Whether excess housing stock can be successfully absorbed by the market remains to be seen.

In terms of demand, a range of control measures and the integrated housing and land tax introduced by the government since 2014 led to a correction in property prices from their all-time high. As a result, there was a sharp drop in investor demand that was replaced by first-time home buyers and rigid demand from owner-occupiers. The red-hot property market in 2020 led the Central Bank and the central government to introduce measures to ensure the soundness of the market. Nevertheless, low interest rates, investment by returning Taiwanese businesspeople, and strong economic fundamentals are all contributing to steady growth in demand from owner-occupiers.

Main Strategic Direction

- Consolidate core business and maintain growth through the development of new market segments and product types.
- Create value-added products by continuing to develop hybrid residential projects and assessing the development of office products.

Competitive Niche

- Use brand image along with construction sites in quality locations to expand land development.
- Design and integration ability based on a combination of the right product niche and international trends.
- Establish client trust in the brand through sound planning and construction quality.
- Provide sustainable after-sales service through a professional support team.
- Guarantee financing of developments through sound finances.

Development Business

Current Development Projects

Most of the Company's development projects are located in Greater Taipei and Taichung City. We expanded into Kaohsiung City in 2020 and will begin expanding into San Francisco and Kuala Lumpur from 2021. In addition to continued marketing of existing developments such as Treasure Garden, La Bella Vita, 55Timeless, and off-the-plan sales of Arranging New Asia Bay in Kaohsiung, we also plan to release the Sensuous Garden development and Republic Plaza urban renewal project in Taipei City. The Ankang Road development will be released in New Taipei City, and the Hui-Go 101 project and Dakeng Village Community project is in Taichung City. Overseas residential developments will also be released in the aforementioned San Francisco and Kuala Lumpur.

Favorable/Unfavorable Factors and Response Strategies for the Future Property Market

Favorable Factors

- The adoption of quantitative easing policies in Taiwan and around the world means market interest rates remain low.
- An increase in investment from Taiwanese businesspeople returning from China as well as foreign companies has increased property demand.
- Steady economic growth is helping boost property demand.
- The government's continued construction of mass transit projects is stimulating home-buying demand along Metro routes.
- The "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" offers incentives for urban renewal.

Unfavorable Factors

- Intervention by the Central Bank and central government has affected investor interest due to increased property ownership and transaction costs.
- Increase in volume of projects in the market is slowing down the rate at which excess housing stock is being consumed.
- COVID-19 is still a threat If the pandemic becomes more severe, economic activity and property market may be impacted.

Response Strategies

- Develop high-end residential condos and middle-class residential products.
- Continue to operate in the Greater Taipei and Taichung markets as well as develop the Kaohsiung market.
- Develop composite residential products and increase product value through the development of commercial properties.
- Develop all-age housing and smart home products in response to socio-demographic changes.
- Assess the feasibility of office development.

Market Analysis for HDEC:

Water affairs is the largest market for the environmental protection industry. Our environmental engineering business will continue to develop the market for the construction, operation and maintenance of sewage systems, water treatment, wastewater treatment and water reclamation plants. We will also participate in public construction projects for biomass energy and waste disposal. The development of new environmental engineering business areas will diversify our business, increase competitive advantage, and generate continued revenue growth.

Business Development Situation

The core business of HDEC encompasses the construction and operation of sewage network systems, water treatment plants, sewage treatments plants, and water reclamation plants. We have experience operating large-scale sewage networks with concession periods of more than 15 years. As such, HDEC is a profitable integrated environmental engineering company with planning, construction, and execution capabilities.

Completed Projects:

Northern Linkou Wastewater Treatment Plant EPC Project with a rated capacity of 23,000 CMD.

Tamsui Wastewater Treatment Plant Phase I and Phase II expansion with a rated capacity of 42,000 CMD including the construction of 56 km of sewage pipeline.

Baoshan Water Treatment Plant Phase III Expansion with a rated capacity of 340,000 CMD.

Chinchu Water Treatment Plant EPC Project with a rated capacity of 80,000 CMD.

Kaohsiung Fengshan River Wastewater Reclamation and Reuse BTO Project with a rated wastewater reclamation and reuse capacity of 45,000 CMD.

Current projects:

Tamsui Area Sewerage System BOT Project.

Fengshan River Wastewater Reclamation and Reuse BTO Project.

Chungli Area Sewerage System BOT Project.

Puding Area Sewerage System BOT Project.

Linhai Reclaimed Water BOT Project.

Anping Reclaimed Water Plant Turnkey Project.

Tongluo Science Park Wastewater Treatment Plant - Functional Enhancement of Conductivity Treatment Facilities Turnkey Project.

(II) Production Procedures of Main Products

CHC is primarily an investment holding company

Key subsidiaries

Major products and their production processes at CEC

Main products and uses:

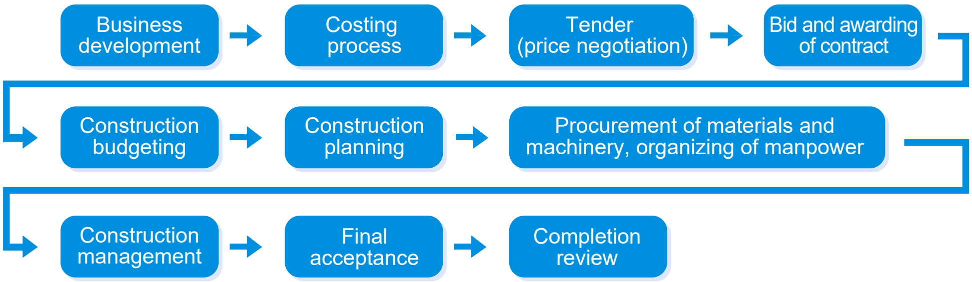
Civil engineering: projects such as the construction of roads, bridges, tunnels, and harbors, dam desilting, mass transit construction, oil and natural gas storage tank construction, power plant engineering, and environmental engineering.

Building projects: contractor for residential buildings, commercial offices, factories, hospitals, hotels and other buildings.

Mechanical-electrical engineering: electrical, plumbing, fire safety and air-conditioning contractor for residential buildings, commercial office buildings, factories, hospitals, hotels, and other buildings.

Product Production Procedure

Engineering contractor

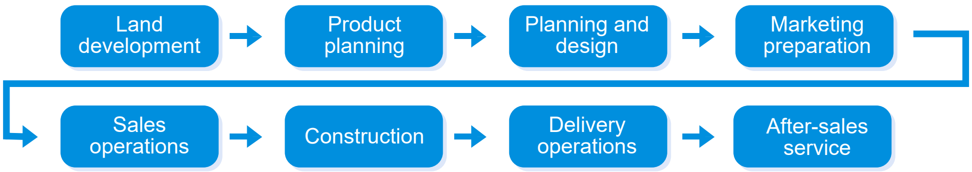


Major Products and their uses at CDC:

Development of residential buildings, commercial office buildings and communities.

Product Production Procedure:

Development process:

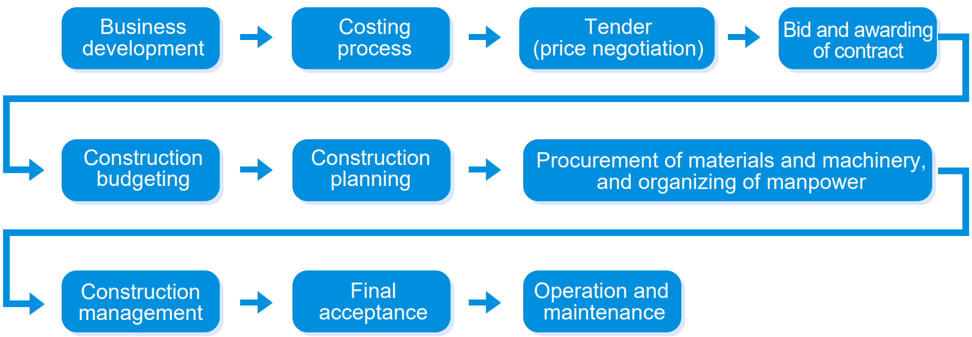


Major Products and their uses at HDEC

Environmental Engineering:

The construction and operation of environmental engineering projects for wastewater treatment, water treatment, water reclamation, and biomass energy.

Product Production Procedure:



(III) Supply Status of Main Materials

CHC is primarily an investment holding company

Main Materials and their supply status at subsidiaries CEC and HDEC

The supply of bulk materials such as steel plate and rebar is stable, but prices are affected by fluctuations in international commodity prices for iron ore, coal, and scrap steel. In 2020, fluctuations in gravel and transportation costs as well as a surge in domestic factory and new residential construction projects all led to a slight increase in concrete prices. Even though prices and supply have begun to stabilize, the continued increase in the volume of construction means future market developments remain to be seen.

(IV) Major customers in 2019 and 2020

CHC is a group holding focuses on investment

Major subsidiary-Continental Engineering Corp.

Unit：NTD thousands

2020				2019			
Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer
Department of Rapid Transit Systems, Taipei City Government	2,208,823	15.84	Not related parties	Department of Rapid Transit Systems, Taipei City Government	2,444,680	14.37	Not related parties
Railway Bureau, MOTC	2,086,548	14.96	Not related parties	Civil Engineering and Development	1,881,129	11.06	Not related parties
Department of Urban Development, Taipei City Government	1,846,757	13.24	Not related parties				
Department of Rapid Transit System, Taoyuan	1,660,830	11.19	Not related parties				
Others	6,143,225	44.77		Others	12,681,331	74.57	
Net sales	13,946,183	100		Net sales	17,007,140	100	

Major subsidiary-Continental Engineering Corp.

Unit：NTD thousands

2020				2019			
Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer
Natural Person (A)	572,650	10.01%	Not related parties	None			
other	5,150,566	89.99%					
Net Sales	5,723,216						

Major subsidiary-HDEC Corporation

Unit：NTD thousands

2020 年				2019 年			
Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer
Kaohsiung City Government	2,350,182	75.67	Not related parties	Kaohsiung City Government	1,194,004	66.88	Not related parties
New Taipei City Government	577,496	18.60	Not related parties	New Taipei City Government	503,666	28.21	Not related parties
Others	178,130	5.73	Not related parties	Others	87,612	4.91	
Net Sales	3,105,808	100		Net Sales	1,785,282	100	

(V) Production in 2019 and 2020

CHC is a group holding focuses on investment

Major Subsidiary- Continental Engineering Corporation:

Unit：NTD thousand

Main Products (or Departments) \ Production / Year	2020			2019		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Civil and MRT	-	19	5,637,602	-	18	5,207,783
Office Building	-	8	698,094	-	9	228,442
Residential Building	-	49	5,432,385	-	54	7,571,274
Mechanical and Electrical	-	7	147,437	-	9	505,571
Overseas	-	21	1,225,786	-	22	2,690,063
Total	-	104	13,141,304	-	112	16,203,133

(VI) Sales in 2019 and 2020

CHC is a group holding focuses on investment

Major Subsidiary -Continental Engineering Corporation:

Unit：NTD thousand

Main Products (or Department) \ Sales / Year	2020				2019			
	Domestic		Exports		Domestic		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Civil and MRT	18	6,004,568	19	1,159,595	16	5,439,023	19	2,644,015
Office Building	7	747,184			6	407,347		
Residential Building	37	5,875,233			34	7,584,566		
Mechanical and Electrical	8	159,603			10	932,189		
Total	70	12,786,588	19	1,159,595	66	14,363,125	19	2,644,015

Major Subsidiary- HDEC Corporation:

Unit：NTD thousand

Main Products \ Sales / Year	2020		2019	
	Quantity	Amount	Quantity	Amount
Water Treatment Construction	8	2,284,831	5	1,048,447
Operation and Maintenance	3	451,716	2	352,607
Service Concession	3	369,261	2	384,228
Total	14	3,105,808	9	1,785,282

III. Employee Information

The following table summarize the makeup of CHC and the Major subsidiaries' workforce

Year		2019	2020	As of 2021/3/31
Number of Employee		1,543	1,908	1,968
Average Age		45.30	45.30	45.56
Average Years of Service		6.83	6.83	7.09
Distribution of Education (%)	PhD	0.1	0.1	0.2
	Master	19.7	19.4	16.9
	Bachelor	36.63	34.3	31.4
	College	22.6	19.9	15.5
	Senior High School and Below	28.8	24.8	36.0

IV. Environmental Protection Expenditure

Environmental Protection Expenditure by Key Subsidiary CEC

(I) Total losses and penalties due to environmental pollution in the most recent fiscal year up to March 31, 2020

Unit: NTD

Reason	Cases	Penalty Amount		Disposition
2020				
Construction noise was found to be in violation of Noise Control Act after on-site measurements were taken by the Environmental Protection Bureau.	8	NT$	399,000	Immediate improvement and maintenance
The use of power machinery during construction outside of permitted operating hours disturbed the peace and violated the Noise Control Act.	5	NT$	15,000	Immediate improvement and maintenance
Failure to wash down the road surfaces and drains that construction machinery and vehicles drive past violated the Waste Disposal Act.	10	NT$	28,800	Immediate improvement and maintenance
Vessels containing standing water were found at the construction. The presence of mosquito larvae provided sufficient evidence of potential breeding ground for mosquito vector in violation of the Waste Disposal Act.	1	NT$	3,000	Immediate improvement and maintenance
The discharge of wastewater produced during foundation excavations directly into road-side gutters instead of being treated in settling tanks first violated the Water Pollution Control Act.	1	NT$	52,500	Immediate improvement and maintenance
Total	24	NT$	498,300	
As of 2021.03.31：No violation of environmental regulations matters				

(II) Response Strategies

Proposed improvements

(1)The operation of power machinery outside of construction hours must be restricted.

(2) Use construction equipment that is low noise and low polluting.

(3) Site office to purchase noise detector and conduct measurements at fixed points within the construction site.

(4) Installation of noise prevention equipment at noise sources to reduce their volume.

(5) Purchase washing equipment, require all vehicles to wash their tires upon entering or leaving the site, and assigning additional personnel to clean mud from road surface and debris from drains.

(6) Place metal plates near excavation area to reduce the amount of dirt attached to the tires of construction vehicles.

(7) Site office is to increase the clearing or cleaning frequency for peripheral drains and roads. Containers must also be cleared of standing water to prevent the breeding of mosquito vectors.

(8) Adopt the 5S organization method (sort, set in order, shine, standardize, self-discipline) for the construction site to maintain a clean environment.

(9) Wastewater produced by operations should be treated in settling tank before discharge.

(10)The production, storage and disposal of all waste is reported online in accordance with regulations.

(11) Make sure that waste was properly disposed of before it is removed from the register.

(12)Proper maintenance, inspection and calibration of wastewater treatment machinery.

V. Labor relations

<table>
<tr><th>Item</th><th>CHC and Key Subsidiaries</th></tr>
<tr><td>Labor Relations</td><td>Harmonious labor relations are the key to the Company growth. We uphold the honesty and accountable attitude to maximizing employee welfares. Employees are provided with a variety of avenues for career development and support. We introduced various programs in response to the environmental changes, and to reach the goal of sustainability and maximizing benefits for both employees and shareholders.</td></tr>
<tr><td>Compensation</td><td>CHC strives to provide competitive total reward packages. To ensure internal equity and external competitiveness, remuneration surveys are conducted each year to serve as a reference for adjustments to compensation and respond to changes in the external market in a timely manner.
To ensure equal working rights regardless of gender, there is no gender-based difference in compensation at every level. Gender equality in the workplace is enforced by basing compensation purely on the qualifications required for each position, individual ability and performance.
To encourage the continuous pursuit of excellence among employees, the Company has clear Policy governing performance bonuses to be distributed based on the Company’s and individual's performance for the year. The performance-based bonuses are a fair and reasonable reward system for encouraging greater employee initiatives.
On the relationship between gender and Compensation, the average salaries of female managers are currently higher than male managers (female-to-male ratio of 1:0.79); in non-management roles, average salaries are almost the same between sexes (female-to-male ratio of 1:1.04). The Company will continue to follow a policy of eliminating gender differences in salaries.
<table>
<tr><th>2020</th><th>Male-to-Female Compensation Ratio</th><th>Male (Multiples)</th><th>Female (Multiple is 1)</th></tr>
<tr><td rowspan="2">Management Role</td><td>Basic salary ratio</td><td>0.77</td><td>1.00</td></tr>
<tr><td>Compensation ratio</td><td>0.77</td><td>1.00</td></tr>
<tr><td rowspan="2">Non-management Role</td><td>Basic salary ratio</td><td>1.04</td><td>1.00</td></tr>
<tr><td>Compensation ratio</td><td>1.03</td><td>1.00</td></tr>
</table>
Note 1. Does not include the Chairman, Vice Chairman, interns, migrant workers, and direct-labors.
2. Management role: in charge of at least one person.
3. Non-management role: individual contributors, engineering, and general administrative roles that don't fall into the above category.</td></tr>
</table>

Item	CHC and Key Subsidiaries
Management system rationalization	Management regulations are amended when necessary in accordance with the Labor Standards Act and related regulations. The needs of business management and employees are also taken into account to ensure that the management system is in line with the times.
Strengthening of employee communication channels	An internal corporate portal website is provided to provide information on company policy, systems, benefits and activities. A forum for employee discussions has also been set up for employees to freely express their opinions. The following channels are provided as well for two-way communication with employees: ・Regular labor-management meetings ・Employee feedback platform and Idea Box on internal website ・Employee engagement surveys are conducted and analyzed so that action plans can be proposed and followed up on for areas requiring improvement ・Sexual harassment complaints channel (including complaints hotline and mailbox) ・Establishment of “Occupational Safety and Health Committee” and “Employee Welfare Committee”
Organizing of company insurance policy and health exams for all employees	The Company provides employees with life, accident, medical and cancer insurance cover in addition to Labor Insurance and National Health Insurance. Employees are also provided with health exams that exceed statutory requirements for extra protection.
Strengthening of employee education and training	The Company budgets for employee education and training every year to help employees improve their professional skills and advance their professional career.
Talent development, education and training	The Company has established management systems for personnel “selection, education, employment, and retention” to attract quality talent. More resources are also being actively invested in talent development by providing tailored learning resources for each role including courses on professional skills, as well as courses on personal development and management leadership to enhance and energize competency development. 1. CHC Group places a strong emphasis on the development of employee competency and potential. Every effort is made to develop a comprehensive education and training program for every employee. The Company is continuing to develop different learning resources and channels based on the needs of each role and position including on-the-job training, job rotation, site tours, classroom training, seminars, forums, workshops, blended learning, external certification and exams. All these different learning methods serve to energize competency development for talented personnel. 2. The CHC Group is adapting to the current age of digital transformation by continuing to develop more internal methods and channels for passing down knowledge and experience. An example of this is the live streaming of certain courses so that employees in different locations do not have to travel long distances for access to learning. Having broken down barriers to learning with the introduction of the iLearn online learning platform in 2019, CHC Group determined that helping employees select the right learning resources is also critical in the current age of information explosion. Particular emphasis was therefore placed on accelerating the expansion and screening of online learning resources in 2020. 3. In addition to developing an internal pool of learning resources for professional knowledge to help pass down knowledge and experience, a variety of domestic and foreign external learning resources were also selected for different targets. Encompassing a wide range of aspects such as business information and trends, leadership and management, inter-personal relationships and communications, technology and innovation, personal growth and specialist fields, these resources help employees strengthen their core competencies in know-how, management, leadership and management while also meeting the needs of different students. Our active development of learning resources also ensured that the Company’s talent development plans could still be implemented during a very challenging 2020 and despite the impact of COVID-19. Further progress was made on the cultivation of a learning culture that both the enterprise and employees can benefit from. 4. The Successor program is conducted every year by the Company and in 2020 the scope of the program was expanded to identify candidates for most key positions. The program not only helps with employees’ career development but also ensures that a talent pipeline is in place to ensure continuity of key management roles within the Company. Supervisors use assessment reports as an aid to help every potential candidate draw up a personalized development plan. Different learning methods and resources are then provided including: job rotation, role or project assignment, domestic or overseas learning resources, English courses, certification courses, or even external trainers. These serve to enhance and track the professional knowledge, skills, experience, certification, English proficiency, leadership and management skills that each person may require.

<table>
<tr><th>Item</th><th>CHC and Key Subsidiaries</th></tr>
<tr><td>Talent development, education and training</td><td>5. In such a talent shortage labor market, the selection and cultivation of talented young people is one of the keys to the sustainable development of an organization. In 2020, we conducted the process of young talents identification throughout all subsidiaries, helped talents to develop their individual development plans and provided supports and resources in helping them achieving their potential.</td></tr>
<tr><td>Comprehensive Retirement System</td><td>1. To look after employees in their retirement, Group Guideline of Retirement and Supervisory Committee of Labor Retirement Reserve were set up in accordance with the law. A monthly contribution of 2% of applicable employees' salary is deposited in the designated pension reserve fund account at the Bank of Taiwan to secure employees' rights.
2. The new pension system was introduced on July 1 2005, with the Company making a monthly contribution equal to 6% of each applicable employee's salary into their individual pension account. Employees can also opt to make voluntary monthly contributions to their pension account with the Labor Insurance Bureau through direct payroll deductions.
3. Retirement Criteria:
(1) Voluntary retirement
Employees may apply for voluntary retirement if they meet any one of the following conditions:
A. Over 15 years of service and age of 55.
B. Over 25 years of service.
C. Over 10 years of service and age of 60.
(2) Mandatory retirement
Employees may be forced to be retired if they meet any one of the following conditions:
A. Over age of 65.
B. Those that are physically or mentally incapable of carrying out their duties.
C. Those engaged in dangerous, physically demanding or other work of special character with the approval of the central competent authority but must be least 55 years of age.
(3) Pension payments and standards
A. For employees with seniority from before and after the enforcement of the Labor Standards Act, as well as employees that choose to be covered by the pension system of the Labor Standards Act or retain their seniority from before the Labor Standards Act in accordance with the Labor Pension Act, their pension payments shall be calculated in accordance with Article 84, Paragraph 2, and Article 55 of the Labor Standards Act.
B. For employees covered by the pension system of the Labor Pension Act, the Company makes a monthly contribution equal to 6% of their salary to their personal pension account.</td></tr>
<tr><td>Emphasis on Employee Welfares</td><td>For employee welfare, We provide the following comprehensive benefits in addition to the statutory leave, Labor Insurance, National Health Insurance, and pension contributions:
1. Flextime: Flextime, unpaid leave and other benefits are offered out of respect for diversity and in response to job requirements.
2. Nurture and bereavement: To help employees keep their family affairs in order, we offer standard stipends ranging from $3,000 to $10,000 for weddings, funerals, and other matters. We also offer emergency financial assistance of up to $60,000 for employees in distress.
3. Festival bonuses: In line with traditional Taiwanese folk customs, a bonus of $2,000 was distributed for the 2020 Lunar New Year holidays, and a bonus of $1,000 was distributed for Labor Day and Mid-Autumn Festival.
4. Lifestyle support: We offer employees, their spouses and dependents free enrollment in the corporate health plan for hospital and cancer cover. Employees can choose the type of coverage appropriate to their situation.
5. Health promotion: Health exams and health seminars are organized regularly. An employee health management platform for information on maternity protection, overwork prevention and health has also been set up to encourage self-health management by employees. Work-life Coach services were introduced in February 2021. Professional external coaches help employees deal with a variety of different work and life issues.
6. Flexible benefits design: To help reduce employee stress and cater for their different requirements, we created a benefits program with an allowance up to $17,000 per person. Employees can choose to spend their allowance on their children's education, personal development, gym membership, or travel.</td></tr>
</table>

Item	CHC and Key Subsidiaries
Emphasis on employee welfare	7. Club activities: We offer a variety of club activities to encourage employees to engage in healthy recreation activities outside of work to alleviate the pressures of work or family life. There are currently clubs for yoga, arts, mountaineering, golf, and badminton. 8. Employees that require unpaid maternity leave of absence and meet the statutory requirements are provided with the benefits and support by CHC in accordance with the law. The relevant provisions are explicitly defined in the guideline of employment management. 9. Comfortable working environment: We provide a safe and comfortable working environment with rest facilities. Helpful services include unlimited coffee and tea, cheap and convenient laundry services, meal ordering service etc.
Recognition Programs	A variety of recognition programs are deployed to encourage the pursuit of innovation and excellence by employees and teams and to recognize their sacrifices and contributions. • Employee Recognition Program: Good conduct, outstanding performance, and embodiment of Company values is encouraged for employees. • Star Awards (CEC): Recognition of teams of operational excellence, excellence in Occupational Health and Safety and Wellbeing. • Idea Box (CEC): Prize-winning proposals are shared publicly to encourage innovation and employee participation. The best ideas of the year are also picked out for awards and public recognition. • Service Awards: Expression of gratitude to employees with seniority for th

VI. Workplace Safety

(I) Occupational Health and Safety Committee

The Company has established an Occupational Health and Safety Committee (OHS Committee) with 12 committee members. The 5 labor representatives account for more than one-third of the committee membership. The OHS Committee is convened every quarter to review OHS management matters and to discuss matters relating to health and safety. Resolutions passed by the OHS Committee are then announced and implemented through management meetings.

(II) Health and safety certification and management system

CEC, a subsidiary of the Company, has implemented an occupational health and safety management system. Both ISO 45001:2018 and CNS 45001:2018 certifications were obtained on September 17, 2019, and the certifications have been renewed. The health and safety management systems at each unit are audited every year to ensure their validity. A total of 35 units were audited for 2040 items in 2020. Technologies are continuing to be applied and developed for health and safety management as well. In 2020, AI was applied to image recognition technology as part of the Industrial Development Bureau’s technology development program. The two resulting applications were “AI recognition of personal protective equipment” and “AI smart electronic fence.” AI recognition of personal protective equipment uses AI image recognition to check each worker when they enter a construction site to ensure that their personal protective equipment is worn properly. The AI smart electronic fence improves on the conventional electronic fence by training the AI to only alert the administrator when it detects humans approaching. To enforce the engineering patrol system in 2020, a duty engineer patrol log system was adopted throughout the Company. All engineering personnel assigned to site health and safety patrols now use their mobile phones to report the health and safety situation at the construction site directly to the cloud system. Administrators then have an up-to-date picture of health and safety at all sites. If any health and safety deficiencies are detected, corrective actions can be taken immediately to reduce health and safety risks on the construction site. Accolades received include the Taipei City Labor Safety Award - Outstanding Unit, New Taipei Industrial Safety Award - Outstanding Unit, Taichung City Government Golden Safety Project - Distinction, Occupational Safety and Health (OSHA) Administration - Excellence in Promotion of Occupational Safety and Health, and OSHA - Golden Public Construction Golden Safety Award.

(III) OHS Policy, - and Training

The Company is continuing to conduct hazard identification and risk assessment for health and safety for Group subsidiaries and branches in accordance with the Group Occupational Health and Safety Policy. The hazard identification and risk assessment process promotes employee engagement and helps employees understand the hazards that they may encounter in their work environment, and the corresponding preventive actions. Hazard identification and risk assessments were completed by 41 units in 2020. A health and safety road tour was organized for engineering personnel at all projects under construction in support of the “industrial safety is everyone’s responsibility” policy. The training is aimed at enhancing the ability of employees to engage in on-site hazard identification and risk management. In 2020, 38 training sessions were conducted and attended by 669 employees; at the same time, annual emergency response drills were conducted to maintain the hazard awareness and response skills of employees. Emergency response drills were carried out at 28 units in 2020. In addition to the education and training mentioned above, 601 sessions of routine refresher training for occupational safety personnel as well as internal safety and health training were carried out. Taiwan Occupational Safety Card (internal) training was conducted for 718 people, while the Company’s Virtual Reality (VR) health and safety education was completed by 230 people. Under the Group health and safety policy, safety and health performance is included as one of the Company’s group performance indicators. All employees are expected to pay attention to health and safety in order to realize the goal of total health and safety. A clearly-defined health and safety incentive scheme was also established with different criteria and references for different roles. Front-line workers, contractors, and engineers all have a chance of competing for the incentives.

(IV) Employee health promotion and well-being

The Company is committed to health management and health promotion in the workplace. In 2020, initiatives aimed at the physical and mental well-being of employees were planned and implemented. A total of 31 health promoting notices were mailed out to all employees in 2020. 6 health seminars were also held for employees to attend. Topics at the seminars included: first-aid training, fall and electrocution prevention training, CPR and AED training, Mental Health - Fun and De-Stress, Immunity-boosting diets, workplace stretching exercises - reduction of cumulative muscle strain. Practicing physicians were also invited to conduct at least one on-site clinic (total of 8 sessions) every two months. A workplace and working hazard assessment was conducted for maternity protection at the Company. The results of the health exams and workload assessment were used to identify employees with high health risks for physical and mental health promotion. Many construction workers are habitual betel nut chewers and are at higher risk of oral cancer. As prevention is better than cure, “oral cancer screening” sessions were conducted by engineering units. The 8 sessions in northern, central, and southern Taiwan were attended by a total of 447 people. Due to the COVID-19 epidemic, epidemic prevention initiatives were launched in 2020 to protect the health of employees. These included: Establishment of epidemic prevention procedures, access control for arriving personnel, temperature measurement, designated routes, epidemic prevention surveys, working from home, split team drills and more. To prevent cluster transmission, employee health exams were postponed to 2021. The actual format of the health exams will depend on COVID-19 developments to protect employee health.

VII. Material Contracts

Continental Engineering Corporation

Major domestic project contract (As of March 31, 2021)

Item	Project	Client	Award Date
1	Taichung La Bella Vita	Continental Development Corporation	2015.08.03
2	Keishen Shenkai Tate	Keishen Development Co., Ltd	2016.02.25
3	Taipei MRT CQ850A Wan-Ta Line Construction Project	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2016.11.08
4	Taipei MRT CR840 Wan-Ta Line Construction Project	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2016.11.23
5	South Manor Residential Project	KuoYang Construction	2016.11.25
6	C214 South Tainan Station Section Underground Tunnel Construction Project	Railway Reconstruction Bureau	2017.01.03
7	Winbond Zhubei Office Building M&E Project	Winbond Electronics Corporation	2017.07.27
8	Beautiful Journey	Continental Development Corporation	2017.09.08
9	Pujen Tucheng Residential Project	Pujen Land Development	2017.09.21
10	C211 Northern Tainan Section Underground Tunnel Construction Project	Railway Reconstruction Bureau	2017.09.26
11	Guanci Po-Ai Park Public Housing Development Project	Department of Urban Development , Taipei City Government	2017.10.06
12	Taipei Sky Tower	Grand River D. Limited	2018.06.14
13	Far Eastern T-Park M&E Project	Far Eastern Construction Company	2018.06.22
14	Taoyuan Metro Green Line GC01 Construction Project	Department of Rapid Transit Systems, Taoyuan	2018.08.21
15	Pujen CMP Midtown	CMP ／ Pujen Land Development	2018.12.03
16	Taipei Nangang District MRT Depot Station Public Housing Turnkey Project	Department of Urban Development , Taipei City Government	2019.02.25
17	Truefull GreenRiver Residential Project	Truefull Land	2019.07.05
18	Truefull Zuibei Residential Project	Truefull Land	2019.07.05
19	Arcade Gallery Phase Ⅱ Residential Building Project	Grande Arcade Development Co., Ltd	2019.08.12
20	Nangang Depot Social Housing M&E Project	CEC JV Dacin	2019.10.06
21	Heming Xindian Residential Project	Heming Development	2019.10.16
22	Taipei Fullerton hotel and residential building project	Continental Development Corporation	2019.11.01
23	Fanlu Kaohsiung Santo Residential and Hotel Complex	FanLu Development Co., Ltd	2019.11.04
24	Xindian Yangbei Residential Project	Continental Development Corporation	2019.11.04
25	Taichung Huiguo 101 Project	Continental Development Corporation	2019.11.04
26	Tianmu Dexing E.Rd. Residential Project	Continental Development Corporation	2019.11.22
27	Truefull Bade Residential Project	Truefull Land	2020.03.06
28	Tianjin Urban renewal Building Project	Continental Development Corporation	2020.03.22
29	Fubon Liren Residential Building Project	Fubon Land Development Co.,Ltd	2020.03.11
30	Wunqi Beitou	Wanqi	2020.11.11
31	Shendefu The One & Only	Sheng De Fu Construction Development CO., Ltd	2021.01.08

Major overseas project contract (As of February 28, 2021)

Contract Type	Main Contents	Client	Contract Term
Construction	**Station Square at Kai Tak -Phase 1**	Hong Kong ASD	2019-2021
Design & Construction	**India Mumbai Metro Line 3 - 04** Scope : design and construction of underground section including three underground stations at Siddhi Vinayak , Dadar and Shitladevi Temple and associated tunnels	India MMRCL	2016-2023
Design & Construction	**Kai Tak development – infrastructure works for developments at the southern part of the former runway - Stage 2** Brief scope : design and construction of the elevated structure, roads, noise barriers and associated landscaped deck	Hong Kong CEDD	2015-2020

Bank facilities (As of March 31, 2021)

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	O-Bank Co., Ltd.	2020.03-2025.03	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	CTBC Bank Co., Ltd	2020.03-2023.06	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Far Eastern Int'l Bank	2019.12-2024.12	Long-term Loan, Amortization	Financial covenant
Bank facility	Chang Hwa Commercial Bank	2020.07-2024.03	Long-term Loan, Due for Repayment	None
Bank facility	Taishin International Bank	2020.05-2024.05	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Taiwan Shin Kong Commercial Bank	2018.12-2021.12	Long-term Loan, Due for Repayment	None

Continental Development Corporation

Contract Type	Counterparty	Term	Main Content	Restrictions
Joint Construction	Han-De Construction Co.,Ltd	2019/01/25	Ankang Section, Sindian Dist., New Taipei City	Related party transactions
Joint Construction	Taipei Fullerton Hotel	2019/08/02~	Xisong Section, Subsection 2, Songshan Dist., Taipei City	Reconstruction of Urban Unsafe and Old Building

Bank Facilities

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	First Commercial Bank	2016.08-2021.08	Secured loan, Amortization	None
Bank facility	Taiwan Cooperative Bank	2016.11-2021.11	Secured loan, Amortization	None
Bank facility	Taiwan Cooperative Bank	2016.12-2026.12	Secured loan, Amortization	None
Bank facility	Chang Hwa Commercial Bank	2017.06-2021.12	Secured loan, Due for Repayment	None
Bank facility	Taishin International Bank	2017.09-2022.03	Secured loan, Due for Repayment	None
Bank facility	China Bills Finance Corporation	2020.01-2021.01	Secured loan, Due for Repayment	None
Bank facility	Taishin International Bank	2020.02-2024.06	Secured loan, Due for Repayment	None
Bank facility	CTBC Bank	2020.11-2021.10	Secured loan, Due for Repayment	None
Bank facility	Far Eastern International Bank	2020.03-2023.11	Secured loan, Due for Repayment	None
Bank facility	Bank Of Taiwan	2020.04-2026.04	Secured loan, Amortization	None

HDEC Corporation

Contract type	Counterparty	Term	Main Content	Restrictions
Construction	HDEC (Puding) Environment Corporation	2017-2024	Puding Area Sewerage System BOT Project- Design & Construction, Taoyuan City	None
Procurement	HDEC (Puding) Environment Corporation	2017-2024	Puding Area Sewerage System BOT Project- Material Purchase, Taoyuan City	None
Construction	CTCI-HDEC (Chungli) Corporation	2017-2039	Chungli Area Sewerage System BOT Project- Design & Construction, Taoyuan City	None
Procurement	CTCI-HDEC (Chungli) Corporation	2017-2039	Chungli Area Sewerage System BOT Project- Material Purchase, Taoyuan City	None
Construction	HDEC-CTCI (Linhai) Corporation	2018-2021	Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, EPC, Kaohsiung City	None
Construction	North Shore Corp.	2020-2021	New Taipei City Tamsui Area Sewerage System BOT Project- Wastewater Treatment Plant Phase III,EPC	None
Construction	Tainan municipal government water conservancy bureau	2020-2024	Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project	None
Operation and management	North Shore Corp.	2020-2024	New Taipei City Tamsui Area Sewerage System BOT Project, operation and management	None
Operation and management	Tainan municipal government water conservancy bureau	2020-2037	Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project, operation and management	None
Construction	HDEC (Puding) Environment Corporation	2021-2022	Puding Area Sewerage System BOT Project- Wastewater Treatment Plant Phase I, EPC, Taoyuan City	None
Construction	Science Park Administration, Hsinchu Science Park	2021-2023	Tongluo Science Park Wastewater Treatment Plant Phase II Project-Functional Enhancement of Conductivity Treatment Facilities Turnkey Project	None
Investment (Note 1)	New Taipei City Government	2005-2040	New Taipei City Tamsui Area Sewerage System BOT Project	None
Investment (Note 2)	Taoyuan City Government	2021-2056	Puding Area Sewerage System BOT Project	None
Investment (Note 3)	Kaohsiung City Government	2016-2033	Fengshan River Wastewater Reclamation and Reuse BTO Project	None
Investment (Note 4)	Kaohsiung City Government	2019-2036	Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, Kaohsiung City	None

Note 1: The contract of the subsidiary North Shore Corporation
Note 2: The contract of the subsidiary HDEC (Puding) Environment Corporation
Note 3: The contract of the subsidiary Blue Whale Corporation
Note 4: The contract of the subsidiary HDEC-CTCI (Linhai) Corporation

Bank facilities

Contract Type	Counterparty	Term	Summary	Restrictions
Bank facility	Hua Nan Commercial Bank, Ltd.	2020.12-2024.12	Long-term Loan, Due for Repayment	None
Bank facility	Taishin International Bank	2019.04-2023.04	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	O-Bank Co., Ltd.	2020.12-2024.12	Long-term Loan, Amortization	Financial covenant
Bank facility	Far Eastern International Bank	2020.10-2024.10	Long-term Loan, Amortization	Financial covenant
Bank facility	KGI Bank	2020.02-2024.02	Long-term Loan, Amortization	Financial covenant
Bank facility	Jih Sun International Bank	2020.05-2024.05	Long-term Loan, Due for Repayment	None
Bank facility	The Shanghai Commercial Savings Bank, Ltd.	2020.12-2024.12	Long-term Loan, Amortization	None
Bank facility	Bank of Panhsin	2018.12-2022.12	Long-term Loan, Amortization	Financial covenant
Bank facility	Bank Sinopac Company Limited	2020.08-2024.08	Long-term Loan, Due for Repayment	None
Bank facility	Yuanta Commercial Bank	2020.03-2024.03	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Bank Of Kaohsiung	2020.10-2024.10	Long-term Loan, Due for Repayment	None

Financial Information

Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet

Unit: NT$ thousands

Item / Year		Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		42,518	77,363	132,432	188,274	215,415
Property, plant and equipment		1,307	-	2,110	1,943	1,944
Other assets		22,083,059	22,148,307	23,588,260	22,774,989	23,605,399
Total assets		22,126,884	22,225,670	23,722,802	22,965,206	23,822,758
Current liabilities	Before distribution	30,670	63,130	30,639	301,881	38,116
	After distribution	442,278	557,060	771,533	713,489	1,190,618
Non-current liabilities		36,493	38,203	39,328	53,373	44,801
Total liabilities	Before distribution	67,163	101,333	69,967	355,254	82,917
	After distribution	478,771	595,263	810,861	766,862	1,235,419
Equity attributable to owners of parent		22,059,721	22,124,337	23,652,835	22,609,952	23,739,841
Capital stock		8,232,160	8,232,160	8,232,160	8,232,160	8,232,160
Capital surplus		6,804,431	6,804,431	6,804,435	6,804,435	6,813,745
Retained earnings	Before distribution	5,201,941	5,520,686	8,153,880	7,491,023	8,629,727
	After distribution	4,790,333	5,026,756	7,412,986	7,079,415	7,477,225
Other equity		1,821,189	1,567,060	462,360	82,334	64,209
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	22,059,721	22,124,337	23,652,835	22,609,952	23,739,841
	After distribution	21,648,113	21,630,407	22,911,941	22,198,344	22,587,339

2. Consolidated Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		37,011,948	39,659,968	42,820,746	42,622,252	44,097,632
Property, plant and equipment		2,473,568	1,998,207	1,836,333	2,286,634	2,345,718
Intangible assets		739,838	1,011,438	1,157,023	1,149,653	1,135,804
Other assets		19,117,777	22,119,966	21,191,732	17,489,492	19,575,936
Total assets		59,343,131	64,789,579	67,005,834	63,548,031	67,155,090
Current liabilities	Before distribution	22,404,717	26,726,311	27,626,992	26,617,661	30,359,556
	After distribution	22,816,325	27,220,241	28,367,886	27,029,269	31,512,058
Non-current liabilities		14,116,978	14,463,392	13,554,195	11,233,062	9,875,174
Total liabilities	Before distribution	36,521,695	41,189,703	41,181,187	37,850,723	40,234,730
	After distribution	36,933,303	41,683,633	41,922,081	38,262,331	41,387,232
Equity attributable to owners of parent		22,059,721	22,124,337	23,652,835	22,609,952	23,739,841
Capital stock		8,232,160	8,232,160	8,232,160	8,232,160	8,232,160
Capital surplus		6,804,431	6,804,431	6,804,435	6,804,435	6,813,745
Retained earnings	Before distribution	5,201,941	5,520,686	8,153,880	7,491,023	8,629,727
	After distribution	4,790,333	5,026,756	7,412,986	7,079,415	7,477,225
Other equity interest		1,821,189	1,567,060	462,360	82,334	64,209
Non-controlling interest		761,715	1,475,539	2,171,812	3,087,356	3,180,519
Total equity	Before distribution	22,821,436	23,599,876	25,824,647	25,697,308	26,920,360
	After distribution	22,409,828	23,105,946	25,083,753	25,285,700	25,767,858

3. Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item / Year	Financial Summary for The Last Five Years				
	2016	2017	2018	2019	2020
Operating revenues	644,179	927,674	2,049,403	436,459	1,555,241
Gross profit from operations	644,179	927,674	2,049,403	436,459	1,555,241
Net operating income	553,016	837,922	1,946,917	361,187	1,450,595
Non-operating income and expenses	9	(263)	4,201	9,202	16,465
Income before tax	553,025	837,659	1,951,118	370,389	1,467,060
Net income	528,938	787,816	1,941,677	97,007	1,538,543
Other comprehensive income (loss) (income after tax)	1,271,026	(260,676)	37,530	(406,343)	(6,356)
Total comprehensive income (loss)	1,799,964	527,140	1,979,207	(309,336)	1,532,187
Net income, attributable to owners of parent	528,938	787,816	1,941,677	97,007	1,538,543
Net income, attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income (loss), attributable to owners of parent	1,799,964	527,140	1,979,207	(309,336)	1,532,187
Total comprehensive income (loss), attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT$)	0.64	0.96	2.36	0.12	1.87

4. Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item / Year	Financial Summary for The Last Five Years				
	2016	2017	2018	2019	2020
Operating revenues	24,537,398	28,384,743	25,154,111	22,665,087	21,688,649
Gross profit from operations	1,594,117	2,349,213	3,724,145	2,732,555	3,291,903
Net operating income	319,727	1,167,441	2,350,154	1,324,943	1,761,685
Non-operating income and expenses	218,807	(275,559)	(188,361)	(702,011)	(41,073)
Income before tax	538,534	891,882	2,161,793	622,932	1,720,612
Net income	496,182	807,568	2,018,281	152,060	1,632,937
Other comprehensive income (loss) (income after tax)	1,272,847	(261,214)	61,728	(452,034)	(97,017)
Total comprehensive income (loss)	1,769,029	546,354	2,080,009	(299,974)	1,535,920
Net income, attributable to owners of parent	528,938	787,816	1,941,677	97,007	1,538,543
Net income, attributable to non-controlling interests	(32,756)	19,752	76,604	55,053	94,394
Total comprehensive income (loss), attributable to owners of parent	1,799,964	527,140	1,979,207	(309,336)	1,532,187
Total comprehensive income (loss), attributable to non-controlling interests	(30,935)	19,214	100,802	9,362	3,733
Earnings per share (NT$)	0.64	0.96	2.36	0.12	1.87

5. Auditors'Opinions

Year	Accounting Firm	CPA	Audit Opinion
2016	KPMG Taiwan	Kuo-Yang, Tseng、Ti-Nuan, Chien	Unqualified Opinion with Other Matter Paragraphs
2017	KPMG Taiwan	Kuo-Yang, Tseng、Ti-Nuan, Chien	Unqualified Opinion with Other Matter Paragraphs
2018	KPMG Taiwan	Kuo-Yang, Tseng、Ti-Nuan, Chien	Unqualified Opinion with Other Matter Paragraphs
2019	KPMG Taiwan	Kuo-Yang, Tseng、Ti-Nuan, Chien	Unqualified Opinion with Other Matter Paragraphs
2020	KPMG Taiwan	Chung-Che, Chen、Ti-Nuan, Chien	Unqualified Opinion

Financial Analysis

1. Financial Analysis

Item	Year	Financial Analysis for The Last Five Years				
		2016	2017	2018	2019	2020
Financial structure	Debt ratio (%)	0.30	0.46	0.29	1.55	0.35
	Ratio of long-term capital to property, plant and equipment (%)	1,690,605.51	-	1,122,851.33	1,166,408.90	1,223,489.81
Solvency	Current ratio (%)	138.63	122.55	432.23	62.37	565.16
	Quick ratio (%)	138.63	122.46	431.76	62.34	564.96
	Times interest earned (times)	1,850.58	3,091.99	16,125.94	720.20	2,784.80
Operating performance	Receivables turnover (times)	-	-	-	-	-
	Average collection days	-	-	-	-	-
	Inventory turnover (times)	-	-	-	-	-
	Payables turnover (times)	-	-	-	-	-
	Average days in sales	-	-	-	-	-
	Property, plant and equipment turnover (times)	492.87	-	1,942.56	215.38	800.23
	Total assets turnover (times)	0.03	0.04	0.09	0.02	0.07
Profitability	Return on total assets (%)	2.45	3.55	8.45	0.42	6.58
	Return on total equity (%)	2.46	3.56	8.48	0.42	6.64
	Pre-tax income to paid-in capital ratio (%)	6.72	10.18	23.70	4.50	17.82
	Profit ratio (%)	82.11	84.92	94.74	22.23	98.93
	Earnings per share (NT$)	0.64	0.96	2.36	0.12	1.87
Cash flow	Cash flow ratio (%)	2,635.38	706.86	1,621.33	282.35	1,186.19
	Cash flow adequacy ratio (%)	142.45	141.14	140.40	139.49	123.48
	Cash reinvestment ratio (%)	1.79	0.16	0.01	0.49	0.17
Leverage	Operating leverage	1.16	1.11	1.05	1.21	1.07
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Analysis of differences over 20% for the last two years：

1. The decrease in debt ratio and the increase in current ratio, quick ratio and cash flow ratio were mainly due to decrease of current tax liabilities.
2. The increase in times interest earned, property, plant and equipment turnover, total assets turnover, return on total assets, return on total equity, pre-tax income to paid-in capital ratio, profit ratio and earnings per share were mainly due to increase of operating revenues.
3. The decrease in cash reinvestment ratio was mainly due to decrease of net cash flows from operating activities.

2. Consolidated Financial Analysis

Item	Year	Financial Analysis for The Last Five Years				
		2016	2017	2018	2019	2020
Financial structure	Debt ratio (％)	61.54	63.57	61.46	59.56	59.91
	Ratio of long-term capital to property, plant and equipment (％)	1,493.33	1,904.87	2,144.43	1,615.05	1,568.63
Solvency	Current ratio (％)	165.20	148.39	155.00	160.13	145.25
	Quick ratio (％)	66.16	59.59	65.49	57.99	49.35
	Times interest earned (times)	2.01	2.80	5.34	2.19	5.55
Operating performance	Receivables turnover (times)	5.40	5.31	6.09	9.47	8.07
	Average collection days	67.59	68.73	59.93	38.54	45.22
	Inventory turnover (times)	1.10	1.18	0.91	0.79	0.67
	Payables turnover (times)	4.13	3.87	2.91	3.08	3.14
	Average days in sales	331.81	309.32	401.09	462.02	544.77
	Property, plant and equipment turnover (times)	9.35	12.70	13.12	10.99	9.36
	Total assets turnover (times)	0.42	0.46	0.38	0.35	0.33
Profitability	Return on total assets (％)	1.09	1.53	3.30	0.53	2.76
	Return on total equity (％)	2.23	3.48	8.17	0.59	6.21
	Pre-tax income to paid-in capital ratio (%)	6.54	10.83	26.26	7.57	20.9
	Profit ratio (%)	2.02	2.85	8.02	0.67	7.53
	Earnings per share (NT$)	0.64	0.96	2.36	0.12	1.87
Cash flow	Cash flow ratio (%)	(note)	(note)	3.38	4.32	(note)
	Cash flow adequacy ratio (%)	33.71	63.49	47.73	18.22	15.58
	Cash reinvestment ratio (%)	(note)	(note)	2.17	1.64	(note)
Leverage	Operating leverage ratio	4.24	1.85	1.46	1.86	1.65
	Financial leverage ratio	2.11	1.17	1.09	1.23	1.14

Analysis of differences over 20% for the last two years：

1. The increase in times interest earned, return on total assets, return on total equity, pre-tax income to paid-in capital ratio, profit ratio and earnings per share were mainly due to increase of income before tax.
2. The decrease in cash flow ratio and cash reinvestment ratio were mainly due to decrease of net cash flows from operating activities.

Note: Ratio was not disclosed due to negative net cash flows from operating activities.

Glossary：

1. Financial Structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets - inventories - prepayments) / Current liabilities
   (3) Times interest earned = Income before tax and interest expenses / Interest paid
3. Operating Performance
   (1) Receivables turnover = Operating revenues / Average receivables balance
   (2) Average collection days = 365 / Receivables turnover
   (3) Inventory turnover = Operating costs / Average inventories
   (4) Payables turnover = Operating costs / Average payables balance
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, plant and equipment turnover = Operating revenues / Average net property, plant and equipment
   (7) Total asset turnover = Operating revenues / Average total assets
4. Profitability
   (1) Return on total assets = [Net income + interest expense x (1 - tax rate)] / Average total assets
   (2) Return on total equity = Net income / Average total equity
   (3) Profit ratio = Net income / Operating revenues
   (4) Earnings per share = (Net income, attributable to owners of parent - preferred stock dividends) / Weighted-average number of shares outstanding
5. Cash Flow
   (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities
   (2) Cash flow adequacy ratio = Five-year sum of net cash flows from operating activities / Five-year sum of capital expenditures, inventory additions, and cash dividends
   (3) Cash flow reinvestment ratio = (Net cash flows from operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other non-current assets + working capital)
6. Leverage
   (1) Operating leverage = (Operating revenues - variable costs and expenses) / Net operating income
   (2) Financial leverage = Net operating income / (Net operating income - interest expenses)

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG Taiwan was retained to audit Continental Holdings Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report , Financial Statements, and profits allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Continental Holdings Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this Repor.

Continental Holdings Corporation

Chairman of the Audit Committee: Donny Kao

Dated March 16, 2021

Consolidated Financial Statements

Representation Letter

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

Company name: CONTINENTAL HOLDINGS CORPORATION
Chairman: Nita Ing
Date: March 16, 2021

Independent Auditors' Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

Opinion

We have audited the consolidated financial statements of Continental Holdings Corporation and its subsidiaries ("the Group"), which comprise the statement of consolidated financial position as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition of construction contracts

   Please refer to Note 4(r) for revenue from contracts with customers; Note 5 for recognition of revenue and measurement for the completed percentage of construction contracts; and Note 6(z) for construction contracts.

   How the matter was addressed in our audit: As the budgets of construction contracts are highly related to the subjectively judgments of the managements, inaccuracy estimations for construction budgets may lead to significant changes in profit or loss of the financial reports. Therefore, there is a significant risk involved in the revenue recognition of construction contracts.

   Our principal audit procedures included: selecting construction contracts that have significant impact on the presentation of the financial report; and for those construction budgets, assessing the managements' budget preparation process, acquired relevant materials in preparing the assumptions within the current period (including construction contract modification, design modification, and other documents with owners), and confirming whether the preparation of construction budget corresponds with the Group's internal authorization. In addition, selecting the valuation materials and checking their accuracy by recalculating the completed percentage of the construction cases, as well as executing the balance sheet cut-off test.

2. Inventory evaluation

   Please refer to Note 4(h) for accounting policy about inventory evaluation, Note 5 for estimation of inventory evaluation and Note 6(g) for inventory.

How the matter was addressed in our audit: The Group's inventories shall be stated at the lower of cost and net realizable value. At present, the real estate industry is affected by tax reformation and economic circumstances. There is a risk that the inventory cost may turn out to be higher than its net realization value.

Our principal audit procedures included: For construction cases in progress and real estate for sale, which is in accordance to the contract price for presale and the selling price of actual registering, assessing the differences between their booked value and fair value, and any possibility of their significant impact on the financial report, comparing with the investment analysis provided by the management, and reassessing according to the actual situation, there is no impairment.

Other Matter

In the Group's consolidated financial statements, we did not audit the financial statements of certain subsidiaries. Those statements audited by other auditors has been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the report of the other auditors. The financial statements of these subsidiaries reflect the total assets constituting 11.70% of the consolidated total assets at December 31, 2019, and the total revenues constituting 0.78% of the consolidated total revenues for the year ended December 31, 2019.

In addition, in the Group's consolidated financial statements, which include certain investee companies accounted for under the equity method, were audited by other auditors, and our opinion, insofar as it relates to the amounts included for those investee companies, is based solely on the report of the other auditors. As of December 31, 2019, using the equity method, Group's investment in these investee companies constituted 0.95% of the Group's total asset; the losses resulted from the Group's investment in the associates and joint ventures represented 124.35% of the Group's income before tax for the year ended December 31, 2019.

Continental Holdings Corporation has prepared its parent-company-only financial statements for the years ended December 31, 2020 and 2019, and we have issued an unqualified opinion and an unqualified opinion with other matter thereon, respectively.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG
Taipei, Taiwan (Republic of China)
March 16, 2021
Chung-Che Chen and Ti-Nuan Chien

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 4,512,368	7	4,423,239	7
1139	Current financial assets for hedging (Note 6(d))	447,850	1	538,361	1
1140	Current contract assets (Note 6(z))	3,892,099	6	4,962,956	8
1150	Notes receivable, net (Notes 6(e) and (z)	853,226	1	342,904	2
1170	Accounts receivable, net (Notes 6(e), (z) and 7)	2,035,690	3	2,140,165	3
1200	Other receivables (Notes 6(f) and 7)	690,595	1	819,484	1
1220	Current tax assets	166,267	-	140,080	-
130X	Inventories (Notes 6(g) and 8)	28,363,358	42	26,368,637	41
1410	Prepayments	752,773	1	817,159	1
1470	Other current assets (Note 8)	1,980,804	3	1,887,962	3
1480	Current assets recognised as incremental costs to obtain contract with customers	402,602	1	181,305	-
		44,097,632	66	42,622,252	67
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	606,305	1	606,305	1
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	1,791,079	3	1,572,476	2
1550	Investments accounted for using equity method (Note 6(h))	745,537	1	601,867	1
1600	Property, plant and equipment (Notes 6(j) and 8)	2,345,718	3	2,286,634	4
1755	Right-of-use assets (Notes 6(k))	160,794	-	176,165	-
1760	Investment property (Notes 6(l) and 8)	10,192,584	15	9,835,073	16
1780	Intangible assets (Notes 6(m) and 8)	1,135,804	2	1,149,653	2
1840	Deferred tax assets (Note 6(w))	35,066	-	50,813	-
1900	Other non-current assets (Note 6(f))	236,554	-	98,735	-
1932	Long-term accounts receivable (Notes 6(e)、(z) and 8)	5,808,017	9	4,548,058	7
		23,057,458	34	20,925,779	33
	Total assets	**$ 67,155,090**	**100**	**63,548,031**	**100**

Code	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(n))	$ 10,024,080	15	8,085,510	13
2110	Short-term notes and bills payable (Note 6(o))	820,000	1	1,100,000	2
2130	Current contract liabilities (Note 6(z))	8,121,289	12	6,555,197	10
2170	Notes and accounts payable (Note 7)	5,784,460	9	5,907,669	9
2200	Other payables (Notes 6(v) and 7)	1,989,830	3	1,931,572	3
2230	Current tax liabilities	69,699	-	335,192	1
2250	Current provisions (Note 6(s))	480,566	1	541,379	1
2280	Current lease liabilities (Notes 6(r) and 7)	128,836	-	106,982	-
2310	Advance receipts	21,699	-	33,884	-
2320	Long-term liabilities, current portion (Note 6(p))	2,787,067	4	1,886,230	3
2399	Other current liabilities, others	132,030	-	134,046	-
		30,359,556	45	26,617,661	42
	Non-current liabilities:				
2540	Long-term borrowings (Note 6(p))	9,099,387	14	10,353,179	16
2570	Deferred tax liabilities (Note 6(w))	101,692	-	115,093	-
2580	Non-current lease liabilities (Notes 6(r) and 7)	35,700	-	73,542	-
2610	Long-term accounts payable (Note 6(u))	320,400	1	337,275	1
2640	Net defined benefit liability, non-current (Note 6(v))	176,487	-	216,695	-
2645	Guarantee deposits received	141,508	-	137,278	-
		9,875,174	15	11,233,062	17
	Total liabilities	40,234,730	60	37,850,723	59
	Equity attributable to owners of parent (Note 6(x)):				
3100	Capital stock	8,232,160	12	8,232,160	13
3200	Capital surplus	6,813,745	10	6,804,435	11
3300	Retained earnings	8,629,727	13	7,491,023	12
3400	Other equity	64,209	-	82,334	-
		23,739,841	35	22,609,952	36
36XX	Non-controlling interests(Note 6(i))	3,180,519	5	3,087,356	5
	Total equity	26,920,360	40	25,697,308	41
	Total liabilities and equity	**$ 67,155,090**	**100**	**63,548,031**	**100**

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(t), (z) and 7):				
4300	Rental revenues	$ 180,625	1	254,313	1
4500	Construction revenues	20,604,889	95	21,565,328	95
4800	Other operating revenues	903,135	4	845,446	4
	Net operating revenues	21,688,649	100	22,665,087	100
5000	Operating costs (Notes 6((g), (j), (t) and 7):				
5300	Rental costs	82,211	-	110,654	1
5500	Construction costs	17,925,423	83	19,506,549	86
5800	Other operating costs	389,112	2	315,329	1
5800	Net operating costs	18,396,746	85	19,932,532	88
	Gross profit from operations	3,291,903	15	2,732,555	12
	Operating expenses (Notes (v), (aa), 7 and 12):				
6100	Selling expenses	389,861	2	266,751	1
6200	Administrative expenses	1,140,357	5	1,140,861	5
		1,530,218	7	1,407,612	6
	Net operating income	1,761,685	8	1,324,943	6
	Non-operating income and expenses (Note 6(ab) and 7):				
7100	Interest income	41,295	-	57,576	-
7010	Other income	203,496	1	165,851	1
7020	Other gains and losses	(43,618)	-	162,231	1
7050	Finance costs, net (Notes 6(g) and (r))	(210,916)	(1)	(245,994)	(1)
7060	Share of losses of associates and joint ventures accounted for using equity method (Note 6(h))	(31,330)	-	(774,603)	(3)
7055	Expected credit losses	-	-	(67,072)	-
		(41,073)	-	(702,011)	(2)
7900	Income before tax	1,720,612	8	622,932	4
7950	Less: Income tax expenses (note 6(w))	87,675	-	470,872	2
	Net income	1,632,937	8	152,060	2
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	14,711	-	(26,425)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	218,603	1	(255,516)	(2)
8317	Gains (losses) on hedging instrument	(16,378)	-	(13,861)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	61	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,942)	-	5,285	-
	Components of other comprehensive income that will not be reclassified to profit or loss	213,994	1	(290,456)	(2)
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(311,011)	(1)	(150,195)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	(11,383)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(311,011)	(1)	(161,578)	(1)
8300	Other comprehensive loss	(97,017)	-	(452,034)	(3)
	Total comprehensive income (loss)	**$ 1,535,920**	**8**	**(299,974)**	**(1)**
	Net income, attributable to:				
8610	Owners of parent	$ 1,538,543	8	97,007	2
8620	Non-controlling interests	94,394	-	55,053	-
		$ 1,632,937	**8**	**152,060**	**2**
	Total comprehensive income attributable to:				
8710	Owners of parent	$ 1,532,187	8	(309,336)	(1)
8720	Non-controlling interests	3,733	-	9,362	-
		$ 1,535,920	**8**	**(299,974)**	**(1)**
	Earnings per share (Note 6(y))				
9750	Basic earnings per share (NT dollars)	**$**	**1.87**		**0.12**
9850	Diluted earnings per share (NT dollars)	**$**	**1.87**		**0.12**

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Capital stock		Retained earnings				Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 8,232,160	6,804,435	587,239	2,493,481	5,073,160	8,153,880	(529,154)	978,564	12,950	462,360	23,652,835	2,171,812	25,824,647
Net income	-	-	-	-	97,007	97,007	-	-	-	-	97,007	55,053	152,060
Other comprehensive loss	-	-	-	-	(21,140)	(21,140)	(115,887)	(255,455)	(13,861)	(385,203)	(406,343)	(45,691)	(452,034)
Total comprehensive income (loss)	-	-	-	-	75,867	75,867	(115,887)	(255,455)	(13,861)	(385,203)	(309,336)	9,362	(299,974)
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	194,168	-	(194,168)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(740,894)	(740,894)	-	-	-	-	(740,894)	-	(740,894)
Reversal of special reserve	-	-	-	(231,248)	231,248	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	7,347	7,347	-	-	-	-	7,347	-	7,347
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(5,177)	(5,177)	-	5,177	-	5,177	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	906,182	906,182
Balance at December 31, 2019	8,232,160	6,804,435	781,407	2,262,233	4,447,383	7,491,023	(645,041)	728,286	(911)	82,334	22,609,952	3,087,356	25,697,308
Net income	-	-	-	-	1,538,543	1,538,543	-	-	-	-	1,538,543	94,394	1,632,937
Other comprehensive income (loss)	-	-	-	-	11,769	11,769	(220,350)	218,603	(16,378)	(18,125)	(6,356)	(90,661)	(97,017)
Total comprehensive income (loss)	-	-	-	-	1,550,312	1,550,312	(220,350)	218,603	(16,378)	(18,125)	1,532,187	3,733	1,535,920
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	9,701	-	(9,701)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(411,608)	(411,608)	-	-	-	-	(411,608)	-	(411,608)
Changes in ownership interests in subsidiaries	-	9,310	-	-	-	-	-	-	-	-	9,310	(9,310)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	98,740	98,740
Balance at December 31, 2020	**$ 8,232,160**	**6,813,745**	**791,108**	**2,262,233**	**5,576,386**	**8,629,727**	**(865,391)**	**946,889**	**(17,289)**	**64,209**	**23,739,841**	**3,180,519**	**26,920,360**

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from operating activities:			
Income before tax	$	1,720,612	622,932
Adjustments:			
Adjustments to reconcile profit and loss:			
Depreciation expense		248,074	265,780
Amortization expense		61,181	58,117
Expected credit loss		-	67,072
Interest expense		210,916	245,994
Interest income		(41,295)	(57,576)
Dividend income		(112,685)	(134,008)
Share of loss of associates and joint ventures accounted for using equity method		31,330	774,603
Gain on disposal of property, plant and equipment		(1,107)	(584)
Gain on disposal of property, plant and equipment (under construction costs)		(8,245)	(2,658)
Gain on disposal of investment properties		(5,393)	(403,650)
Loss on lease remeasurement (under construction costs)		-	(6)
Gain on reversal of impairment loss of property, plants and equipment (under construction costs)		(73,000)	(114,000)
Impairment loss		-	210,328
Gain on revaluation of financial assets		-	(24,536)
(Reversal) recognition of provisions		(43,598)	26,651
Gain on reversal of estimated account payable		(206)	(156)
Total adjustments to reconcile profit and loss		265,972	911,371
Changes in operating assets and liabilities:			
Changes in operating assets:			
Contract assets		832,573	919,611
Notes receivable		(510,322)	76,870
Accounts receivable		(997,216)	(628,292)
Other receivables		86,969	(53,295)
Inventories		(2,940,593)	(2,267,006)
Prepayments		57,821	(107,530)
Other current assets		(109,052)	72,346
Assets recognised as incremental costs to obtain contract with customers		(221,297)	(40,212)
Total changes in operating assets		(3,801,117)	(2,027,508)
Changes in operating liabilities:			
Contract liabilities		2,351,692	2,967,227
Notes and accounts payable		(74,429)	(1,104,394)
Other payables		(62,542)	285,574
Provisions		(13,299)	(18,138)
Receipts in advance		(12,058)	(26,034)
Other current liabilities		(1,898)	14,247
Net defined benefit liability		(28,439)	(65,786)
Total changes in operating liabilities		2,159,027	2,052,696
Total changes in operating assets and liabilities		(1,642,090)	25,188
Total adjustments		(1,376,118)	936,559
Cash inflow generated from operations		344,494	1,559,491
Interest received		48,948	64,646
Interest paid		(347,915)	(397,442)
Income taxes paid		(391,006)	(77,564)
Net cash flows from (used in) operating activities		(345,479)	1,149,131

	2020	2019
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	-	620
Acquisition of non-current financial assets at fair value through profit or loss	-	(100,116)
Disposal of current financial assets at fair value through profit or loss	-	2,540,316
Acquisition of financial assets for hedging	(490,398)	(1,655,408)
Disposal of financial assets for hedging	564,531	1,358,577
Price of associates acquisition	(175,000)	(740,609)
Acquisition of property, plant and equipment	(89,795)	(141,618)
Disposal of property, plant and equipment	81,128	70,873
Decrease in other receivables	89,940	-
Increase in other receivables	(60,334)	(63,258)
Acquisition of intangible assets	(47,332)	(50,747)
Acquisition of investment property	(438,220)	(316,887)
Disposal of investment property	5,393	1,466,075
Other non-current assets	(1)	67,369
Prepayments for business facilities	(249,082)	(10,647)
Dividends received	112,685	100,455
Long-term payments	4,275	(15,456)
Net cash flows from (used in) investing activities	(692,210)	2,509,539
Cash flows from financing activities:		
Increase in short-term borrowings	25,458,386	20,866,513
Decrease in short-term borrowings	(23,393,488)	(23,788,657)
Increase in short-term notes and bills payable	6,740,000	6,250,000
Decrease in short-term notes and bills payable	(7,020,000)	(5,940,000)
Increase in long-term borrowings	4,773,126	5,767,868
Decrease in long-term l borrowings	(5,092,030)	(7,126,130)
Increase in guarantee deposits received	4,237	7,004
Payment of lease liabilities	(97,315)	(67,331)
Cash dividends paid	(447,868)	(804,349)
Increase in other payables	121,617	118,630
Change in non-controlling interests	135,000	969,638
Net cash flows from (used in) financing activities	1,181,665	(3,746,814)
Effect of exchange rate changes on cash and cash equivalents	(54,847)	(35,791)
Net increase (decrease) in cash and cash equivalents	89,129	(123,935)
Cash and cash equivalents at beginning of year	4,423,239	4,547,174
Cash and cash equivalents at end of year	**$ 4,512,368**	**4,423,239**

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

CONTINENTAL HOLDINGS CORPORATION ("CHC" or "the Company") was established through shares exchange with Continental Engineering Corp. ("CEC") on April 8, 2010 and CEC became 100%-owned by the Company. On the same day, the Company was approved to be a listed Company by the FSC. The consolidated financial statements as of December 31, 2020 consist of the Company and all of its subsidiaries ("the Group"), and the interests in a jointly controlled entities and associates. Please refer to Note 14 for the Group's main businesses.

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

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

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 16 "Property, Plant and Equipment － Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts － Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments at fair value through profit or loss are measured at fair value;
2) Financial assets at fair value through other comprehensive income are measured at fair value;
3) Hedging financial instruments are measured at fair value; and
4) The defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle for the preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Group has control over an investee if, and only if, it has exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of its returns.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date of obtaining control and are excluded from the date of losing control. Intra-group transactions and balances, and any unrealized income and expenses arising from Intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the controlling interests in a subsidiary are allocated to the ownership of the parent company and non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Adjustments for financial statements of the subsidiaries have been made in order to be in line with the Group's accounting policies.

Changes in the ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions. The difference between adjustment for the non-controlling interest and the fair value of the consideration received or paid is directly recognized in equity that is attributable to the owner.

When the Group loses control of a subsidiary it derecognizes the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary at their carrying amounts at the date when the control is lost. Any investment retained in the former subsidiary is remeasured at its fair value at the date when control is lost. Gain or loss on disposal is recognized as the difference of:

1) the sum of the fair value of the consideration received and the investments retained in the former subsidiary at the date when the control is lost.
2) the sum of the carrying amounts of the subsidiary's assets (including goodwill), liabilities and non-controlling interests at the date when the control is lost.

All amounts related to the subsidiary is originally recognized in other comprehensive income and accounted for as the same basis as the Group would have directly disposed of its related assets or liabilities.

(ii) Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Investor Company	Subsidiary	Main Business	Percentage of ownership		Note
			109.12.31	**108.12.31**	
The Company	Continental Engineering Corp. (CEC)	Civil engineering, public infrastructure and private sector construction	100.00%	100.00%	
The Company	Continental Development Corp. (CDC)	Real estate and development specifically on residential housing and office building	100.00%	100.00%	
The Company	HDEC Corp. (HDEC)	Construction of underground pipeline and environmental protection project, plumbing, sale of pollution prevention equipment	100.00%	100.00%	
CEC	CEC International Corp. (CIC)	Investment in and control of overseas corporations	100.00%	100.00%	
CEC	CEC International Corp. (India) Private Limited (CICI)	Real estate development and civil engineering, construction	100.00%	100.00%	
CEC	CEC International Malaysia Sdn. Bhd. (CIMY)	Civil engineering, construction	87.10%	92.24%	Note G

Investor Company	Subsidiary	Main Business	Percentage of ownership 109.12.31	108.12.31	Note
CEC	Continental Engineering Corp. (Hong Kong) Limited (CEC HK)	Contract civil engineering construction and invest in real estate	100.00%	100.00%	
CDC	CDC Commercial Development Corp. (CCD)	Real estate development, sales and leasing of building	80.65%	80.65%	
CDC	MEGA Capital Development Sdn. Bhd. (MEGA)	Real estate development	55.00%	55.00%	
CDC	Bangsar Rising Sdn. Bhd. (BANGSAR)	Real estate development	60.00%	60.00%	
CDC	CDC Asset Management Malaysia Sdn. Bhd. (CDCAM)	Management consulting	100.00%	100.00%	Note E
CDC	CDC US Corp.	Investment in overseas companies	100.00%	100.00%	
CDC US Corp.	CDC Investment Management LLC	Engineering management	100.00%	100.00%	
CDC US Corp.	Trimosa Holdings LLC	Investment in overseas companies	70.65%	70.65%	
Trimosa Holdings LLC	950 Investment LLC	Investment in overseas companies	76.55%	76.55%	
950 Investment LLC	950 Property LLC	Real estate development	100.00%	100.00%	
950 Investment LLC	950 Hotel Property LLC	Hotel industry	100.00%	100.00%	Note F
950 Investment LLC	950 Retail Property LLC	Real estate management	100.00%	-%	Note F
HDEC	HDEC Construction Corp.(SDC)	Construction of underground pipeline and environmental protection project, plumbing	100.00%	100.00%	
HDEC	North Shore Environment Corp. (NSC)	Sewer system design and construction in Danshui area, New Taipei City	100.00%	100.00%	Note A
HDEC	Blue Whale Water Technologies Corp. (BWC)	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City	51.00%	51.00%	Note B
HDEC	HDEC (Puding) Environment Corp. (PDC)	Pu Ding area sewerage construction in Taoyuan City	100.00%	100.00%	Note C
HDEC	HDEC CTCI (Linhai) Corp. (LHC)	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City	55.00%	55.00%	Note D

Note A: NSC was founded as a SPC (Special Purpose Company) to build then operate Danshui Area Sewer System BOT project in New Taipei City. The sewer system construction and facility will be transferred to the authority at the end of the concession period without condition.

Note B: BWC was founded as a SPC to perform the contract for Feng Shan River wastewater reclamation and reuse, which is a BTO project in Kaohsiung City. Upon the completion of the wastewater treatment plant, BWC will transfer all the operating assets to the authority and be engaged by the authority to operate the wastewater treatment plant and water recycling plant. BWC will transfer the operating rights to the authority without condition at the end of the operating period.

Note C: PDC was founded as a SPC to build then operate Pu Ding area sewer system, which is a BOT project in Taoyuan City. The Pu Ding area sewer system will be transferred to the authority at the end of the concession period without condition.

Note D: LHC was founded as a SPC to perform the contract for Kaohsiung coastal area wastewater reclamation and reuse, which is a BTO project in Kaohsiung City. Upon the completion of the wastewater treatment plant, BWC will transfer all the operating assets to the authority and be engaged by the authority to operate the wastewater treatment plant and water recycling plant. BWC will transfer the operating rights to the authority without condition at the end of the operating period.

Note E: For managing investment companies in Malaysia, CDC established subsidiaries in Malaysia in September, 2019 based on a resolution approved in the board meeting held on August 2, 2019.

Note F: For managing businesses on real estate based on different classifications, CDC established subsidiaries in November, 2019 and March, 2020 based on a resolution approved in the board meeting held on September, 17, 2019.

Note G: In January 2020, CIMY reduced its capital and refunded its shares, which were all returned to the Group, resulting in a decrease in its shareholding ratio fell to 87.10%.

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

(d) Foreign currencies

(i) Foreign currency transactions

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of each subsequent reporting period (the reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

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

(ii) Foreign operations

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

When the Group disposes its foreign operation, resulting in losing control, joint control, or significant influence, the cumulative amounts in the translation reserve related to that foreign operation is reclassified to profit or loss. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of 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 reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely settled in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

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

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

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
(ii) It helds the asset primarily for the purpose of trading;
(iii) It expects to be realize the asset within twelve months after the reporting period; or
(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

The Group’s primary businesses are civil & building construction, real estate development, and environmental project development. The normal operating cycle of the Group is three to five years at least. The balance sheet accounts related to construction business are classified either as current or non-current based on the Group’s operating cycle.

(f) Cash and cash equivalents

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

(g) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

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

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables), and contract assets.

The Group measures 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 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 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forwardlooking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

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

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost 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 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

7) Derecognition of financial assets

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

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

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

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.

2) Derecognition of financial liabilities

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

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

(iii) Hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

The Group designates certain hedging instruments (which include non-derivatives in respect inception of a foreign currency risk) as cash flow hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity － gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Group expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost shall comprise all costs of purchase, costs of conversion, costs incurred in bringing the inventories to their present location and condition, and borrowings.

Net realizable value is the balance that estimates the selling price, less, estimated costs of completion and the estimated costs of selling. The measurement of net realizable value is as follows:

(i) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

(ii) Building construction in progress: the net realizable value is the estimated price (based on the market condition), less, the estimated costs of completion and selling expenses at the end of the period.

(iii) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

(i) Service Concession Agreements

(i) Recognition and measurement

The Group (the Operator) is required to comply with IFRIC 12 ‘Service Concession Arrangement’ upon entering into an agreement with the government (the Grantor), under the conditions of ‘public-to-private’ arrangement as follows：

1) The Grantor decides and regulates on the price and the kind of services the Operator should render or provide to the users of the infrastructures.

2) The Grantor, through its ownership, acquires all the beneficial entitlements and any interests incurred from the infrastructure at the end of the term of the arrangement.

The Operator provides construction or upgrade services to the Grantor. The payment from the Grantor received or receivable by the Operator incurred from the construction or upgrade services shall be recognized as financial asset or intangible asset. According to IFRIC 12, a financial asset should be recognized to the extent that the Operator has an unconditional present right to receive cash from the Grantor for its construction services. The accounting policy of financial assets please refer to note 4(g) ‘Financial instruments’.

The Operator shall recognize an intangible asset to the extent that the Operator receives a right (a license) to charge its users of its public service. A right to charge the users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. For the accounting policy of intangible assets (service concession arrangement), please refer to note 4(o) ‘Intangible assets’.

If the Operator received the payment from the Grantor for its construction services (partly by a financial asset and partly by an intangible asset), it is necessary to separately account for each component by using the fair value of the financial asset and intangible asset. The payment received or receivable from the Grantor for both components shall be recognized initially in the allocation amount calculated by using the standalone fair value.

(ii) Construction or upgrade services

The accounting policy of construction services or upgrade services to the Grantor shall be in accordance with IFRS 15. Please refer to note 4(r) ‘Revenue’.

(iii) Operating services

The accounting policy of operation services to the government shall be in accordance with IFRS 15. Please refer to note 4(r) ‘Revenue’.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but no control, over the financial and operating policies.

Investments in associates are accounted for using equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, minus any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate’s equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes the Group’s share of change in equity of the associate in capital surplus in proportion to its ownership.

Unrealized gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of the Group’s interest in the associate.

When the Group’s share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(k) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics:

(i) the parties are bound by a contractual arrangement; and

(ii) the contractual arrangement gives two or more of those parties joint control of the arrangement.

IFRS 11 ‘Joint arrangements' defines Joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operations party) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator recognizes and measures the assets, liabilities, revenues and expenses in relation to its interest in a joint arrangement in accordance with the relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

(l) Investment property

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

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

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

(m) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	4 ～ 50 years
Machinery and equipment	2 ～ 12 years
Transportation equipment	1 ～ 10 years
Office and computer equipment	3 ～ 8 years

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(n) Leases

(i) Identifying a lease

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

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

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

When the lease is established or the contract is re-evaluated to determine whether the lease is included in the contract, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) As a lessee

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

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

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

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

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 payable 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 remeasured 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 Group's estimate of the amount expected to be payable under a residual value guarantee; or
3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
5) there is any lease modifications

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

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

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

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

In addition, the Group leases land and buildings by applying IFRIC 12 'Service Concession Agreements' and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

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

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

(iii) As a lessor

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

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

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

(o) Intangible Assets

(i) Service Concession Agreements

The Group shall recognize an intangible asset arising from service concession agreements when the Group a right to charge the public for the use of the infrastructure. The intangible assets resulted from construction or service upgraded in accordance with the service concession agreements are measured at the fair value on initial recognition. Subsequently, intangible assets are measured at cost, including borrowing costs that are eligible for capitalization, minus accumulated amortization and accumulated impairment losses.

(ii) Amortization

The amortized amount of intangible assets with definite lives is determined after deducting its residual value.

Amortization 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. For the estimated useful lives for the current and comparative years of significant item of intangible assets are as follows:

Service Concession Agreements 17~35 years

The useful life of intangibles arising from the service concession agreements begins on a day when the Group has a right to charge the public for the use of the infrastructure and ends on the expiry of the service concession agreements.

Amortization methods, useful lives, and residual values are reviewed at the end of each financial period, and adjusted if needed.

(p) Impairment of non-financial assets

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

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 cash-generating units (CGUs).

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

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

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

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

(q) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

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

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(iii) After-sales service

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

(r) Revenue

(i) Revenue from contracts with customers

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

1) Construction contracts

The Group enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract or the surveys of work performed / completion of a physical proportion of the contract work. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days and price-adjusted subsidy), accumulated experience is used to estimate the amount of variable consideration, using the expected value method. For other variable considerations (for example, completion bonus if a construction is completed by a specified date), the Group estimates the amount of variable consideration using the most likely amount. Considering the progress of a public construction is highly susceptible to factors outside the Group's control and, therefore, completion bonus is usually constrained, the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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

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

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

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

2) Land development and sale of real estate

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

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

Certain contracts include multiple deliverables, such as sale of residential properties and a decoration service. The Group accounts for the decoration service as a single performance obligation, and the transaction price is allocated to the decoration service on a relative stand alone selling price basis. If a stand alone selling price is not directly observable, it is estimated based on expected cost plus margin. Revenue from providing the decoration service is recognized in the accounting period in which the services are rendered and is determined based on the costs incurred to date as a proportion of the total estimated costs of the contract.

(ii) Labor service revenue

The Group provides the operation and maintenance of sewage treatment plant for the government and recognizes the revenue based on the number of times of completion.

(iii) Rental revenue

Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income and are recognized as the reduction of rental revenue, over the term of the lease. Income generated from leased real estate is recognized as rental revenue under operating revenue.

(iv) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

(s) Government grants

Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized.

(t) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

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

(u) Income Taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

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

Despite CHC, CEC and CDC adopted a tax consolidated regime, income tax should be calculated in accordance with the abovementioned accounting principles. Based on the consolidated income tax reported by CHC, it needs to adjust the current tax assets or liabilities for CHC.

(v) Earnings per share

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

(w) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The segment's operating results are reviewed regularly by the Group's chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance. In addition, discrete financial information is available from the interval reporting system.

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires the 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.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) The adoption of IFRIC 12 'Service concession arrangements' and the classification of receivables or intangible assets

The Group (the Operator) is required to comply with IFRIC 12 'Service Concession Arrangement' when entering into an agreement with the government (the Grantor), under the conditions of 'public-to-private' arrangement as follows：

(i) The Grantor decides and regulates on the price and the kind of services the Operator should render or provide to the users of the infrastructures.

(ii) The Grantor, through its ownership, acquires all the beneficial entitlements and any interests incurred from the infrastructure at the end of the term of the arrangement.

On the adoption of IFRIC 12 'Service concession arrangements', the payment from the Grantor received or receivable by the Operator incurred from the construction or upgrade services shall be recognized in a financial asset or an intangible asset according to the treaties of agreements. Please refer to note 6(e) and 6(m).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

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

(b) Revenue recognition

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

The Group's accounting policies include measuring of financial and non-financial assets and liabilities at FVTPL. For the fair value valuation, the Group has established its internal control system, that is, the Group established its financial instrument valuation group which is responsible for reviewing the significant fair value valuation and reporting the results to the Chief Financial Officer. The financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices; in addition, the valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure that the classification of fair value levels is complied with the IFRSs. Any significant valuation issue will be reported to the Audit Committee by the valuation group. The valuation of investment properties were either appraised by external qualified appraisers or measured by the Group's Financial Department (in accordance with the measurement methods and parametric hypothesis which announced by the FSC).

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) 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).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

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

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

(a) Note 6(l) , Investment property

(b) Note 6(ac), Financial instruments

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2020	December 31, 2019
Cash	$	18,317	18,147
Cash in banks		3,865,469	3,353,176
Time deposits		578,582	942,153
Cash equivalents		50,000	109,763
Cash and cash equivalents	**$**	**4,512,368**	**4,423,239**

(i) The aforesaid cash and cash equivalents were not pledged as collateral.

(ii) Please refer to Note 8 for time deposits in pledge reclassified to other current assets.

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

(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			
Stocks of unlisted company	**$**	**606,305**	**606,305**

(i) Please refer to note 6(ab) for the amount of remeasurement at fair value that are recognized in profit or loss.

(ii) Please refer to note 6(ac) for credit risk and market risk.

(iii) The aforesaid financial assets were not pledged as collateral.

(iv) On May 23, 2018, the board meeting passed a resolution to purchase 18,188 preferred stocks issued by American Bridge Holding Company (ABHC) which is a subsidiary of New Continental Corp. The unit price is 1,000 USD. On December 17, 2019, a resolution was approved during the board meeting to recognize the net value of ABHC, which was less than the book value of preferred stocks due to the loss of the infrastructure works contracted by ABHC. In consideration of its financial difficulties and solvency, the Group assessed that the investment of preferred stocks and the accumulated dividends receivable will be highly unrecoverable. Therefore, the book amount of $512,067 thousand and the dividend receivable of $67,072 thousand were fully recognized as losses, resulting in the above dividend receivable related to income tax liabilities of $20,121 thousand to be reversed. Hence, the Group ceased to apply the original third level valuation method as of December 31, 2019.

In September 2020, the preferred stocks had been cancelled, resulting in the Group to derecognize all the book amounts, dividends receivable, and allowance for losses.

(v) For the year ended December 31, 2019, the Group recognized the dividend income of $33,553 thousand related to the abovementioned investments in preferred stocks. Please refer to Note 6(ab).

(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:			
Listed common share — Evergreen Steel Corp.	$	1,181,250	-
Unlisted common share — Evergreen Steel Corp.		-	983,982
Unlisted common share — Xinrong Enterprise		607,523	586,246
Unlisted common share — Metro Consulting Service Ltd.		2,306	2,248
Total	**$**	**1,791,079**	**1,572,476**

(i) The Group 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 Group intends to hold for long-term for strategic purposes.

(ii) For the years ended December 31, 2020 and 2019, the dividends of $112,685 thousand and $100,455 thousand, respectively, related to equity investments at fair value through other comprehensive income, were recognized, please refer to Note (ab).

(iii) In October, 2019, the Group has sold its financial assets at fair value through other comprehensive income. The shares sold had a fair value of $620 thousand, and the Group realized a loss of $5,177 thousand, which has been transferred to retained earnings.

(iv) No strategic investments were disposed as of December 31, 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(v) Please refer to note 6(ac) for credit risk and market risk.

(vi) As of December 31, 2020 and 2019 the aforesaid financial assets were not pledged as collateral.

(d) Financial instruments used for hedging

The components of financial assets were as follows:

		December 31, 2020	December 31, 2019
Cash flow hedge:			
Financial instruments used for hedging	**$**	**447,850**	**538,361**

(i) The Group is exposed to certain foreign exchange risk arising from the payments made to overseas companies for the purchase of facilities, preparation of overseas related investment and some construction projects involving foreign consultant design fees, etc. The foreign exchange risk is estimated to be high, therefore, the Group decided to use derivative financial instruments for hedging purposes.

(ii) As of December 31, 2020 and 2019, the items hedged and the hedge instrument held by the Group were as follows:

Item Hedged	Hedge instrument	Hedge instrument designated to be hedge and fair value December 31, 2020	Hedge instrument designated to be hedge and fair value December 31, 2019	Expected Cash flow Period	Expected Income Period
Expected Foreign assets	Foreign deposits	**$ 465,139**	**539,272**	2020~2021	2020~2021
	Change in value of Foreign currency	**$ (20,063)**	**(6,694)**	2020~2021	2020~2021

Item Hedged	Hedge instrument	Hedge instrument designated to be hedge and fair value December 31, 2020	Hedge instrument designated to be hedge and fair value December 31, 2019	Contract amount (in thousand)	Delivery date
Expected Foreign assets	Forward exchange	**$ 2,774**	**5,783**	USD 1,499 MYR 40,150	110.02.18 ～ 111.06.25

(iii) The transactions of cash flow hedges for the years ended December 31, 2020 and 2019, were all effective.

(e) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 853,226	342,904
Accounts receivable-measured as amortized cost	2,035,690	2,140,165
Long-term receivables-measured as amortized cost	5,808,017	4,548,058
Less: Allowance for bad debts	-	-
	$ 8,696,933	**7,031,127**

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

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 8,538,374	0.19%	-
Pass due less than one year	108,089	0%	-
Pass due over one year	50,470	0%	-
Pass due over two years	-	100%	-
	$ 8,696,933		**-**

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 6,998,544	0%	-
Pass due less than one year	15,134	0%	-
Pass due over one year	17,449	0%	-
Pass due over two years	-	100%	-
	$ 7,031,127		**-**

(i) For the years ended December 31, 2020 and 2019, there were no allowance for losses recognized or reversed.

(ii) As of December 31, 2020 and 2019, the notes receivable and accounts receivable of the Group were not pledged as collateral.

(iii) As of December 31, 2020 and 2019, the long-term receivables of the Group had been pledged as collateral; please refer to Note 8.

(f) Other receivables

		December 31, 2020	December 31, 2019
Other receivables － lending of capital	$	318,528	348,135
Other receivables － lawsuit		150,630	243,206
Other receivables － related party		4,015	905
Other		217,422	227,238
Other non-current assets		-	67,072
Less: Allowance for impairment		-	(67,072)
	$	**690,595**	**819,484**

(i) There were no allowance for impairment losses recognized or reversed for the year ended December 31, 2020.

(ii) Please refer to Note 6(b) (vi) for recognition of impairment losses for the year ended December 31, 2019.

(iii) Please refer to Note 6(ac) for other credit risk.

(g) Inventory

		December 31, 2020	December 31, 2019
Construction:			
Material on hand	$	163	5,033
Real estate:			
Real estate held for sale		8,828,061	7,784,208
Land held for development		1,873,643	3,185,050
Building construction in progress		17,726,737	15,420,614
Prepayment for land		31,003	226,127
Subtotal		28,459,444	26,615,999
Less: Allowance for impairment loss		(96,249)	(252,395)
	$	**28,363,358**	**26,368,637**

(i) For the years ended December 31, 2020 and 2019, the cost of inventory was $3,947,224 thousand and $3,489,189 thousand, respectively.

(ii) Due to the sales of the remaining real estates in 2020 and 2019, the allowance for impairment loss was reversed, and the costs of goods sold were decreased by $156,146 thousand and $667 thousand respectively.

(iii) Capitalizing interest costs were as follows:

		2020	2019
Interest costs	**$**	**458,973**	**493,501**
Capitalized interests	**$**	**248,057**	**247,507**
Capitalization interest rate		**1.48%~7.65%**	**1.66%~7.9%**

(iv) As of December 31, 2020 and 2019, the inventories of the Group had been pledged as collateral; please refer to Note 8.

(h) Investments accounted for using equity method

Equity-accounted investees of the Group as at the reporting date were as follows:

		December 31, 2020	December 31, 2019
Associates	**$**	**745,537**	**601,867**

(i) Associates

The Group’s significant associates were as follows:

			Percentage of ownership or voting power	
Name of associates	**Relationship with**	**the Group Location**	**December 31, 2020**	**December 31, 2019**
New Continental Corp. (NCC)	Holding company of parties involved in American infrastructure project contracts	British Virgin Islands	45.47%	45.47%
CTCI-HDEC (Chungli) Corp. (CTCI-HDEC)	SPC, mainly responsible for the sewerage system BOT project in Chung-Li area, Taoyuan City.	Taiwan	49.00%	49.00%
Fanlu Construction Industry Co., Ltd. (Fanlu)	Real estate	Taiwan	35.00%	35.00%

The financial figures of the Group's significant associates are summarized in the following tables. In order to reflect the adjustments made to the fair value upon share acquisition and the differences in accounting policies, adjustments for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial figures.

1) Summary of NCC's financial figures

		December 31, 2019
Current assets	$	3,328,140
Non-current assets		3,711,824
Current liabilities		(5,954,867)
Non-current liabilities		(1,330,213)
Net assets	**$**	**(245,116)**
Net assets attributable to non-controlling interests	**$**	**(5,276)**
Net assets attributable to investee owners	**$**	**(239,840)**

		2019
Revenue	**$**	**9,105,258**
Net loss/ Comprehensive income	**$**	**(1,871,518)**
Comprehensive income attributable to non-controlling interests	**$**	**(14,992)**
Comprehensive income attributable to investee owners	**$**	**(1,856,526)**

		2019
Net assets attributable to the Group, January 1	$	543,477
Comprehensive income attributable to the Group		(761,353)
Additions		420,857
Changes in equity of associates accounted for using equity method		7,347
Net assets attributable to the Group, December 31		210,328
Impairment loss		(210,328)
Net assets attributable to the Group	**$**	**-**

The Group recognized the share loss of NCC based on its shareholding ratio that had exceeded the equity. As a result, no investment balance accounted for using equity method was recognized, and the Group also ceased to recognize any further losses. Therefore, the abovementioned summary financial information only discloses the information for the year ended December 31, 2019.

2) Summary of CTCI-HDEC's financial figures

		December 31, 2020	December 31, 2019
Current assets	$	134,590	138,338
Non-current assets		340,131	338,735
Current liabilities		(533)	(2,264)
Non-current liabilities		-	-
Net assets	**$**	**474,188**	**474,809**
Net assets attributable to non-controlling interests	**$**	**232,352**	**232,656**
Net assets attributable to investee owners	**$**	**241,836**	**242,153**

		2020	2019
Revenue	**$**	**1,462**	**75,987**
Net loss/ Comprehensive income	**$**	**(621)**	**(4,634)**
Comprehensive income attributable to non-controlling interests	**$**	**(304)**	**(2,271)**
Comprehensive income attributable to investee owners	**$**	**(317)**	**(2,363)**

Net assets attributable to the Group, January 1	$	232,656	234,927
Comprehensive income attributable to the Group		(304)	(2,271)
Net assets attributable to the Group, December 31	**$**	**232,352**	**232,656**

3) Summary of Fanlu's financial figures

		December 31, 2020	December 31, 2019
Current assets	$	3,890,082	3,290,949
Non-current assets		12,615	554
Current liabilities		(231,403)	(31,563)
Non-current liabilities		(2,205,000)	(2,205,000)
Net assets	**$**	**1,466,294**	**1,054,940**
Net assets attributable to non-controlling interests	**$**	**513,185**	**369,211**
Net assets attributable to investee owners	**$**	**953,109**	**685,729**

		2020	2019
Revenue	**$**	**11**	**573**
Net loss/ Comprehensive income	**$**	**(88,646)**	**(63,718)**
Comprehensive income attributable to non-controlling interests	**$**	**(31,026)**	**(22,301)**
Comprehensive income attributable to investee owners	**$**	**(57,620)**	**(41,417)**

		2020	2019
Net assets attributable to the Group, January 1	$	369,211	71,760
Additions		175,000	319,752
Comprehensive income attributable to the Group		(31,026)	(22,301)
Net assets attributable to the Group, December 31	**$**	**513,185**	**369,211**

(ii) Impairment loss

The investee of NCC mainly engages in infrastructure construction. Due to the sustained loss, the Group recognized an impairment loss of $210,328 thousand after its evaluation in 2019. Please refer to Note 6(ab).

(iii) Guarantee

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

(i) The Group has material non-controlling interest in the following subsidiaries:

Subsidiaries	Country of registration	Equity ownership of non-controlling interest	
		December 31, 2020	**December 31, 2019**
CDC US Corp. and subsidiaries	The United States	29.35%	29.35%

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

		December 31, 2020	December 31, 2019
Current assets	$	8,267,625	5,758,143
Non-current assets		1,846	-
Current liabilities		(4,321,914)	(1,590,957)
Non-current liabilities		(320,400)	(337,275)
Net assets	**$**	**3,627,157**	**3,829,911**
Non-controlling interest	**$**	**1,732,947**	**1,825,739**

		2020	2019
Revenue	**$**	**-**	**-**
Net loss	$	(11,543)	(14,249)
Other comprehensive income		-	-
Comprehensive income	**$**	**(11,543)**	**(14,249)**
Net loss attribute to non-controlling interest	**$**	**(1,497)**	**(1,120)**
Comprehensive income attribute to non-controlling interest	**$**	**(1,497)**	**(1,120)**

		2020	2019
Cash flows from operating activities	$	72,948	292,965
Cash flows from investing activities		(3,001,277)	(1,862,595)
Cash flows from financing activities		2,457,173	1,768,205
Net (decrease) increase in cash and cash equivalents	**$**	**(471,156)**	**198,575**

(j) Property, plant and equipment

Movements of the cost, depreciation, and impairment of property, plant and equipment of the Group for the years 2020 and 2019, were as follows:

	Land	Buildings	Machinery	Transportation equipment	Computer equipment	Office equipment	Total
Cost or deemed cost:							
Balance at January 1, 2020	$ 1,625,650	603,191	1,625,874	196,793	79,921	150,014	4,281,443
Additions	-	12	66,087	14,714	7,161	1,821	89,795
Reclassification	-	-	84,614	-	720	9,929	95,263
Disposals	-	(2,269)	(1,101,989)	(43,092)	(16,676)	(26,359)	(1,190,385)
Effect of exchange rate changes	-	(103)	(56,596)	(1,387)	(926)	(1,855)	(60,867)
Balance at December 31, 2020	**$ 1,625,650**	**600,831**	**617,990**	**167,028**	**70,200**	**133,550**	**3,215,249**
Balance at January 1, 2019	$ 1,264,952	541,608	1,740,107	206,849	91,843	163,570	4,008,929
Additions	-	-	105,220	18,880	12,222	5,296	141,618
Reclassification	360,698	61,602	19,920	-	-	-	442,220
Disposals	-	-	(189,943)	(28,157)	(23,534)	(17,560)	(259,194)
Effect of exchange rate changes	-	(19)	(49,430)	(779)	(610)	(1,292)	(52,130)
Balance at December 31, 2019	**$ 1,625,650**	**603,191**	**1,625,874**	**196,793**	**79,921**	**150,014**	**4,281,443**
Depreciation and impairment losses:							
Balance at January 1, 2020	$ -	224,695	1,416,151	160,954	60,170	132,839	1,994,809
Depreciation	-	12,566	84,639	11,019	7,279	6,389	121,892
Impairment loss reverse	-	-	(73,000)	-	-	-	(73,000)
Disposals	-	(2,257)	(1,038,806)	(41,352)	(14,271)	(21,923)	(1,118,609)
Effect of exchange rate changes	-	(102)	(52,033)	(1,130)	(713)	(1,583)	(55,561)
Balance at December 31, 2020	**$ -**	**234,902**	**336,951**	**129,491**	**52,465**	**115,722**	**869,531**
Balance at January 1, 2019	$ -	194,661	1,583,932	176,193	75,266	142,544	2,172,596
Depreciation	-	13,047	119,293	11,840	8,079	5,922	158,181
Impairment loss reverse	-	-	(114,000)	-	-	-	(114,000)
Reclassification	-	17,011	-	-	-	-	17,011
Disposals	-	-	(127,822)	(26,463)	(22,714)	(14,564)	(191,563)
Effect of exchange rate changes	-	(24)	(45,252)	(616)	(461)	(1,063)	(47,416)
Balance at December 31, 2019	**$ -**	**224,695**	**1,416,151**	**160,954**	**60,170**	**132,839**	**1,994,809**
Carrying amount							
Balance at December 31, 2020	**$ 1,625,650**	**365,929**	**281,039**	**37,537**	**17,735**	**17,828**	**2,345,718**
Balance at December 31, 2019	**$ 1,625,650**	**378,496**	**209,723**	**35,839**	**19,751**	**17,175**	**2,286,634**

(i) Please refer to Note 6(ab) for details of the gain and loss on disposal of property, plant and equipment.

(ii) As of December 31, 2020 and 2019, the property, plant and equipment had been pledged as collateral, please refer to Note 8.

(iii) For the years ended December 31, 2020 and 2019, after comparing the book value and recoverable of property, plant and equipment, the Group reversed $73,000 thousand and $114,000 thousand of impairment, respectively. The impairment loss was included in deduction of operating costs.

(k) Right-of-use assets

The movements in the cost and depreciation of the leased land, buildings and transportation equipment were as follows:

		Land	Buildings	Transportation equipment	Total
Cost:					
Balance at January 1, 2020	$	53,508	178,645	5,927	238,080
Additions		32,419	50,095	2,641	85,155
Disposals		(7,066)	(33,854)	(3,035)	(43,955)
Effect of exchange rate changes		-	(3,828)	-	(3,828)
Balance at December 31, 2020	**$**	**78,861**	**191,058**	**5,533**	**275,452**
Balance at January 1, 2019	$	-	-	-	-
Effect of retrospective application		17,265	110,759	5,927	133,951
Additions		39,026	78,970	-	117,996
Disposals		(2,783)	(8,889)	-	(11,672)
Effect of exchange rate changes		-	(2,195)	-	(2,195)
Balance at December 31, 2019	**$**	**53,508**	**178,645**	**5,927**	**238,080**
Depreciation:					
Balance at January 1, 2020	$	11,518	47,742	2,655	61,915
Depreciation		24,601	69,398	2,523	96,522
Disposals		(7,066)	(32,257)	(3,035)	(42,358)
Effect of exchange rate changes		-	(1,421)	-	(1,421)
Balance at December 31, 2020	**$**	**29,053**	**83,462**	**2,143**	**114,658**
Balance at January 1, 2019	$	-	-	-	-
Depreciation		14,185	54,528	2,655	71,368
disposals		(2,667)	(6,396)	-	(9,063)
Effect of exchange rates changes		-	(390)	-	(390)
Balance at December 31, 2019	**$**	**11,518**	**47,742**	**2,655**	**61,915**
Carrying amounts:					
Balance at December 31, 2020	**$**	**49,808**	**107,596**	**3,390**	**160,794**
Balance at December 31, 2019	**$**	**41,990**	**130,903**	**3,272**	**176,165**

(l) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, and properties that are owned by the Group. The details investment property were as follows:

		Owned		
		Land and improvements	Buildings	Total
Cost or deemed cost:				
Balance at January 1, 2020	$	8,325,743	2,336,957	10,662,700
Additions		-	438,220	438,220
Effect of exchange rate changes		(16,609)	(34,440)	(51,049)
Balance at December 31, 2020	**$**	**8,309,134**	**2,740,737**	**11,049,871**
Balance at January 1, 2019	$	11,664,853	2,500,610	14,165,463
Additions		-	316,887	316,887
Reclassification		(2,425,019)	(229,677)	(2,654,696)
Disposals		(911,329)	(242,072)	(1,153,401)
Effect of exchange rate changes		(2,762)	(8,791)	(11,553)
Balance at December 31, 2019	**$**	**8,325,743**	**2,336,957**	**10,662,700**

	Owned		
	Land and improvements	Buildings	Total
Depreciation and impairment losses：			
Balance at January 1, 2020	$ 349,356	478,271	827,627
Depreciation	-	29,660	29,660
Balance at December 31, 2020	**$ 349,356**	**507,931**	**857,287**
Balance at January 1, 2019	$ 501,205	581,159	1,082,364
Depreciation	-	36,231	36,231
Reclassification	(151,849)	(48,143)	(199,992)
Disposals	-	(90,976)	(90,976)
Balance at December 31, 2019	**$ 349,356**	**478,271**	**827,627**
Carrying amounts:			
Balance at December 31, 2020	**$ 7,959,778**	**2,232,806**	**10,192,584**
Balance at December 31, 2019	**$ 7,976,387**	**1,858,686**	**9,835,073**
Fair value:			
Balance at December 31, 2020			**$ 12,674,277**
Balance at December 31, 2019			**$ 12,329,469**

The Group sets out standards in identifying the investment property. Investment property is a kind of property held for the purpose of earning rentals or capital appreciation, or for both. One factor to be considered is if the main cash flow generated by a property can be independent to other assets held by the Group. Properties of the Group are partly held for earning rentals or capital appreciation, and partly are held for management purposes, for the portions that can be sold separately, they are accounted for separately. For the portions that can not be sold separately, only in the event that the portions used for management purpose are not significant, the property is deemed as an investment property.

Investment property comprises a number of commercial properties that are leased to third parties.

Please refer to Note 6(t) for detail information (include rental revenues and other direct operating expenses).

The fair value of investment property is based on a valuation by an independent evaluator who has certified professional qualification and related valuation experience in areas and types of the valuated investment property. Under the valuation techniques for financial instruments measured at fair value, the inputs are categorized as Level 3.

As of December 31, 2020 and 2019, the investment property had been pledged as collateral, please refer to Note 8.

(m) Intangible assets

The details of the cost, amortization, and impairment of intangible assets of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Goodwill	Service Concession Agreements	Total
Cost:			
Balance at January 1, 2020	$ 30,249	1,359,997	1,390,246
Additions	-	47,332	47,332
Balance at December 31, 2020	**$ 30,249**	**1,407,329**	**1,437,578**
Balance at January 1, 2019	$ 30,249	1,309,250	1,339,499
Additions	-	50,747	50,747
Balance at December 31, 2019	**$ 30,249**	**1,359,997**	**1,390,246**
Amortization and impairment losses:			
Balance at January 1, 2020	$ -	240,593	240,593
Amortization	-	61,181	61,181
Balance at December 31, 2020	**$ -**	**301,774**	**301,774**
Balance at January 1, 2019	$ -	182,476	182,476
Amortization	-	58,117	58,117
Balance at December 31, 2019	**$ -**	**240,593**	**240,593**
Carrying amount:			
Balance at December 31, 2020	**$ 30,249**	**1,105,555**	**1,135,804**
Balance at December 31, 2019	**$ 30,249**	**1,119,404**	**1,149,653**

(i) For the years ended December 31, 2020 and 2019, the amortization of intangible assets were recognized as operating costs.

(ii) As of December 31, 2020 and 2019, the intangible assets had been pledged as collateral, please refer to Note 8.

(n) Short-term borrowings

The details of short-term borrowings of the Group were as follows:

	December 31, 2020	December 31, 2019
Unsecured loans	$ 710,380	1,456,389
Secured loans	9,313,700	6,629,121
	$ 10,024,080	**8,085,510**
Unused credit limit	**$ 19,832,700**	**24,061,123**
Range of interest rate	**1.00%~1.65%**	**1.067%~5.25%**

For details of the related assets pledged as collateral, please refer to Note 8.

(o) Short-term notes and bills payable

The details of short-term notes and bills payable of the Group were as follows:

	December 31, 2020		
	Guarantee or acceptance institute	Range of interest rate	Amount
Bills payable	Financial institutes	1.001%~1.407%	**$ 820,000**

	December 31, 2019		
	Guarantee or acceptance institute	Range of interest rate	Amount
Bills payable	Financial institutes	1.302%~1.664%	**$ 1,100,000**

For details of the related assets pledged as collateral, please refer to Note 8.

(p) Long-term borrowings

The details of long-term borrowings of the Group were as follows:

	December 31, 2020			
	Currency	Range of interest rate	Matured period	Amount
Unsecured loans	TWD	1.1%~2.1%	110.05~114.03	$ 3,384,000
Secured loans	TWD	1.1900%~1.6490%	110.02~116.05	8,081,492
	USD	2.7508%~5.4293%	110.06	423,137
				11,888,629
Less: current portion				(2,787,067)
Less: fees				(2,175)
Total				**$ 9,099,387**
Unused credit limit				**$ 6,788,439**

	December 31, 2019			
	Currency	Range of interest rate	Matured period	Amount
Unsecured loans	TWD	1.1%~2.1%	109.01~114.02	$ 4,757,800
	USD	3.3291%	109.05	299,800
Secured loans	TWD	1.42%~1.871%	109.02~115.12	6,854,922
	USD	4.2354%~5.4293%	110.06	329,512
				12,242,034
Less: current portion				(1,886,230)
Less: fees				(2,625)
Total				**$ 10,353,179**
Unused credit limit				**$ 5,318,814**

(i) For details of the related assets pledged as collateral, please refer to Note 8.

(ii) The loan agreement requires CEC to maintain certain financial ratios: current ratio>100%, debt-to-equity ratio<100%, Long-term liability and equity conformity ratio>100%, fixed Long-term conformity ratio<100%. As of December 31, 2020 and 2019, CEC did not violate any terms in the loan agreement.

(iii) The loan agreement requires HDEC to maintain certain financial ratios: debt ratio ≦ 100%, and net worth>$2 billion. As of December 31, 2020 and 2019, HDEC did not violate any terms in the loan agreement.

(iv) The loan agreement requires NSC to maintain certain financial ratios. As of December 31, 2020 and 2019, NSC did not violate any terms in the loan agreement.

Financial ratio	2017 ～ 2023
Debt ratio ≦	150%
Financial ratio	**2012 ～ 2023**
Liquidity ratio ≧	100%

(q) Bonds payable

On November 5, 2020 the Group's Board of Directors approved to issue secured ordinary corporate bond amounting to no more than $2 billion, which had been approved by the Taipei Exchange (TPEx) on December 31, 2020. The offering information and main rights and obligations were as follows:

Item	1st secured ordinary corporate bond issued in 2020
Issued amount	The band was issued at $2 billion.
Par value	Each unit was valued at $1 million.
Issued price	The bond was issued at par value on the issued date.
Tenor	The bond issued with maturities of five years. The tenor was from January 11, 2021 to January 11, 2026.
Coupon rate	Fixed rate 0.55%.
Repayment	The principal of the bond will be repaid on the maturity.
Interest Payment	Interests was paid once a year at coupon rate since the issued date.
Guarantee	The corporate bond was guaranteed by Mega International Commercial Bank in accordance with the guaranty deed of appointment.

(r) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 128,836	106,982
Non-current	$ 35,700	73,542

For the maturity analysis, please refer to Note 6(ac).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	$ 4,774	4,317
Variable lease payments not included in the measurement of lease liabilities	$ 12,743	17,470
Expenses relating to short-term leases	$ 52,831	99,093
Income from sub-leasing right-of-use assets	$ 3,196	-
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 280	-

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

	2020	2019
Total cash outflow for leases	$ 167,942	188,211

(i) Real estate leases

As of December 31, 2020, the Group leases land and buildings for its office space, work station and staff dormitory which leases typically run for a period of one to seven years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

(ii) Other leases

The Group leases transportation equipment, with lease terms of two to five years.

In addition, the Group leases office equipment, machinery and parking spot, with lease terms of one to three years which are short-term or variable lease payments items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(s) Provision

	Onerous contracts		Warranties	After sales service	Total
Balance at January 1, 2020	$	286,661	116,888	137,830	541,379
Addition		-	52,446	14,820	67,266
Realized		-	(11,452)	(1,847)	(13,299)
Reversal		(93,521)	(17,343)	-	(110,864)
Effect of exchange rate changes		(3,916)	-	-	(3,916)
Balance at December 31, 2020	**$**	**189,224**	**140,539**	**150,803**	**480,566**
Balance at January 1, 2019	$	303,531	104,411	128,853	536,795
Addition		-	48,040	11,350	59,390
Realized		-	(15,765)	(2,373)	(18,138)
Reversal		(12,941)	(19,798)	-	(32,739)
Effect of exchange rate changes		(3,929)	-	-	(3,929)
Balance at December 31, 2019	**$**	**286,661**	**116,888**	**137,830**	**541,379**

(i) Onerous contract

Total future construction cost is likely to surpass total contract revenue with adopting IFRS 15 that the Group would evaluate onerous contract based on IAS 37-Provision, Contingent Liabilities and Contingent Assets.

(ii) Warranties

The provision for warranties and after-sales service relates mainly to construction contracts and sales premises for the years ended December 31, 2020 and 2019. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability within one to five years after the construction completed.

(t) Operating leases

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

As of December 31, 2020 and 2019, a maturity analysis of lease payments, showing the undiscounted lease payments to be received after reporting date are as follows:

	December 31, 2020		December 31, 2019
Less than one year	$	192,323	202,082
Between one and five years		391,855	238,496
More than five years		86,056	100,035
Total undiscounted lease payments	**$**	**670,234**	**540,613**

For the years ended December 31, 2020 and 2019, the rental revenue of investment property was $180,625 thousand and $254,313 thousand, respectively.

Repair and maintenance expenses arising from investment property (recognized as rental costs) were as follows:

	2020		2019
Expenses that generated rental revenue	$	4,582	9,442
Expenses unrelated to the derivation of rental revenue		24	72
	$	**4,606**	**9,514**

(u) Long-term accounts payable

The Group established subsidiaries in the United States in 2017.

Due to the agreements entered into by the Group with its prior shareholders, the Group will have to pay after the completion of the construction projects of its subsidiaries. Unpaid amount to 2020 and 2019 are $320,400 thousand and $337,275 thousand, respectively.

(v) Employee benefits

(i) Defined benefit plan

The present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2020		December 31, 2019
Present value of defined benefit obligations	$	561,775	571,450
Fair value of plan assets		(362,291)	(310,608)
Net defined benefit liability	**$**	**199,484**	**260,842**

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for six-month period prior to retirement.

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted ot $362,291 thousand at the end of the reporting period. The information related to the pension fund includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Defined benefit obligation, January 1	$	571,450	562,127
Current service costs and interest		9,987	10,522
Remeasurement of the net defined benefit liability (asset)			
— Actuarial gain arose from changes in financial assumption		4,867	2,487
— Experience adjustment		(7,426)	27,632
Benefits paid by the plan		(17,103)	(31,318)
Defined benefit obligation, December 31	**$**	**561,775**	**571,450**

3) Movements of defined benefit plan assets in fair value

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Fair value of plan assets, January 1	$	310,608	258,030
Interest revenue		3,132	2,846
Remeasurement of the net defined benefit liability (asset)			
— Return on plan assets (excluding interest)		9,210	8,979
Contributions made		47,017	46,848
Benefits paid by the plan		(7,676)	(6,095)
Fair value of plan assets, December 31	**$**	**362,291**	**310,608**

4) Expenses recognized in profit or loss

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

		2020	2019
Current service costs	$	4,260	4,451
Net interest on net defined benefit liability (asset)		2,595	3,225
	$	**6,855**	**7,676**
Administrative expenses	**$**	**6,855**	**7,676**

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income were as follows:

		2020	2019
Accumulated amount, January 1	$	89,605	68,465
Recognized during the period		(11,769)	21,140
Accumulated amount, December 31	**$**	**77,836**	**89,605**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.80%~1.00%	1.00%~1.20%
Future salary increase rate	2.50%~3.00%	2.50%~3.00%

The Group is expected to make a contribution payment of $4,454 thousand to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 0.5 to 13.8 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

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

	Impact on the defined benefit obligations	
	Increase	**Decrease**
December 31, 2020		
Discount (change in 0.25%)	(0.16)%~(1.41)%	0.16%~1.45%
Future salary increase (change in 1.00%)	1.83%~6.73%	(1.76)%~(6.08)%
December 31, 2019		
Discount (change in 0.25%)	(0.46)%~(1.47)%	0.47%~1.52%
Future salary increase (change in 1.00%)	3.02%~7.18%	(2.84)%~(6.43)%

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

(ii) Defined contribution plan

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $53,380 thousand and $50,827 thousand for the years ended December 31, 2020 and 2019, respectively.

(w) Income Tax

(i) Income tax expense recognized in profit or loss

	2020	2019
Current income tax expenses		
Current period	$ 100,386	208,348
Land value increment tax	68,624	98,154
Additional surtax on unappropriated earnings	4	158,533
Adjustment for prior periods	(84,684)	7,089
	84,330	472,124
Deferred income tax expense		
Origination and reversal of temporary difference	3,345	(1,252)
Income tax expenses	**$ 87,675**	**470,872**

(ii) Income tax recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Items that will not be reclassified to profit and loss		
Remeasurement from defined benefit plans	**$ (2,942)**	**5,285**

(iii) The reconciliation of income tax expense and income before tax for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Income before tax	$	1,720,612	622,932
Income tax expense at domestic statutory tax rate	$	344,122	124,586
Effect of difference tax rates on foreign countries		(4,438)	(1,400)
Tax-exempt income		(156,908)	(261,938)
Investment loss accounted for using equity method		6,266	154,921
Current tax loss from unrecognized deferred tax assets		(85,535)	(127,739)
Adjustment for prior periods		(84,684)	7,089
Additional surtax on unappropriated earnings		4	158,533
Land value increment tax		68,624	98,154
Income basic tax		-	112,300
Gain on valuation of financial assets		-	(107,321)
Temporary deductible difference from unrecognized deferred tax assets		(12,737)	139,648
Others		12,961	174,039
Total	**$**	**87,675**	**470,872**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets:

The items of unrecognized deferred tax assets were as follows:

		December 31, 2020	December 31, 2019
Deductible temporary difference	$	128,031	301,796
Tax loss		697,124	922,350
	$	**825,155**	**1,224,146**

In accordance with the R.O.C. Income Tax Act, net losses for prior ten years assessed by the tax authorities were deducted from current profit and the assessed. As a result of such items unrecognized as deferred tax assets, the Group is not likely to have enough taxable income for temporary difference.

As of December 31, 2020, the Group's estimated unused loss carry-forwards was as follows:

Years of loss	Unused tax loss	Year of expiry
2011 (assessed)	291,159	2021
2012 (assessed)	374,243	2022
2013 (assessed)	27,241	2023
2014 (assessed)	563,024	2024
2015 (assessed)	1,278,612	2025
2016 (assessed)	523,940	2026
2017 (declared)	54	2027
2018 (declared)	103	2028
2019 (declared)	131	2029
2020 (estimated)	107,011	2030
	$ 3,165,518	

2) Recognized deferred tax assets and liabilities:

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

Deferred tax assets:

		Others
Balance at January 1, 2020	$	50,813
Current tax expense		26,413
Effect of exchange rates changes		(68)
Others		(42,092)
Balance at December 31, 2020	**$**	**35,066**

		Others
Balance at January 1, 2019	$	10,522
Current tax expense		40,291
Balance at December 31, 2019	**$**	**50,813**

Deferred tax liabilities:

		其他
Balance at January 1, 2020	$	115,093
Current tax expense		29,758
Others		(43,159)
Balance at December 31, 2020	**$**	**101,692**
Balance at January 1, 2019	$	76,054
Current tax expense		39,039
Balance at December 31, 2019	**$**	**115,093**

(v) Status of approval of income tax

1) The Company's income tax returns for the year up to 2016 have been assessed and approved by the tax authority.

2) The Group's income tax returns have been assessed by the tax authorities were as follows:

Year of assessed	Company
2016	CEC and CDC
2018	BWC, LHC, CCD and HDEC (the year 2017 has not been assessed)
2019	PDC, NSC and SDC

(x) Capital and other equity

As of December 31, 2020 and 2019, the total value of nominal authorized ordinary shares amounted to $10,000,000 thousand. Face value of each share is $10, which means in total there were 1,000,000 thousand ordinary shares, of which 823,216 thousand shares, were issued and paid upon issuance.

(i) Capital surplus

The components of the capital surplus were as follows:

		December 31, 2020	December 31, 2019
Premiums from issuance of share capital	$	6,397,913	6,397,913
Treasury stock transactions		406,518	406,518
Change on subsidiaries equity		9,314	4
	$	**6,813,745**	**6,804,435**

1) The Company was established on April 8, 2010, it became the holding company of CEC via a share swap. The net equity of CEC's stock in excess of par value of the Company's stock was $7,368,919 thousand, this amount was credited to capital surplus. In 2011, the Company used capital surplus to distribute Year 2010 cash dividends for an amount of $504,695 thousand.

2) In accordance with the R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10% of the actual share capital amount.

(ii) Retained earnings

In accordance with the Company's articles of incorporation, net income of the current period should firstly be offset against losses in the previous years and income tax, then with 10% of which be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. In addition, special reserve will be appropriated base on operating requirements and regulations. The remaining net income plus the undistributed retained earnings shall be distributed according to the distribution plan. The cash dividends shall not be below 20% of the total dividends.

The distribution plan shall issue new shares which should be proposed by the Board of directors and submitted to the shareholders' meeting for approval.

1) Legal Reserve

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

2) Special Reserve

The Company applied the exemptions at the first-time adoption of IFRSs and increased its retained earnings by $4,448,666 thousand, which were resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements and the fair value of investment property being used as the cost on initial recognitions at the transition date, as well as the amount of $2,592,640 thousand being appropriated to special reserve according to Permit No. 1010012865, issued by the FSC on April 6, 2012. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of December 31, 2020 and 2019, the special reserve related to all IFRSs adjustments amounting to $2,262,233 thousand.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earning distribution. The amount to be reclassified should equal the current-period total net reduction of other stockholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other stockholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other stockholders' equity shall qualify for additional distributions.

3) Earnings distribution

Cash dividend amount in the earning distribution for 2019 has been approved in the Board of Directors meeting on April 30, 2020. And the earning distribution for 2018 has been approved in the general shareholders'meeting on June 12, 2019. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to common shareholders:				
Cash	**$ 0.50**	**411,608**	**0.90**	**740,894**

(iii) Other equity

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Gains (losses) on hedging instruments**	**Total**
Balance at January 1, 2020	$ (645,041)	728,286	(911)	82,334
Exchange differences on foreign operations	(220,350)	-	-	(220,350)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	218,603	-	218,603
Change in fair value of hedging instrument	-	-	(16,378)	(16,378)
Balance at December 31, 2020	**$ (865,391)**	**946,889**	**(17,289)**	**64,209**
Balance at January 1, 2019	$ (529,154)	978,564	12,950	462,360
Exchange differences on foreign operations	(104,504)	-	-	(104,504)
Exchange differences on associates accounted for using equity method	(11,383)	-	-	(11,383)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	5,177	-	5,177
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	61	-	61
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(255,516)	-	(255,516)
Change in fair value of hedging instrument	-	-	(13,861)	(13,861)
Balance at December 31, 2019	**$ (645,041)**	**728,286**	**(911)**	**82,334**

(y) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2020 and 2019 was based on net income attributable to ordinary shareholders of the Company amounted to $1,538,543 thousand and $97,007 thousand, respectively; and the weighted-average number of ordinary shares outstanding of 823,216 thousand ordinary shares. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

		2020	2019
Net income attributable to ordinary shareholders	$	**1,538,543**	**97,007**

2) Weighted-average number of ordinary shares

	2020	2019
Weighted-average number of ordinary shares at December 31	**823,216**	**823,216**

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2020 and 2019 was based on net income attributable to ordinary shareholders of the Company amounted to $1,538,543 thousand and $97,007 thousand, respectively; and the weighted-average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 823,617 thousand and 823,494 thousand, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

		2020	2019
Net income attributable to ordinary shareholders	$	**1,538,543**	**97,007**

2) Weighted-average number of ordinary shares (Diluted)

	2020	2019
Weighted-average number of ordinary shares (Basic)	823,216	823,216
Effect of employee share bonuses	401	278
Weighted-average number of ordinary shares (Diluted) at December 31	**823,617**	**823,494**

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

		2020			
		Civil & building Construction	**Real Estate Development**	**Environmental Project Development**	**Total**
Primary geographical markets:					
Taiwan	$	11,527,328	5,829,956	3,105,808	20,463,092
Other		1,225,087	470	-	1,225,557
	$	**12,752,415**	**5,830,426**	**3,105,808**	**21,688,649**
Main products:					
Civil & building construction	$	12,715,823	-	-	12,715,823
Environmental project development		-	-	3,105,808	3,105,808
Real estate revenue		-	5,604,234	-	5,604,234
Rental revenue on investment property		20,902	159,723	-	180,625
Other		15,690	66,469	-	82,159
	$	**12,752,415**	**5,830,426**	**3,105,808**	**21,688,649**

		2019			
		Civil & building Construction	**Real Estate Development**	**Environmental Project Development**	**Total**
Primary geographical markets:					
Taiwan	$	13,218,208	4,929,153	1,785,282	19,932,643
Other		2,731,843	601	-	2,732,444
	$	**15,950,051**	**4,929,754**	**1,785,282**	**22,665,087**
Main products:					

	2019			
	Civil & building Construction	**Real Estate Development**	**Environmental Project Development**	**Total**
Civil & building construction	$ 15,871,698	-	-	15,871,698
Environmental project development	-	-	1,785,282	1,785,282
Real estate revenue	-	4,645,183	-	4,645,183
Rental revenue on investment property	22,093	232,220	-	254,313
Other	56,260	52,351	-	108,611
	$ 15,950,051	**4,929,754**	**1,785,282**	**22,665,087**

(ii) Contract balances

	December 31, 2020	**December 31, 2019**	**108.1.1**
Notes receivable	$ 853,226	342,904	419,775
Accounts receivable (including long-term receivables)	7,843,707	6,688,223	6,128,383
Less: Allowance for impairment	-	-	-
Total	**$ 8,696,933**	**7,031,127**	**6,548,158**
Contract assets-civil & building construction	$ 1,468,720	2,359,938	2,916,313
Contract assets-retention receivables	2,423,379	2,592,795	2,743,888
Contract assets-accrual receivables for completion	-	10,223	257,359
Total	**$ 3,892,099**	**4,962,956**	**5,917,560**
Contract liabilities-civil & building construction	$ 3,858,104	4,065,484	3,700,219
Contract liabilities-environment project development	254,880	46,375	30,562
Contract liabilities-advance real estate receipts	4,002,780	2,438,964	1,905,076
Contract liabilities-advance rent receipts	5,525	4,374	5,773
Total	**$ 8,121,289**	**6,555,197**	**5,641,630**

1) Please refer to Note 6(e) for the details on accounts receivable and allowance for impairment.
2) Please refer to Note 6(s) for details on onerous contracts as of December 31, 2020 and 2019.
3) The amounts of revenue recognized for the years ended December 31, 2020 and 2019 that were included in the contract liability balance at the beginning of the year were $776,871 thousand and $960,130 thousand, respectively.
4) For the amounts of the above contracts, please refer to Note 9.

(aa) Remuneration for employees and directors

Based on the Company's articles of incorporation, remuneration for employees and directors is appropriated at the rate of 0.5% and a rate no more than 0.5%, respectively, of the profit before tax. The Company should make up its prior years' accumulated deficit before any appropriation of profits. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration to be $7,372 thousand and $1,861 thousand and its director's remuneration to be $0. The estimated amounts mentioned above are calculated based on income before tax, excluding the remuneration to employees and directors of each period, multiplied it by the percentage of remuneration to employees and directors as specified in the

Company's articles. These remunerations were expensed under operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for the years ended December 31, 2020 and 2019.

(ab) Non-operating income and expenses

(i) Interest income

The Group's interest income were as follows:

	2020	**2019**
Interest income from bank deposits	$ 30,436	51,575
Other interest income	10,859	6,001
Total Interest income	**$ 41,295**	**57,576**

(ii) Other income

The Group's other income were as follows:

		2020	2019
Dividend income	$	112,685	134,008
Other income-other		67,176	31,453
Income from counter-party default		23,429	234
Gain on overdue payables written off		206	156
Total other income	**$**	**203,496**	**165,851**

(iii) Other gains and losses

The Group's other gains and losses were as follows:

		2020	2019
Gains on disposals of property, plant and equipment	$	1,107	584
Gains on disposals of investment property		5,393	403,650
Foreign exchange losses		(49,741)	(23,250)
Gains on financial assets at fair value through profit or loss		-	24,536
Impairment losses		-	(210,328)
Other		(377)	(32,961)
	$	**(43,618)**	**162,231**

(iv) Financial costs

The Group's financial costs were as follows:

		2020	2019
Interest expenses-borrowings	$	454,199	489,184
Interest expense-lease liabilities		4,774	4,317
Less: capitalized interest		(248,057)	(247,507)
	$	**210,916**	**245,994**

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2020 and 2019, the Group's maximum credit risk exposure resulting from un-collectability of accounts receivable from transaction parties and financial losses from offering financial guarantee was as follows:

The book value of financial assets and contract assets recognized on the balance sheet; and

The financial guarantee provided by the Group amounted to $1,655,000 thousand.

2) Credit risk concentrations

Clients of the Group are concentrated in the real estate development industry and government entities. To minimize credit risks, the Group assesses the financial positions of the clients periodically and requests collateral or guarantees if necessary. The Group also evaluates the collectability of receivables and the provision for doubtful accounts on a regular basis. The relevant losses on bad debts are generally under the Group's expectation.

3) Receivables of credit risk

For credit risk exposure of notes and accounts receivables, please refer to note 6(e).

Other financial assets at amortized cost includes other receivables and time deposits, etc.

All of these financial assets are considered to have low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(g) for the Group determines whether credit risk is to be low risk).

The loss allowance provision were determined as follows:

		Other receivables (recognized as other non-current assets)
Balance at January 1, 2020	$	(67,072)
Derecognized		67,072
Balance at December 31, 2020	**$**	**-**
Balance at January 1, 2019	$	-
Impairment loss recognized		(67,072)
Balance at December 31, 2019	**$**	**(67,072)**

(ii) Liquidity risk

The Group manages and maintains appropriate positions of cash and cash equivalents, as well as the resources of funding which are adequate and cost-effective to ensure that it has sufficient liquidity to meet its operation requirements for at least 12 months in the future.

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2020					
Non-derivative financial liabilities					
Secured loans	$ 17,816,154	18,816,527	11,288,310	6,564,598	963,619
Unsecured loans	4,094,380	4,231,168	1,249,171	2,981,997	-
Short-term notes and bills payable	820,000	820,000	820,000	-	-
Accounts and notes payable	5,784,460	5,784,460	3,395,075	2,109,783	279,602
Other payables	1,989,830	1,989,830	1,030,310	957,977	1,543
Guarantee deposit received	141,508	141,508	-	74,446	67,062
Long-term accounts payable	320,400	320,400	-	320,400	-
Lease liabilities	164,536	169,579	86,639	82,940	-
	$ 31,131,268	**32,273,472**	**17,869,505**	**13,092,141**	**1,311,826**
December 31, 2019					
Non-derivative financial liabilities					
Secured loans	$ 14,050,930	14,872,816	3,793,852	10,341,169	737,795
Unsecured loans	6,273,989	6,461,850	2,507,337	3,954,513	-
Short-term notes and bills payable	1,100,000	1,100,000	1,100,000	-	-
Accounts and notes payable	5,907,669	5,907,669	3,220,868	2,413,543	273,258
Other payables	1,931,572	1,931,572	756,516	1,175,056	-
Guarantee deposit received	137,278	137,278	-	86,148	51,130
Long-term accounts payable	337,275	337,275	-	337,275	-
Lease liabilities	180,524	189,397	76,253	112,816	328
	$ 29,919,237	**30,937,857**	**11,454,826**	**18,420,520**	**1,062,511**

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group’s significant exposures to foreign currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

	December 31, 2020			**December 31, 2019**		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial Assets						
Monetary items						
USD：TWD	$ 67,973	28.4800	1,935,862	73,417	29.9800	2,201,056
HKD：TWD	51,131	3.6730	187,805	1,277	3.8490	4,914
MYR：TWD	88,692	6.9933	620,248	67,042	7.3290	491,354
EUR: TWD	827	35.0200	28,946	3,261	33.5900	109,552
Financial Liabilities						
Monetary items						
USD： MYR	15,070	4.0170	429,194	10,990	4.1135	329,480

2) Sensitivity analysis

The Group's exchange rate risk comes mainly from currency exchange gains and losses on the translation of the foreign cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables, etc. A strengthening (weakening) of 1% of the NTD against foreign currencies for the years ended December 31, 2020 and 2019 would have increased (decreased) the income before tax by $18,995 thousand and by $19,456 thousand, and the equity by $4,442 thousand and $5,318 thousand due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant and is performed on the same basis for prior year.

3) Foreign exchange gains or losses of monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange loss (including realized and unrealized portions) amounted to $49,741 thousand and $23,250 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management for Group’s interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure in interest rates on the derivative and non-derivative financial instruments on the reporting date.

Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 1%, the Group’s income before tax will decrease/increase by $199,173 thousand and $166,724 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remain constant. This is mainly due to the Group’s borrowing at variable rates.

(v) Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2020		2019	
Price of securities at the reporting date	**Other comprehensive Income after tax**	**Net Income**	**Other comprehensive Income after tax**	**Net Income**
Increase 1%	**$ 17,911**	**4,850**	**15,725**	**4,850**
Decrease 1%	**$ (17,911)**	**(4,850)**	**(15,725)**	**(4,850)**

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss, financial assets used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Unlisted common shares	$ 606,305	-	-	606,305	606,305
Financial assets for hedging	$ 447,850	447,850	-	-	447,850
Financial assets at fair value through other comprehensive income					
Listed common shares	$ 1,181,250	1,181,250	-	-	1,181,250
Unlisted common shares	609,829	-	-	609,829	609,829
Subtotal	1,791,079	1,181,250	-	609,829	1,791,079
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 4,512,368	-	-	-	-
Notes, accounts receivable and long-term accounts receivable	8,696,933	-	-	-	-
Other receivables	690,595	-	-	-	-
Guarantee deposit paid (including current and non-current)	103,029	-	-	-	-
Other financial assets	1,876,291	-	-	-	-
Subtotal	15,879,216	-	-	-	-
Total	**$ 18,724,450**	**1,629,100**	**-**	**1,216,134**	**2,845,234**

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank borrowings and short-term notes and bills payable	$ 22,730,534	-	-	-	-
Accounts and notes payable	5,784,460	-	-	-	-
Other payables	1,989,830	-	-	-	-
Long-term accounts payable	320,400	-	-	-	-
Guarantee deposit received	141,508	-	-	-	-
Lease liabilities (including current and non-current)	164,536	-	-	-	-
Subtotal	31,131,268	-	-	-	-
Total	**$ 31,131,268**	**-**	**-**	**-**	**-**

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Unlisted common shares	$ 606,305	-	-	606,305	606,305
Financial assets for hedging	$ 538,361	538,361	-	-	538,361
Financial assets at fair value through other comprehensive income					
Unlisted common shares	$ 1,572,476	-	-	1,572,476	1,572,476
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 4,423,239	-	-	-	-
Notes, accounts receivable and long-term accounts receivable	7,031,127	-	-	-	-
Other receivables	819,484	-	-	-	-
Guarantee deposit paid (including current and non-current)	99,627	-	-	-	-
Other financial assets	1,741,951	-	-	-	-
Subtotal	14,115,428	-	-	-	-
Total	**$ 16,832,570**	**538,361**	**-**	**2,178,781**	**2,717,142**
Financial liabilities measured at amortized cost					
Bank borrowings and short-term notes and bills payable	$ 21,424,919	-	-	-	-
Accounts and notes payable	5,907,669	-	-	-	-
Other payables	1,931,572	-	-	-	-
Long-term accounts payable	337,275	-	-	-	-
Guarantee deposit received	137,278	-	-	-	-
Lease liabilities (including current and non-current)	180,524	-	-	-	-
Subtotal	29,919,237	-	-	-	-
Total	**$ 29,919,237**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well established, only small volumes are traded, or bid ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of financial instrument with an active market are as follows:

- Listed stock are financial assets which have standard provision and trade in an active market, and their fair value are determined by market quoted price respectively.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market date at the reporting date.

Measurements of financial instrument without an active market are as follows:

- Equity instruments without quoted price: The Group extrapolated fair value by present earning value method. The main assumption is cash flow from future earnings based on investors' expectation, and the cash flow is discounted by rate of return which is based on the time value of currency and investment risk.
- Equity instruments without quoted price: The Group extrapolated fair value by market approach. The main assumption is surplus multiplier based on comparable quoted market price. The estimates include adjustments of lack of market liquidity.

3) Transfer between Level 1 and Level 3

The Group hold the shares of Evergreen Steel Corp., with a fair value of $1,181,250 thousand and $983,982 thousand, classified as fair value through other comprehensive income, as of December 31, 2020 and 2019, respectively.

In January 2020, Evergreen Steel Corp listed its equity shares on an exchange and they are currently actively traded in the market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy as of March 31, 2020.

4) The movement of Level 3

		Financial assets at fair value though profit or loss Non-derivative financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income Equity instruments without quoted market price
Balance at January 1, 2020	$	606,305	1,572,476
In other comprehensive income		-	21,335
Transfers out of Level 3		-	(983,982)
Balance at December 31, 2020	**$**	**606,305**	**609,829**
Balance at January 1, 2019	$	1,018,257	1,828,762
In other comprehensive income		-	(255,666)
In profit or loss		(512,067)	-
Purchased		100,115	-
Disposal		-	(620)
Balance at December 31, 2019	**$**	**606,305**	**1,572,476**

Aforesaid total gains and losses that were recognized in "other gains and losses" and "unrealized gains or losses on financial assets at fair value through other comprehensive income". Related assets held for the years ended December 31, 2020 and 2019, were as follows:

		2020	2019
Total gains or losses			
Recognized in profit or loss (recognized as "other gains and losses")	$	-	(512,067)
Recognized in other comprehensive income (recognized as "unrealized gains or losses from financial assets at fair value through other comprehensive income")		21,335	(256,286)

5) Quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets at fair value through profit or loss – equity investments" and "financial assets at fair value through other comprehensive income–equity investments".

The fair value measurement was categorized as Level 3 in the hierarchy of equity instruments without active market has several significant unobservable inputs. The significant unobservable inputs of equity instruments without an active market are not related because they are independent from each other.

The quantified information for significant unobservable inputs is disclosed as follows:

Item	Valuation Technique	Significant unobservable input	Relationship between input and fair value
Financial assets at fair value through profit or loss-equity investments without an active market	Discounted cash flow method	• Return on equity (December 31, 2020 and 2019 were 13.5153% and 12.9411%, respectively)	• The higher the return of equity, the lower the fair value.
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market Method	• The multiplier of price-to-earnings ratio (December 31, 2020 and 2019, were15.10 and 17.33 and 20.15, respectively) • Market illiquidity discount (December 31, 2020 and 2019, were 80%.)	• The higher multiplier is, the higher the fair value • The higher market illiquidity discount is, the lower the fair value
Financial assets at fair value through other comprehensive income-equity investments without an active market	Income Method	• Earnings per share (December 31, 2020 and 2019, were 0%) • Weighted-average cost of capital (December 31, 2020 and 2019, were 5%)	• The higher the earnings per share, the higher the fair value • The higher the Weighted-average cost of capital the lower the fair value

6) Fair value measurements in level 3 - sensitivity analysis of reasonable possible alternative assumptions

The valuation for Level 3 financial instruments is reasonable. However, the result may change if applying different evaluation model or parameter. For fair value measurements in level 3, changing one or more assumptions would have the following effects:

	Input	Change up or down	Profit or loss		Other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2020						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	$ 2,036	(2,023)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	-	-	37,970	37,970
Equity instruments without an active market	Weighted-average cost of capital	1%	-	-	102	97
December 31, 2019						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	$ 1,974	(1,961)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	-	-	98,139	98,139
Equity instruments without an active market	Weighted-average cost of capital	1%	-	-	100	94

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using the valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(ad) Financial risk management

(i) Overview

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

1) Credit risk
2) Liquidity risk
3) Market risk

According to the exposed risks stated above, the following notes show the objectives, policies and procedures of the risk measurement and management of the Group.

(ii) Risk management framework

1) The daily operation of the Group is affected by multiple financial risks, including credit risk, liquidity risk and market risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact on financial status and financial performance.

2) The Group's finance department implements risk management in accordance with the policy approved by the Board of Directors. The Group's financial department works to identify, assess and minimize various financial risks.

(iii) Credit risk

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

1) Accounts receivables and other receivables

Clients of the Group's Civil & Building Construction and Environmental project Development are concentrated in the real estate development industry and government entities. To minimize credit risks, the Group reviews the financial positions of the clients periodically and requests collateral or guarantees if necessary. The Group also evaluates the collectability of receivables and provides an allowance for doubtful accounts on a regular basis. The relevant losses on bad debts are generally under the Group's expectation.

The Group's Real Estate Development is mainly affected by its client. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed by the masses with transferring and check.

The Group discloses the estimation of accounts receivables' and other receivables' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions are with the banks, financial institutions, corporate organizations and government agencies, with good credit ratings, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantees

As of December 31, 2020 and 2019, the Group's guarantee for project construction for other construction company amounted to $9,358,000 thousand.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far 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 Group's reputation

As of December 31, 2020 and 2019, the Group has unused bank facilities for $28,621,139 thousand and $29,379,937 thousand, respectively.

(v) Market risk

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

exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Group's entities, primarily New Taiwan Dollars (NTD), USD, Hong Kong Dollars (HKD), Macau Pataca (MOP), India Rupee (INR) and Malaysia Ringgit (MYR), etc. The respective entities use in these transactions are denominated in NTD, EUR, JPY, USD, HKD, MOP, INR, and MYR.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match with the cash flows generated by the underlying operations of the Group, primarily NTD and USD.

The Group's investments in its subsidiaries and associates are not hedged.

2) Interest rate risk

As of December 31, 2020 and 2019, financial liabilities exposed to cash flow interest rate risk are amounted to $11,888,629 thousand and $12,242,034 thousand, respectively. Since the Group's long-term borrowings are floating rates, the changes in effective interest rate of the long-term borrowings will affect the Group's future cash flow.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios.

(ae) Capital Management

The Group meets its objectives of managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity includes capital stock, capital surplus, retained earnings and other equity, plus, net debt.

The Group's debt-to-equity ratio as of 31 December 2020, and 2019 is as follows:

		December 31, 2020	December 31, 2019
Total liabilities	$	40,234,730	37,850,723
Less: cash and cash equivalents		(4,512,368)	(4,423,239)
Net debt		35,722,362	33,427,484
Total equity		26,920,360	25,697,308
Adjusted capital	**$**	**62,642,722**	**59,124,792**
Debt-to-equity ratio		**57.03%**	**56.54%**

(af) Non-cash investing and financing activities

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019 were as follows:

(i) Please refer to Note 6(k) for acquisition right-of-use assets by leasing.

(ii) Reclassification of prepayments for business facilities to property, plant and equipment or inventory.

		2020	2019
Prepayments for business facilities reclassified to property, plant and equipment	$	111,263	33,356
Investment property reclassified to property, plant and equipment		-	405,289
Investment property reclassified to inventories		-	2,049,415
Property, plant and equipment reclassified to inventories		16,000	13,436
	$	**127,263**	**2,501,496**

(iii) Reconciliation of liabilities arising from financing activities were as follow:

			Non-cash changes			
	January 1, 2020	Cash flows	Foreign exchange movement	Other	Changes in lease payments	December 31, 2020
Short-term borrowings	$ 8,085,510	2,064,898	(126,328)	-	-	10,024,080
Long-term borrowings (including due within one year)	12,239,409	(318,904)	(34,501)	450	-	11,886,454
Lease liabilities	180,524	(97,315)	(2,231)	-	83,558	164,536
Total liabilities from financing activities	**$ 20,505,443**	**1,648,679**	**(163,060)**	**450**	**83,558**	**22,075,070**

			Non-cash changes			
	January 1, 2019	Cash flows	Foreign exchange movement	Other	Changes in lease payments	December 31, 2019
Short-term borrowings	$ 11,019,633	(2,922,144)	(11,979)	-	-	8,085,510
Long-term borrowings (including due within one year)	13,610,551	(1,358,262)	(13,330)	450	-	12,239,409
Lease liabilities	133,951	(67,331)	-	-	113,904	180,524
Total liabilities from financing activities	**$ 24,764,135**	**(4,347,737)**	**(25,309)**	**450**	**113,904**	**20,505,443**

(7) Related-party transactions:

(a) Parent Group and Ultimate Controlling Party

Montrion Corporation is both the parent company and the ultimate controlling party of the Group. It owns 50.05% of all shares outstanding of the Company.

(b) Names and relationship with related parties

Name of related party	Relationship with the Group
CTCI-HDEC (Chungli) Corp. (CTCI-HDEC)	Investment for using equity method (Associate)
Fanlu Construction Industry Co., Ltd. (Fanlu)	Investment for using equity method (Associate)
New Continental Corp.(NCC)	Investment for using equity method (Associate)
American Bridge Co. (ABC)	Investment of subsidiary using equity method (Associate, excluded on September, 2020)
Han-De Construction CO., Ltd.	Other related party
Moderate Investment Ltd. (MIL)	Other related party
Wei-Dar Development Co., Ltd.	Other related party
Metropolis Property Management Corporation	Other related party
Foremost Asset Co., Ltd.	Other related party
MM 180 Jones LLC	Other related party
TSRC Corporation	Other related party
Doisy Trading Co., Ltd.	Other related party
WFV Corporation	Other related party
Mid Market Center LLC	Other related party
Ou Interests, Inc. DBA Group I	Other related party
The Warfield Building	Other related party
Construction Studios, Inc.	Other related party
Tsai ◯◯	Other related party (Resigned on June 30, 2020)

(c) Other related party transactions:

(i) Contracted construction

2020	Total Contract Amount (Before tax)	Current Amount	Accumulated Amount
Associate (CTCI-HDEC)	**$ 6,115,200**	**-**	**133,462**

2019	Total Contract Amount (Before tax)	Current Amount	Accumulated Amount
Associate (CTCI-HDEC)	**$ 6,115,200**	**32,898**	**133,462**

According to contracted construction regulations, the construction contract price is determined based on the budget of each construction, plus reasonable administrative handling fees. The amount shall be approved by the management team.

(ii) Purchases

Purchases from related parties were as follows:

	2020	2019
Other related parties	**$ 9,681**	**13,022**

The price and the payment term concluded with related parties are not significantly different to the price and payment term concluded with external third parties.

(iii) Other outstanding balance

The amounts of outstanding balances between the Group and related parties were as follows:

	Accounts Receivable	
	December 31, 2020	**December 31, 2019**
Other related parties	$ 3	1,337
Associates	-	1,034
	$ 3	**2,371**

	Other Receivables	
	December 31, 2020	**December 31, 2019**
Other related parties	$ 3,393	754
Associates	622	151
	$ 4,015	**905**

	Accounts Payable	
	December 31, 2020	**December 31, 2019**
Other related parties	**$ 5,279**	**5,620**

	Other Payables	
	December 31, 2020	**December 31, 2019**
Other related parties	**$ 100,523**	**76,736**

(iv) Rental

1) Rental revenues

	2020	**2019**
Other related parties	**$ 609**	**723**

The rental is in reference to the nearby rental market value for parking spaces, and is paid on a monthly basis.

2) In November 2017 and January 2018, the Group leased an office building from other related party. A five-year and three-year lease contracts were signed, respectively. In July 2019, the Group entered into a three-year lease agreement with other related party for its warehouse. For the years ended December 31, 2020 and 2019, the Group recognized the amount of $148 thousand and $208 thousand as interest expense. As December 31, 2020 and 2019, the balance lease liabilities amounted to $8,280 thousand and $12,663 thousand, respectively.

(v) Loan to related party

	December 31, 2020	**December 31, 2019**
Associate-ABC	**$ -**	**89,940**

The interest charged by the Group to related parties is similar to the market rate. The loans were borrowed without collaterals. After assessment, no provisions for bad debt expenses were accrued.

(vi) Loan from related parties

	December 31, 2020	**December 31, 2019**
Other related party-MIL	$ 387,291	290,450
Other related parties	97,906	90,880
	$ 485,197	**381,330**

The interest charged to the Group is calculated based on the average interest rate imposed on related parties' borrowings by external financial institutions. The interest-bearing borrowings provided from related parties are unsecured.

(vii) Transaction of properties

In June 2020, the Group sold its transportation equipment to other related party for $640 thousand (excluding tax), and recognized the loss of disposal for $73 thousand. All the payments had been received.

In 2019, the Group sold its buildings to other related party for $1,466,075 thousand. All the payments had been received. Please refer to Note 6(l) for related details on investment property.

(viii) Endorsements and Guarantees

	Guarantee classification	December 31, 2020	December 31, 2019
Associate (CTCI-HDEC)	Guarantee for bank loans	$ 98,000	98,000
Associate (Fanlu)	Guarantee for bank loans	1,557,000	1,557,000
		$ 1,655,000	**1,655,000**

(ix) Other

1) Interest revenue

	2020	2019
Associates	$ 2,322	1,667
Other related parties	12	6
	$ 2,334	**1,673**

2) Other expenses

	2020	2019
Other related parties	**$ 28,576**	**24,350**

3) Other income

	2020	2019
Associates	$ 220	5,147
Other related parties	92	92
	$ 312	**5,239**

4) On April 7, 2020 and March 6, 2019, the Group purchased 17,500,000 shares and 31,975,230 shares of Fanlu amounting to $175,000 thousand and $319,752 thousand, respectively.

5) On April 16, 2019, the Group purchased 5,757 shares of NCC amounting to $420,857 thousand.

(d) Key Management Personnel Transaction

Key Management Personnel Compensation:

	2020	2019
Short-term employee benefits	**$ 145,593**	**143,413**

The Group provides fourteen vehicles for key management personnel at a cost of $17,504 thousand in 2020 and 2019.

(8) Pledged assets

The carrying values of pledged assets are as follows:

Asset	Purpose of pledge	December 31, 2020	December 31, 2019
Inventories (development corp.)	Loan collateral	$ 22,563,477	21,996,847
Restricted deposits (other current assets)	Time deposits collateral	345,958	1,097,506
Property, plant and equipment	Loan collateral and construction guarantee	1,073,938	1,077,894
Investment property	Loan collateral and construction guarantee	9,643,116	9,283,755
Intangible assets	Loan collateral	862,152	856,792
Long-term accounts receivable	Loan collateral	3,550,495	3,558,061
Total		**$ 38,039,136**	**37,870,855**

(9) Significant commitments and contingencies:

(a) Unrecognized contractual commitments were as follows:

(i) As of December 31, 2020 and 2019, details of pre-sales prior to real estate complete, sales of completed real estate, and the advance receipts from these sales were listed below:

	December 31, 2020	December 31, 2019
Pre-sales and total sales of completed real estate	**$ 16,661,295**	**8,826,791**
Advance receipts	**$ 4,002,780**	**2,438,964**

(ii) As of December 31, 2020 and 2019, the Group purchased land in a contract amount of $0 and $1,186,472 thousand, respectively, within which, $0 and $218,236 thousand has been respectively paid in accordance with the contracts.

(iii) As of December 31, 2020 and 2019, total price of the construction contracts entered into by the Group and the total amount which has been collected or billed according to the contracts are listed as follow:

	December 31, 2020	December 31, 2019
Total contract amount — NTD	$ 137,785,831	127,594,964
— INR	34,877,924	34,804,246
— HKD	4,476,999	4,365,034
— MOP	982,544	1,015,674
— MYR	394,926	394,926
Accumulated billing amount	112,962,750	120,908,792

(iv) As of December 31, 2020 and 2019, the Group provided the guarantees for contract performance and construction warranties to other construction companies, including jointly liable contracts amounted to $9,358,000 thousand.

(v) Service Concession agreements

The Group has entered into a service concession plan on sewage treatment with the government in the form of either a BOT project (Build–operate–transfer) or a wastewater reclamation and reuse BTO project (Build–transfer–operate). The primary terms of the contracts are summarized as follows:

1) During the project concession period, in accordance with the government's appointed service form, the Group (i) provides construction, operation and maintenance to the facilities for sewage treatment, and (ii) acquires the construction and operation right of the wastewater reclamation and reuse facilities as well as the sewage treatment facilities.
2) The Group has the right to use the aforesaid facilities and land to provide related sewage treatment services during the concession period, and obtains interest based on the price in the construction contract and price index.
3) The government will control and supervise the Group's service scope leveraged from the use of the facilities.
4) When there is significant violation to the clause in the service concession agreement, both the Group and the government will be able to terminate the agreement.
5) During the concession period, the Group is the nominal registrant entitled to the ownership of the land and sewage treatment facilities. After the concession period, in accordance with the construction and operation agreement, the plants and facilities shall be restored back to their normal operating conditions and reverted to the government without conditions.
6) Three years before the expiration date, the Group is entitled to submit an application for extending the contract; if the Group's operating performance is qualified to apply for a renewal of contract, it is given a preferential right to submit the renewal application to the authority.
7) The Group's construction and operation contracts with the government were as follows:

The subsidiary as an operator	Location	Grantor	Agreement type	Concession period
NSC	Danshui area	New Taipei City	BOT of sewage system	May 2005~ May 2040
PDC	Pu Ding area	Taoyuan City	BOT of sewage system	35 years (after land delivery)
BWC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	August 2016~August 2033
LHC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	October 2018~October 2036

8) The Group engaged Sydell Hotels LLC ("Sydell"), a third party professional hotel management company, for providing architects, consultants, and engineers in the planning, design, and equipping of its hotel, as well as pre-opening services necessary for the opening the hotel, at the total contract price of USD1,050 thousand. As of December 31, 2020, the remaining amount of USD523 thousand had yet to be.

(b) Contingent liability:

(i) As of December 31, 2020 and 2019, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to $43,984,877 thousand and $42,226,868 thousand, respectively.

(ii) As of December 31, 2020 and 2019, promissory notes receivable for construction contracts amounted to $11,596,774 thousand and $12,052,777 thousand, respectively.

(c) Other

(i) As of December 31, 2020 and 2019 the Group paid guarantee deposits for the joint construction contracts with several landowners amounted to $0 and $4,235 thousand, respectively (recognized as other current assets).

(ii) In April 2005, the Group filed a lawsuit against Kao Nan Region Construction Office for the East West Expressway (Kao Nan), demanding for the compensation fee of $444,579 thousand for the dispute concerning the extension of the construction of the highway between Wujia and Shangliao. During the 2nd verdict in February 2014, Taiwan High Court Kaohsiung Branch decided that Kao Nan should pay the amount of $243,206 thousand to the Group (including interest). However, the Group disagreed with the Court's decision and appealed to the Supreme Court regarding the matter. On the other hand, Kao Nan also appealed to the Supreme Court stating that the compensation amount decided by the High Court was unreasonable. In June 2014, the Supreme Court overturned the decision made by the High Court during the 2nd verdict and handed over this case back to the High Court for another decision. In September 2018, Taiwan High Court Kaohsiung Branch decided that Kao Nan should pay the amount of $318,498 thousand to the Group (excluding interest). Both the Group and Kao Nan Region Construction Office appeal against the decision. In March 19,2020, the Supreme Court decided the Group won partially in this case and the Kao Nan Construction Office should pay the amount of $91,411 thousand (excluding interest) to the Group, who had received the amounts of $86,667 thousand and $5,909 thousand (both including interest) in May and July of 2020, respectively. The remaining amount of $238,295 thousand (excluding interest) has been handed back to the High Court for reconsideration. The case is still in progress as of the reporting date.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) Personnel expenses, depreciation, depletion and amortization are summarized as follows:

	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,030,177	635,775	1,665,952	1,150,948	571,536	1,722,484
Labor and health	76,669	41,296	117,965	70,754	38,862	109,616
Pension	39,344	27,874	67,218	38,499	27,747	66,246
Others	94,885	119,245	214,130	135,682	131,266	266,948
Depreciation	180,117	67,957	248,074	213,549	52,231	265,780
Amortization	61,181	-	61,181	58,117	-	58,117

(13) Other disclosures:

(a) Information on significant transactions:

The following information on significant transactions are disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers:

(i) Loans provided to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period
1	CEC	CEC HK	Other receivables	Yes	6,024	5,938	5,938 (Note 2)	5%
1	CEC	CIC	Other receivables	Yes	450,300	427,200	299,040 (Note 2)	Taifx3+1%
1	CEC	ABC	Other receivables	No	90,750	-	-	The same day at a federal rate+0.50%
2	CDC	BANGSAR	Other receivables	Yes	219,649	207,701	146,859 (Note 2)	7.90%
2	CDC	MEGA	Other receivables	Yes	879,663	831,812	473,355 (Note 2)	7.65%~ 7.90%
2	CDC	Grand River D. Limited	Other receivables	No	414,958	414,958	318,528	1.90%~ 2.50%

Note 1: The total amount of loans provided to others is limited to 40% of net equity value. The amount of loans to a single business enterprise is limited to 40% of net equity value. Relevant calculation are as follows:

1) CEC:
Maximum amount of loans is limited to 40% of net equity value: $4,249,098 thousand × 40% = 1,699,639 thousand
Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $4,249,098 thousand × 40% = 1,699,639 thousand

2) CDC:
Maximum amount of loans is limited to 40% of net equity value: $16,111,188 thousand × 40% = 6,444,475 thousand
Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $16,111,188 thousand × 40% = 6,444,475 thousand

Note 2: The above transactions were eliminated when preparing the consolidated financial statements.

Note 3: Financing purposes:

1) Business dealings: 1
2) Short-term financing needs: 2

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period
		Name	Relationship with the Company				
0	CHC	CICI	2	94,959,364	528,419	487,406	487,406
0	CHC	HDEC	2	94,959,364	2,121,069	1,927,269	1,372,590
0	CHC	CEC HK	2	94,959,364	974,500	-	-
0	CHC	CEC	2	94,959,364	20,586,258	18,389,001	8,948,300
1	CEC	Fu Tsu Construction Co., Ltd.	5	12,747,294	9,358,000	9,358,000	9,358,000
1	CEC	CIC	2	8,498,196	347,875	42,720	-
1	CEC	PDC	4	8,498,196	32,000	-	-
1	CEC	CEC HK	2	8,498,196	311,840	293,840	-
1	CEC	CICI	2 and 5	12,747,294	4,234,695	3,884,790	3,884,790
1	CEC	CIMY	2 and 5	12,747,294	3,549,888	-	-
2	CDC	CDC US	2	32,222,376	151,250	142,400	135,280

(In Thousands of New Taiwan Dollars)

	Purposes of fund financing for the borrower	Transaction amount for businesses between two parties	Reasons for Short-term financing	Allowance for bad debt	Collateral		Maximum amount of loans provided to a single enterprise	Maximum amount of loans
					Item	Value		
	2	-	Operation requirements	-		-	1,699,639	1,699,639
	2	-	Operation requirements	-	-	-	1,699,639	1,699,639
	2	-	Operation requirements	-	Buildings	70,202	1,699,639	1,699,639
	2	-	Land purchases and operation requirements	-		-	6,444,475	6,444,475
	2	-	Land purchases and operation requirements	-		-	6,444,475	6,444,475
	2	-	Land purchases and operation requirements	-		-	6,444,475	6,444,475

(In Thousands of New Taiwan Dollars)

	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
	-	2.05%	94,959,364	Y	N	N
	-	8.12%	94,959,364	Y	N	N
	-	-%	94,959,364	Y	N	N
	-	77.46%	94,959,364	Y	N	N
	-	220.23%	25,494,588	N	N	N
	-	1.01%	8,498,196	N	N	N
	-	-%	8,498,196	N	N	N
	-	6.92%	8,498,196	N	N	N
	-	91.43%	25,494,588	N	N	N
	-	-%	25,494,588	N	N	N
	-	0.88%	32,222,376	N	N	N

No.	Name of guarantor	Counter party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period
		Name	Relationship with the Company				
2	CDC	CCD	2	32,222,376	1,475,000	1,415,000	1,210,000
2	CDC	BANGSAR	2 and 6	32,222,376	186,369	176,231	-
2	CDC	MEGA	2 and 6	32,222,376	449,213	422,928	236,056
2	CDC	950P	2 and 6	32,222,376	3,795,334	3,573,260	1,641,458
2	CDC	Fanlu	6	32,222,376	1,557,000	1,557,000	771,750
3	CCD	CDC	3	13,513,540	1,258,200	1,258,200	868,500
3	CCD	CDC	3 and 7	13,513,540	1,215,000	1,215,000	705,935
4	HDEC	CEC	4 and 5	26,155,224	6,103,750	6,103,750	6,103,750
4	HDEC	AXIOM	5	26,155,224	13,500	-	-
4	HDEC	BWC	2 and 6	26,155,224	800,700	800,700	547,740
4	HDEC	CTCI-HDEC	6	26,155,224	98,000	98,000	98,000
4	HDEC	NSC	2	26,155,224	2,820,000	2,820,000	550,000
4	HDEC	LHC	2	26,155,224	5,071	5,071	5,071
4	HDEC	LHC	2 and 6	26,155,224	1,485,000	1,485,000	990,000
4	HDEC	PDC	2	26,155,224	1,327,000	1,327,000	32,000

Note 1: According to the policy of CHC, the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $23,739,841 thousand × 4 = $94,959,364 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: $23,739,841 thousand × 4 = $94,959,364 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to six times the net equity value in accordance with the Company's most recent financial statements in the event of joint liability in joint ventures with other companies in the same industry: $4,249,098 thousand × 6 = $25,494,588 thousand

The total amount of endorsements/guarantees provided to a single business is limited to three times the net equity value in accordance with the Company's most recent financial statements: $4,249,098 thousand × 3 = $12,747,294 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company's most recent financial statements except in the event of joint liability in joint ventures with other companies in the same industry: $4,249,098 thousand × 2 = $8,498,196 thousand

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $4,249,098 thousand × 2 = $8,498,196 thousand

According to the policy of CDC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company's most recent financial statements: $16,111,188 thousand × 2 = $32,222,376 thousand

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $16,111,188 thousand × 2 = $32,222,376 thousand

According to the policy of CCD the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $3,378,385 thousand × 4 = $13,513,540 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: $3,378,385 thousand × 4 = $13,513,540 thousand

According to the policy of HDEC, the total amount of endorsements/guarantees is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $3,269,403 thousand × 8 = $26,155,224 thousand

The total amount of endorsements/guarantees provided to a single business is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $3,269,403 thousand × 8 = $26,155,224 thousand

Note 2: Seven categories between relationship with the endorser/guarantor:

1) Having business relationship.
2) The endorser / guarantor parent company directly and indirectly holds more than 50% of voting shares of the endorsed / guaranteed subsidiary.
3) The endorser / guarantor subsidiary which directly and indirectly be held more than 50% voting shares by the endorsed / guaranteed parent company.
4) The endorser / guarantor company and the endorsed / guaranteed party both be held more than 90% by the parent company.
5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
7) Performance guarantees for presale contracts under the Consumer Protection Act.

	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
	-	8.78%	32,222,376	N	N	N
	-	1.09%	32,222,376	N	N	N
	-	2.63%	32,222,376	N	N	N
	-	22.18%	32,222,376	N	N	N
	-	9.66%	32,222,376	N	N	N
	1,258,200	37.24%	13,513,540	N	N	N
	-	35.96%	13,513,540	N	N	N
	-	186.69%	26,155,224	N	N	N
	-	-%	26,155,224	N	N	N
	-	24.49%	26,155,224	N	N	N
	-	3.00%	26,155,224	N	N	N
	-	86.25%	26,155,224	N	N	N
	-	0.16%	26,155,224	N	N	N
	-	45.42%	26,155,224	N	N	N
	-	40.59%	26,155,224	N	N	N

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
CEC	Evergreen Steel Corp.	-	Non-current financial assets at fair value through other comprehensive income	25,645,907	1,181,250	6.42%	1,181,250	6.42%	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	607,523	8.45%	607,523	8.45%	
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	2,306	6.00%	2,306	6.00%	
CEC	International Property & Finance Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	26,301	-	1.64%	-	1.64%	
CEC	Shin Yu Energy Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	22,405,297	-	9.00%	-	9.00%	
CDC	Grand River D. Limited	-	Non-current financial assets at fair value through profit or loss	51,436,803	606,305	10.00%	606,305	10.00%	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
CHC	CEC-Common stock	Investment for using equity method	CEC	Subsidiary	400,062,071	6,484,584	40,000,000	400,000	-	-	-	-	440,062,071	6,884,584

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
CDC	55 Timeless-Inventory	2020.03.07	N/A	Inventory held-for-sale, not applicable	601,555	601,555	Inventory held-for-sale, not applicable	Natural person	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2020.08.03	N/A	Inventory held-for-sale, not applicable	319,548	12,000	Inventory held-for-sale, not applicable	Far rich international corporation	Not related party	Profit	Evaluation report	-
CDC	La bella vita-Inventory	2020.09.29	N/A	Inventory held-for-sale, not applicable	545,625	545,625	Inventory held-for-sale, not applicable	Razola investment INC. Taiwan branch (B.V.I.)	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2020.11.07	N/A	Inventory held-for-sale, not applicable	348,000	139,200	Inventory held-for-sale, not applicable	China Star Investment Limited	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2020.12.02	N/A	Inventory held-for-sale, not applicable	350,328	140,364	Inventory held-for-sale, not applicable	Natural person	Not related party	Profit	Evaluation report	-

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
CEC	CDC	Related party of the Company	Construction contract	(1,281,959)	9.14%	Same as those in general transactions	-	-	682,020	17.54%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,281,959	24.89%	Same as those in general transactions	-	-	(682,020)	54.54%	
HDEC	LHC	Parent company	Construction contract	(839,368)	66.68%	Same as those in general transactions	-	-	318,105	80.65%	Note 1
LHC	HDEC	Parent company	Construction project	839,368	44.64%	Same as those in general transactions	-	-	(318,105)	54.85%	
HDEC	NSC	Parent company	Construction contract	(170,907)	13.58%	Same as those in general transactions	-	-	21,838	5.54%	Note 1
NSC	HDEC	Parent company	Construction project	170,907	41.19%	Same as those in general transactions	-	-	(21,838)	74.30%	

Note 1: The Company recognized its construction contract income using the percentage-of-completion method.
Note 2: Aforesaid notes and accounts receivable are including contract assets.
Note 3: The above transactions were eliminated when preparing the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
CEC	CDC	Related party of the Company	Accounts receivable 682,020	2.02	-	-	316,727	-
HDEC	LHC	Parent company	Accounts receivable 318,105	3.86	-	-	247,666	-

Note 1: Aforesaid notes and accounts receivable are including contract assets.
Note 2: The above transactions were eliminated when compiling the consolidated financial statements.

(ix) Derivatives transactions: Please refer to notes:

As of December 31, 2020, the Group entered into forward exchange agreement with an amount of USD1,499 thousand and MYR40,150 thousand, and hedging instruments in amounts of USD14,582 thousand, JPY3,218 thousand and EUR825 thousand.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CEC	CDC	3	Construction revenues	1,281,959	Same as those in normal transactions	5.91%
		CDC	3	Accounts receivable	209,155	-	0.31%
		CDC	3	Contract assets	472,865	-	0.70%
		CIC	3	Other receivables	301,293	-	0.45%
2	CDC	CEC	3	Construction costs	1,281,959	Same as those in normal transactions	5.91%
		CEC	3	Accounts payable	682,020	-	1.01%
		MEGA	3	Other receivables	590,417	-	0.88%
		BANGSAR	3	Other receivables	165,618	-	0.25%
3	HDEC	NSC	3	Operating revenues	170,907	Same as those in normal transactions	0.79%
		NSC	3	Accounts receivable	19,193	-	0.03%
		NSC	3	Contract assets	2,645	-	-%
		SDC	3	Operating costs	51,124	Same as those in normal transactions	0.24%
		SDC	3	Accounts payable	9,988	-	0.01%
		BWC	3	Operating revenues	50,695	Same as those in normal transactions	0.23%
		LHC	3	Operating revenues	839,368	Same as those in normal transactions	3.87%
		LHC	3	Accounts receivable	247,576	-	0.37%
		LHC	3	Contract assets	70,529	-	0.10%
		PDC	3	Operating revenues	68,915	Same as those in normal transactions	0.32%
		PDC	3	Accounts receivable	4,566	-	0.01%
		PDC	3	Contract assets	8,455	-	0.01%
4	NSC	HDEC	3	Operating costs	170,907	Same as those in normal transactions	0.79%
		HDEC	3	Accounts payable	21,838	-	0.03%
		SDC	3	Operating costs	2,645	Same as those in normal transactions	-%
5	SDC	HDEC	3	Operating revenues	51,124	Same as those in normal transactions	0.24%

No.	Name of company	Name of counter-party	Relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
		HDEC	3	Accounts receivable	6,999	-	0.01%
		HDEC	3	Contract assets	2,990	-	-%
		NSC	3	Operating revenues	80,409	Same as those in normal transactions	0.37%
6	BWC	HDEC	3	Operating costs	50,695	Same as those in normal transactions	0.23%
7	LHC	HDEC	3	Operating costs	839,368	Same as those in normal transactions	3.87%
		HDEC	3	Accounts payable	318,105	-	0.47%
8	PDC	HDEC	3	Operating costs	68,915	Same as those in normal transactions	0.32%
		HDEC	3	Accounts payable	13,021	-	0.02%
9	MEGA	CDC	3	Other payables	590,417	-	0.88%
10	Bangsar	CDC	3	Other payables	165,618	-	0.25%

Note 1: For transactions between the Company and its subsidiaries, numbers are assigned as follows:
1) 0 represents the Company.
2) 1~9 represent subsidiaries

Note 2: Relationships are as follows:
1) the Company to subsidiary.
2) subsidiary to the Company.
3) subsidiary to other subsidiary

(b) Information on investees:

The following table provides investees' information as of December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
CHC	CEC	Taiwan	Comprehensive construction	6,884,584	6,484,584	440,062,071	100.00%	4,194,626	100.00%	255,201	309,828	Note 1
CHC	CDC	Taiwan	Housing and building development and lease	6,220,748	6,620,748	590,766,953	100.00%	16,111,188	100.00%	886,275	886,275	Note 1
CHC	HDEC	Taiwan	Construction of underground pipeline	2,360,366	2,360,366	197,800,000	100.00%	3,269,403	100.00%	359,138	359,138	Note 1
CEC	CICI	India	Construction projects	497,839	497,839	73,981,492	100.00%	169	100.00%	47,253	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	1,726,329	1,726,329	52,780,940	100.00%	(294,723)	100.00%	(45,664)	"	-
CEC	CIMY	Malaysia	Construction projects	207,177	352,527	26,340,476	87.10%	30,991	92.24%	206	"	-
CEC	CEC HK	Hong Kong	Construction projects	384	384	100,000	100.00%	(7,550)	100.00%	(8,155)	"	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47%	-	45.47%	207,102	"	-
CDC	BANGSAR	Malaysia	Real estate development	4,444	4,444	600,000	60.00%	4,476	60.00%	40	"	-
CDC	CCD	Taiwan	Housing and building development and lease	976,539	976,539	44,573,940	80.65%	2,724,668	80.65%	35,205	"	-

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
CDC	Fanlu	Taiwan	Housing and building development and lease	566,646	391,646	56,664,562	35.00%	513,185	35.00%	(88,646)	"	-
CDC	MEGA	Malaysia	Real estate development	7,375	7,375	825,000	55.00%	22	55.00%	(1,611)	"	-
CDC	CDC US	The U.S.	Investment	2,061,080	2,061,080	5,000,000	100.00%	1,894,210	100.00%	(10,045)	"	-
CDC	CDCAM	Malaysia	Construction Management	7,524	7,524	1,000,000	100.00%	7,555	100.00%	399	"	-
HDEC	SDC	Taiwan	Construction projects	49,600	49,600	3,000,000	100.00%	39,746	100.00%	3,916	"	-
HDEC	NSC	Taiwan	Pollution protection and other environmental sanitation	1,112,000	1,112,000	166,000,000	100.00%	2,813,985	100.00%	214,667	"	-
HDEC	BWC	Taiwan	Pollution protection and other environmental sanitation	362,100	362,100	37,740,000	51.00%	443,833	51.00%	104,118	"	-
HDEC	PDC	Taiwan	Pollution protection and other environmental sanitation	340,000	240,000	34,000,000	100.00%	339,131	100.00%	(44)	"	-
HDEC	CTCI-HDEC	Taiwan	Pollution protection and other environmental sanitation	245,000	245,000	24,500,000	49.00%	232,352	49.00%	(621)	"	-
HDEC	LHC	Taiwan	Pollution protection and other environmental sanitation	412,500	247,500	42,165,700	55.00%	470,048	55.00%	86,097	"	-

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Wei-Dar Development Co., Ltd.	206,025,200	25.02%
Tamerton Group Limited	85,672,300	10.40%
Han-De Construction Co., Ltd.	63,755,667	7.74%

(14) Segment information:

Operating segments required to be disclosed are categorized as Civil & Building Construction, Real Estate Development, Environmental Project Development, and Investment. The Group assessed performance of the segments based on the segments' profit before tax, and report the amount of revenues based on the financial information used to prepare the consolidated financial report.

1. Civil & Building Construction: construction and engineering.
2. Real Estate Development: real estate development or lease.
3. Environmental Project Development: construction of environmental protection project.
4. Investment: to integrate operating strategy, supervising and monitoring each operating segments'operation, and control and allocate each operating segments'operating resources.

(a) Disclosure of the information on industrial departments

The reconciliation statements of all operating departments:

	For the year ended December 31, 2020					
	Civil & Building Construction	**Real Estate Development**	**Environmental project Development**	**Investment**	**Adjustment and write-off**	**Total**
Revenue:						
Segment revenues from external customers	$ 12,752,415	5,830,426	3,105,808	-	-	21,688,649
Intersegment revenues	1,319,152	-	-	1,555,241	(2,874,393)	-
Total revenues	**$ 14,071,567**	**5,830,426**	**3,105,808**	**1,555,241**	**(2,874,393)**	**21,688,649**
Reportable segment profit or loss	**$ 255,229**	**967,092**	**531,845**	**1,467,060**	**(1,500,614)**	**1,720,612**
Assets:						
Investments accounted for using equity method	$ -	513,185	232,352	23,575,217	(23,575,217)	745,537
Capital expenditure	3,488,497	8,993,879	53,982	1,944	-	12,538,302
Reportable segment total assets	**$ 15,214,436**	**42,021,044**	**10,596,339**	**23,822,758**	**(24,499,487)**	**67,155,090**
Reportable segment total liabilities	**$ 10,960,748**	**23,544,940**	**6,515,923**	**82,917**	**(869,798)**	**40,234,730**

	For the year ended December 31, 2019					
	Civil & Building Construction	**Real Estate Development**	**Environmental project Development**	**Investment**	**Adjustment and write-off**	**Total**
Revenue:						
Segment revenues from external customers	$ 15,950,051	4,929,754	1,785,282	-	-	22,665,087
Intersegment revenues	1,198,097	-	-	436,459	(1,634,556)	-
Total revenues	**$ 17,148,148**	**4,929,754**	**1,785,282**	**436,459**	**(1,634,556)**	**22,665,087**
Reportable segment profit or loss	**$ (1,365,484)**	**1,579,019**	**432,408**	**370,389**	**(393,400)**	**622,932**
Assets:						
Investments accounted for using equity method	$ -	369,211	232,656	22,735,690	(22,735,690)	601,867
Capital expenditure	3,430,150	8,632,457	57,157	1,943	-	12,121,707
Reportable segment total assets	**$ 17,269,605**	**38,124,364**	**8,755,444**	**22,965,206**	**(23,566,588)**	**63,548,031**
Reportable segment total liabilities	**$ 13,773,940**	**19,286,460**	**5,156,867**	**355,254**	**(721,798)**	**37,850,723**

(b) Geographic information

The revenues from external customers are categorized by the geographical location of customers and the non-current assets are categorized based on the region of where the assets are located:

Area	**2020**	**2019**
Revenue from external customers:		
Taiwan	$ 20,463,092	19,932,643
Others	1,225,557	2,732,444
	$ 21,688,649	**22,665,087**
Non-current assets		
Taiwan	$ 18,353,980	16,805,180
Others	1,525,491	1,289,138
Total	**$ 19,879,471**	**18,094,318**

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, but excluding financial instruments, deferred tax assets of non-current assets.

(c) Information on major customers

	2020	**2019**
Governments	$ 12,055,482	10,679,623
Construction corporations	3,589,687	7,022,612
Others	6,043,480	4,962,852
Total	**$ 21,688,649**	**22,665,087**

Parent Company Only Financial Statements
Independent Auditors' Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

Opinion

We have audited the financial statements of CONTINENTAL HOLDINGS CORPORATION("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that are no key audit matters to be communicated in our report.

Other Matter

We did not audit the financial statements of investments measured by equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for investments measured by equity method, are based solely on the reports of the other auditors. The financial statements of investments measured by equity method reflect total assets constituting 23.63% of the total assets at December 31, 2019.The related share of loss of subsidiaries accounted for using the equity method constituted 201.20% of the income before tax for the year ended December 31, 2019.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG
Taipei, Taiwan (Republic of China)
March 16, 2021
Chung-Che Chen and Ti-Nuan Chien

CONTINENTAL HOLDINGS CORPORATION

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020			December 31, 2019	
	Assets		**Amount**	**%**	**Amount**	**%**
	Current assets:					
1100	Cash and cash equivalents (note 6(a))	$	204,159	1	176,888	1
1200	Other receivables (note 6(b) and 7)		10,893	-	11,038	-
1220	Current tax assets		289	-	266	-
1410	Prepayments		74	-	82	-
			215,415	1	188,274	1
	Non-current assets:					
1550	Investments accounted for using equity method (note 6(c))		23,575,217	99	22,735,690	99
1600	Property, plant and equipment (note 6(d))		1,944	-	1,943	-
1755	Right-of-use assets (note 6(e))		30,181	-	39,298	-
1920	Guarantee deposits paid		1	-	1	-
			23,607,343	99	22,776,932	99
	Total assets	**$**	**23,822,758**	**100**	**22,965,206**	**100**

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2200	Other payables	$ 24,093	-	17,833	-
2230	Current tax liabilities (note 7)	-	-	271,327	1
2280	Current lease liabilities (note 6(g))	13,885	-	12,590	-
2399	Other current liabilities, others	138	-	131	-
		38,116	-	301,881	1
	Non-current liabilities:				
2580	Non-current lease liabilities (note 6(g))	17,786	-	28,085	-
2640	Net defined benefit liability, non-current (note 6(h))	27,015	-	25,288	-
		44,801	-	53,373	-
	Total liabilities	82,917	-	355,254	1
	Equity attributable to owners of parent (note 6(j)):				
3100	Capital stock	8,232,160	35	8,232,160	36
3200	Capital surplus	6,813,745	29	6,804,435	30
3300	Retained earnings	8,629,727	36	7,491,023	33
3400	Other equity	64,209	-	82,334	-
	Total equity	23,739,841	100	22,609,952	99
	Total liabilities and equity	**$ 23,822,758**	**100**	**22,965,206**	**100**

(See accompanying notes to parent company only financial statements.)

Chairman：Nita Ing　　　Manager：Cindy Chang　　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020		2019	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenues (note 6(l)):**				
4200	Investment revenues (for investment business)	$ 1,555,241	100	436,459	100
	Net operating revenue	1,555,241	100	436,459	100
5000	**Operating costs (note 6(g),(h),(m) and 7):**				
5800	**Operating costs**	-	-	-	-
	Gross profit from operations	1,555,241	100	436,459	100
	Operating expenses:				
6200	Administrative expenses	104,646	7	75,272	17
	Net operating income	1,450,595	93	361,187	83
	Non-operating income and expenses (note 6(n)):				
7100	Interest income (note 7)	8,202	1	9,538	2
7020	Other gains and losses	8,790	1	179	-
7050	Finance costs (note 6(g))	(527)	-	(515)	-
		16,465	2	9,202	2
	Income before tax (note 6(i))	1,467,060	95	370,389	85
7950	Less: Income tax expenses	(71,483)	(5)	273,382	63
	Net income	1,538,543	100	97,007	22
8300	**Other comprehensive income (loss):**				
8310	**Item that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	(1,632)	-	3,578	1
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	218,568	14	(299,319)	(68)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,942)	-	5,285	1
	Components of other comprehensive income that will not be reclassified to profit or loss	213,994	14	(290,456)	(66)
8360	**Item that will be reclassified to profit or loss**				
8380	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(220,350)	(14)	(115,887)	(27)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(220,350)	(14)	(115,887)	(27)
8300	**Other comprehensive loss**	(6,356)	-	(406,343)	(93)
8500	**Total comprehensive income (loss)**	**$ 1,532,187**	**100**	**(309,336)**	**(71)**
	Earnings per share (note 6(k))				
9750	**Basic earnings per share**	**$**	**1.87**		**0.12**
9850	**Diluted earnings per share**	**$**	**1.87**		**0.12**

(See accompanying notes to parent company only financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest				
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other	Total equity
Balance at January 1, 2019	$ 8,232,160	6,804,435	587,239	2,493,481	5,073,160	8,153,880	(529,154)	978,564	12,950	462,360	23,652,835
Net income	-	-	-	-	97,007	97,007	-	-	-	-	97,007
Other comprehensive loss	-	-	-	-	(21,140)	(21,140)	(115,887)	(255,455)	(13,861)	(385,203)	(406,343)
Total comprehensive income (loss)	-	-	-	-	75,867	75,867	(115,887)	(255,455)	(13,861)	(385,203)	(309,336)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	194,168	-	(194,168)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(231,248)	231,248	-	-	-	-	-	-
Cash dividends	-	-	-	-	(740,894)	(740,894)	-	-	-	-	(740,894)
Changes in equity of subsidiaries accounted for using equity method	-	-	-	-	7,347	7,347	-	-	-	-	7,347
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(5,177)	(5,177)	-	5,177	-	5,177	-
Balance at December 31, 2019	8,232,160	6,804,435	781,407	2,262,233	4,447,383	7,491,023	(645,041)	728,286	(911)	82,334	22,609,952
Net income	-	-	-	-	1,538,543	1,538,543	-	-	-	-	1,538,543
Other comprehensive income (loss)	-	-	-	-	11,769	11,769	(220,350)	218,603	(16,378)	(18,125)	(6,356)
Total comprehensive income (loss)	-	-	-	-	1,550,312	1,550,312	(220,350)	218,603	(16,378)	(18,125)	1,532,187
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	9,701	-	(9,701)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(411,608)	(411,608)	-	-	-	-	(411,608)
Changes in equity of subsidiaries accounted for using equity method	-	9,310	-	-	-	-	-	-	-	-	9,310
Balance at December 31, 2020	**$ 8,232,160**	**6,813,745**	**791,108**	**2,262,233**	**5,576,386**	**8,629,727**	**(865,391)**	**946,889**	**(17,289)**	**64,209**	**23,739,841**

(See accompanying notes to parent company only financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before tax	$ 1,467,060	370,389
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,289	13,146
Interest expense	527	515
Interest income	(8,202)	(9,538)
Loss (gain) on disposal of property, plant and equipment	73	(179)
Investment revenues	(1,555,241)	(436,459)
Total adjustments to reconcile profit	(1,549,554)	(432,515)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Other receivables	(917)	(731)
Prepayments	8	62
Other current assets	-	50,000
Total changes in operating assets	(909)	49,331
Changes in operating liabilities:		
Other payables	6,260	(14,561)
Other current liabilities	7	21
Net defined benefit liability	421	(11,178)
Total changes in operating liabilities	6,688	(25,718)
Total changes in operating assets and liabilities	5,779	23,613
Total adjustments	(1,543,775)	(408,902)
Cash inflow (outflow) generated from operations	(76,715)	(38,513)
Interest received	9,264	4,653
Dividends received	719,973	887,172
Interest paid	(527)	(515)
Income taxes paid	(199,867)	(438)
Net cash flows from operating activities	452,128	852,359
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(400,000)	-
Proceeds from capital reduction of investments accounted for using equity method	400,000	-
Acquisition of property, plant and equipment	(1,140)	(233)
Disposal of property, plant and equipment	640	179
Increase in refundable deposits	-	(1)
Net cash flows used in investing activities	(500)	(55)
Cash flows from financing activities:		
Payment of lease liabilities	(12,749)	(11,369)
Cash dividends paid	(411,608)	(740,894)
Net cash flows used in financing activities	(424,357)	(752,263)
Net increase in cash and cash equivalents	27,271	100,041
Cash and cash equivalents at beginning of year	176,888	76,847
Cash and cash equivalents at end of year	**$ 204,159**	**176,888**

(See accompanying notes to parent company only financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

CONTINENTAL HOLDINGS CORPORATION (the "Company") was established through shares exchange with Continental Engineering Corp. ("CEC") on April 8, 2010 and CEC became 100%-owned by the Company. On the same day, the Company was approved to be a listed Company by the FSC.

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

The financial statements were approved and authorized for issue by the Board of Directors on March 16, 2021.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 16 "Property, Plant and Equipment — Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

1) The defined benefit liabilities are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company's financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

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

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

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

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

(d) Cash and cash equivalents

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

(e) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

A financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

2) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, and other receivables).

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

・Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

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

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 that result 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 Company is exposed to credit risk.

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

At each reporting date, the Company assesses whether financial asset 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 assets is credit-impaired includes the following observable data:

・significant financial difficulty of the borrower or issuer;
・a breach of contract such as a default or being more than 90 days past due;
・the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
・it is probable that the borrower will enter bankruptcy or other financial reorganization; or
・the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written-off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

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

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

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

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.

2) Derecognition of financial liabilities

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

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

(f) Subsidiaries

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

The changes of equity not losing controlling are regarded as the trading of equity between the Company and the owners.

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of property, plant and equipment are as follows:

Transportation equipment	5 years
Computer equipment	3 years
Office equipment	3-5 years

(h) Leases

(i) Identifying a lease

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

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

When the lease is established or the contract is re-evaluated to determine whether the lease is included in the contract, the Company will allocate the consideration in the contract to individual lease components on a relative individual price basis.

(ii) As a leasee

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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.

(j) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Income Taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

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

Although the adoption of consolidated tax return system by the Company, calculation for income tax still abide by the abovementioned accounting principles. Based on the consolidated income tax reported by the Company, it needs to adjust the current tax assets or liabilities for the Company.

(l) Earnings per share

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

(m) Operating Segments

Please refer to the consolidated financial report.

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

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2020	December 31, 2019
Cash	$	20	70
Cash in banks		204,139	67,055
Cash equivalents		-	109,763
Cash and cash equivalents	**$**	**204,159**	**176,888**

(i) The aforesaid cash and cash equivalents were not pledged as collateral.

(ii) Time deposits were reclassified to other current assets.

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

(b) Other receivables

		December 31, 2020	December 31, 2019
Other receivables-related party	$	10,893	11,038
Less: Allowance for impairment		-	-
	$	**10,893**	**11,038**

Please refer to Note 6(o) for other credit risk information.

(c) Investments accounted for using equity method

Equity-accounted investees of the Company as at the reporting date were as follows:

		December 31, 2020	December 31, 2019
Subsidiaries	**$**	**23,575,217**	**22,735,690**

(i) Subsidiaries

Please refer to the consolidated financial statement.

(ii) Guarantee

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

(d) Property, plant and equipment

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

		Transportation equipment	Office equipment	Computer equipment	Total
Cost or deemed cost:					
Balance at January 1, 2020	$	2,252	233	167	2,652
Additions		1,140	-	-	1,140
Disposals		(1,140)	-	(167)	(1,307)
Balance at December 31, 2020	**$**	**2,252**	**233**	**-**	**2,485**
Balance at January 1, 2019	$	4,432	-	167	4,599
Additions		-	233	-	233
Disposals		(2,180)	-	-	(2,180)
Balance at December 31, 2019	**$**	**2,252**	**233**	**167**	**2,652**
Depreciation and impairment losses:					
Balance at January 1, 2020	$	517	25	167	709
Depreciation		375	51	-	426
Disposals		(427)	-	(167)	(594)
Balance at December 31, 2020	**$**	**465**	**76**	**-**	**541**
Balance at January 1, 2019	$	2,322	-	167	2,489
Depreciation		375	25	-	400
Disposals		(2,180)	-	-	(2,180)
Balance at December 31, 2019	**$**	**517**	**25**	**167**	**709**
Carrying amount					
Balance at December 31, 2020	**$**	**1,787**	**157**	**-**	**1,944**
Balance at December 31, 2019	**$**	**1,735**	**208**	**-**	**1,943**

As of December 31, 2020 and 2019, the property, plant and equipment were not pledged as collateral.

(e) Right-of-use assets

The movements in the cost and depreciation of the leased buildings and transportation equipment were as follows:

		Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2020	$	50,672	1,372	52,044
Additions		2,232	1,514	3,746
Disposals		-	(1,372)	(1,372)
Balance at December 31, 2020	**$**	**52,904**	**1,514**	**54,418**
Balance at of January 1, 2019	$	-	-	-
Effects of retrospective application		50,672	1,372	52,044
Balance at December 31, 2019	**$**	**50,672**	**1,372**	**52,044**
Depreciation and impairment losses:				
Balance at January 1, 2020	$	11,923	823	12,746
Depreciation		12,146	717	12,863
Disposals		-	(1,372)	(1,372)
Balance at December 31, 2020	**$**	**24,069**	**168**	**24,237**
Balance at of January 1, 2019	$	-	-	-
Depreciation		11,923	823	12,746
Balance at December 31, 2019	**$**	**11,923**	**823**	**12,746**
Carrying amounts:				
Balance at December 31, 2020	**$**	**28,835**	**1,346**	**30,181**
Balance at December 31, 2019	**$**	**38,749**	**549**	**39,298**

(f) Bonds payable

On November 5, 2020, the Company's Board of Directors decided to issue the secured ordinary corporate bond amounting to no more than $2 billion, which had been approved by the Taipei Exchange (TPEx) on December 31, 2020. The offering information and main rights and obligations were as follows:

Item	1st secured ordinary corporate bond issued in 2020
Issued amount	The bond was issued at $2 billion.
Par value	Each unit was valued at $1 million.
Issued price	The bond was issued at par value on the issued date.
Tenor	The bond issued with maturities of 5 years. The tenor was from January 11, 2021 to January 11, 2026.
Coupon rate	Fixed rate 0.55%.
Repayment	The principal of the bond will be repaid on the maturity.
Interest Payment	Interests was paid once a year at coupon rate since the issued date.
Guarantee	The corporate bond was guaranteed by Mega International Commercial Bank in accordance with the counter indemnity agreements.

(g) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	**$ 13,885**	**12,590**
Non-current	**$ 17,786**	**28,085**

For the maturity analysis, please refer to Note 6(o).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	**$ 377**	**494**
Variable lease payments not included in the measurement of lease liabilities	**$ 836**	**766**

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

	2020	2019
Total cash outflow for leases	**$ 13,962**	**12,629**

(i) Real estate leases

As of December 31, 2020, the Company leases buildings for its office space, with lease terms of five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases transportation equipment, with lease terms of three years.

In addition, the Company leases office equipment and machinery, with lease terms of one to three years which are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and leases liabilities for these leases.

(h) Employee benefits

(i) Defined benefit plan

The present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 27,015	25,288
Fair value of plan assets	-	-
Net defined benefit liability	**$ 27,015**	**25,288**

1) Composition of plan asset

The Company failed to comply with the Labor Standards Act. to compensate retirement funds.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Defined benefit obligation, January 1	$ 25,288	39,328
Current service costs and interest	421	719
Remeasurement of the net defined benefit liability (asset)		
— Actuarial gains arose from changes in financial assumption	131	-
— Experience adjustments	1,175	(2,862)
Benefits paid by the plan	-	(11,897)
Defined benefit obligation, December 31	**$ 27,015**	**25,288**

3) Movements of defined benefit plan assets in fair value

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2020 and 2019 were $0.

4) Expenses recognized in profit or loss

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

	2020	2019
Current service costs	$ 155	288
Net interest on net defined benefit liability	266	431
	$ 421	**719**
Administrative expenses		
	$ 421	**719**

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Accumulated amount, January 1	$ (2,592)	270
Recognized during the period	1,306	(2,862)
Accumulated amount, December 31	**$ (1,286)**	**(2,592)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	1.00%	1.00%~1.20%
Future salary increase rate	3.00%	3.00%

The Company is expected to make a contribution payment of $0 to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 3 to 14 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

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

	Impact on the defined benefit obligations	
	Increase	**Decrease**
December 31, 2020		
Discount (change in 0.25%)	(0.25)%~(2.19)%	0.25%~2.29%
Future salary increase (change in 1.00%)	2.16%~14.86%	(2.09)%~(12.93)%
December 31, 2019		
Discount (change in 0.25%)	(0.33)%~(2.24)%	0.33%~2.34%
Future salary increase (change in 1.00%)	2.62%~15.88%	(2.50)%~(13.69)%

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

(ii) Defined contribution plan

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

The Company's pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $1,797 thousand and $1,688 thousand for the years ended December 31, 2020 and 2019, respectively.

(i) Income Tax

(i) Income tax expenses

Income tax expenses for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current income tax expenses	$	-	272,591
Adjustment for prior periods		(71,483)	791
Income tax expenses	**$**	**(71,483)**	**273,382**

Income tax recognized in other comprehensive income (expense) benefit for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	**$**	**(2,942)**	**5,285**

The reconciliation of income tax expense (benefit) and income before tax for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Income before tax	$	1,467,060	370,389
Income tax expense at domestic statutory tax rate	$	293,412	74,078
Investment gain accounted for using equity method		(311,048)	(87,292)
Dividend revenue		20,510	14,863
Other		(2,874)	115
Adjustment for prior periods		(71,483)	791
Income basic tax		-	112,300
Additional surtax on unappropriated earnings		-	158,527
Total	**$**	**(71,483)**	**273,382**

(ii) Status of approval of income tax

The Company's income tax returns for the year up to 2016 have been assessed by the tax authorities.

(j) Capital and reserves

As of December 31, 2020 and 2019, the total value of nominal authorized ordinary shares amounted to $10,000,000 thousand. Face value of each share is $10, which means in total there were 1,000,000 thousand ordinary shares, of which 823,216 thousand shares, were issued and paid upon issuance.

(i) Capital surplus

The components of the capital surplus were as follows:

		December 31, 2020	December 31, 2019
Premiums from issuance of share capital	$	6,397,913	6,397,913
Treasury stock transactions		406,518	406,518
Change on subsidiaries equity		9,314	4
	$	**6,813,745**	**6,804,435**

1) The Company was established on April 8, 2010, it became the holding company of CEC via a share swap. The net equity of CEC's stock in excess of par value of the Company's stock was $7,368,919 thousand, this amount was credited to capital surplus. In 2011, the Company used capital surplus to distribute Year 2010 cash dividends for an amount of $504,695 thousand.

2) In accordance with the R.O.C. Company Act, realized capital surplus can only reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus increase under share capital shall not exceed 10% of the actual share capital amount.

(ii) Retained earnings

In accordance with the Company's articles of incorporation, net income of the current period should firstly be offset against losses in the previous years and income tax, then with 10% of which be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. In addition, special reserve will be appropriated base on operating requirements and regulations. The remaining net income plus the undistributed retained earnings shall be distributed according to the distribution plan. The cash dividends shall not be below 20% of the total dividends.

The distribution plan shall issue new shares which should be proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

1) Legal Reserve

When the Company incurs no loss, it may, pursuant to a resolution by the shareholders' meeting, as required, distribute its legal reserve by issuing new shares or cash, and only the portion of legal reserve which exceeds 25% of the paid in capital.

2) Special Reserve

The Company applied the exemptions at the first-time adoption of IFRSs and increased its retained earnings by $4,448,666 thousand, which were resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements and the fair value of investment property being used as the cost on initial recognitions at the transition date, as well as the amount of $2,592,640 thousand being appropriated to special reserve according to Permit No. 1010012865, issued by the FSC on April 6, 2012. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of December 31, 2020 and 2019, the special reserve related to all IFRSs adjustments amounted to $2,262,233 thousand.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earning distribution. The amount to be reclassified should equal the current-period total net reduction of other stockholders' equity. Similarly, a portion of unappropriated earnings prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other stockholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other stockholders' equity shall qualify for additional distributions.

3) Earnings distribution

Cash dividend amount in the earning distribution for 2019 has been approved in the Board of Directors meeting on April 30, 2020. And the earning distribution for 2018 has been approved in the general shareholders' meeting on June 12, 2019. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to common shareholders:				
Cash	**$ 0.5**	**411,608**	**0.9**	**740,894**

(iii) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance at January 1, 2020	$ (645,041)	728,286	(911)	82,334
Exchange differences on subsidiaries accounted for using equity method	(220,350)	-	-	(220,350)
Unrealized gain from financial assets measured fair value through other comprehensive income, subsidiaries accounted for using equity method	-	218,603	-	218,603
Unrealized losses from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	-	(16,378)	(16,378)
Balance at December 31, 2020	**$ (865,391)**	**946,889**	**(17,289)**	**64,209**
Balance at January 1, 2019	$ (529,154)	978,564	12,950	462,360
Exchange differences on subsidiaries accounted for using equity method	(115,887)	-	-	(115,887)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	5,177	-	5,177
Unrealized losses from financial assets measured fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(255,455)	-	(255,455)
Unrealized losses from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	-	(13,861)	(13,861)
Balance at December 31, 2019	**$ (645,041)**	**728,286**	**(911)**	**82,334**

(k) Earnings per share

(i) Basic earnings per share

The basic earnings per share that are calculated based on net income attributable to ordinary shareholders of the Company for the years ended December 31, 2020 and 2019 are $1,538,543 thousand and $97,007 thousand, respectively; the weighted-average number of ordinary shares outstanding are 823,216 thousand shares. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

		2020	2019
Net income attributable to ordinary shareholders	$	1,538,543	97,007

2) Weighted-average number of ordinary shares

	2020	2019
Weighted-average number of ordinary shares, at December 31	823,216	823,216

(ii) Diluted earnings per share

The diluted earnings per share that are calculated based on net income attributable to ordinary shareholders of the Company for the years ended December 31, 2020 and 2019 are $1,538,543 thousand and $97,007 thousand, respectively. After adjusting the effect of dilution of ordinary share, the weighted-average number of ordinary shares outstanding for the years ended December 31, 2020 and 2019 are 823,617 thousand shares and 823,494 thousand shares, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

		2020	2019
Net income attributable to ordinary shareholders	$	1,538,543	97,007

2) Weighted-average number of ordinary shares (Diluted)

	2020	2019
Weighted-average number of ordinary shares (Basic)	823,216	823,216
Effect of employee bonuses	401	278
Weighted-average number of ordinary shares (Diluted) at December 31	823,617	823,494

(l) Revenue from contracts with customers

The Company's revenues were as follows:

		2020	2019
Investment revenues	$	1,555,241	436,459

(m) Remuneration for employees and directors

Based on the Company's articles of incorporation, remuneration for employees and directors is appropriated at the rate of 0.5% and a rate no more than 0.5%, respectively, of the profit before tax. The Company should make up its prior years' accumulated deficit before any appropriation of profits. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration to be $7,372 thousand and $1,861 thousand and its director's remuneration to be $0. The estimated amounts mentioned above are calculated based on income before tax, excluding the remuneration to employees and directors of each period, multiplied it by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for the years ended December 31, 2020 and 2019.

(n) Non-operating income and expenses

(i) Interest income

The Company's interest income for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Interest income			
Bank deposits	$	358	631
Other		7,844	8,907
Total Interest income	$	8,202	9,538

(ii) Other gains and losses

The Company's other gains and losses for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Gains (losses) on disposals of property, plant and equipment	$	(73)	179
Other		8,863	-
	$	**8,790**	**179**

(iii) Financial costs

The Company's financial costs for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Interest expenses			
Bank borrowings	$	150	21
Lease liabilities		377	494
	$	**527**	**515**

(o) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2020 and 2019, the Company's maximum credit risk exposure resulting from un-collectibility of accounts receivable from transaction parties and financial losses from offering financial guarantee was as follows:

- The book value of financial assets recognized on the balance sheet; and
- The financial guarantee provided by the Company amounted to $19,178,990 thousand and $18,749,533 thousand, respectively.

2) Credit risk concentrations: None.

3) Receivables of credit risk

For credit risk exposure of other receivables, please refer to note 6(b).

All of these financial assets are considered to have low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(e)).

(ii) Liquidity risk

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

		Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2020						
Non-derivative financial liabilities						
Other payables	$	24,093	24,093	24,093	-	-
Lease liabilities		31,671	32,052	14,150	17,902	-
	$	**55,764**	**56,145**	**38,243**	**17,902**	**-**
December 31, 2019						
Non-derivative financial liabilities						
Other payables	$	17,833	17,833	17,833	-	-
Lease liabilities		40,675	41,368	12,955	28,413	-
	$	**58,508**	**59,201**	**30,788**	**28,413**	**-**

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of 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			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 204,159	-	-	-	-
Other receivables	10,893	-	-	-	-
Guarantee deposits paid	1	-	-	-	-
Subtotal	**$ 215,053**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Other payables	$ 24,093	-	-	-	-
Lease liabilities	31,671	-	-	-	-
Subtotal	**$ 55,764**	**-**	**-**	**-**	**-**

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 176,888	-	-	-	-
Other receivables	11,038	-	-	-	-
Guarantee deposits paid	1	-	-	-	-
Subtotal	**$ 187,927**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Other payables	$ 17,833	-	-	-	-
Lease liabilities	40,675	-	-	-	-
Subtotal	**$ 58,508**	**-**	**-**	**-**	**-**

2) Transfer between Level 1 and Level 2

There were no level transfers in 2020 and 2019.

(p) Financial risk management

(i) Overview

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

1) Credit risk
2) Liquidity risk
3) Market risk

According to the exposed risks stated above, the following notes are the objectives, policies and procedures of the risk measurement and management of the Company.

(ii) Risk management framework

1) The daily operation of the Company is affected by multiple financial risks, including credit risk, liquidity risk and market risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact on financial status and financial performance.
2) The Company’s finance department implements risk management in accordance with the policy approved by the Board of Directors. The Company’s financial department work to identify, assess and minimize various financial risks.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from other receivables.

1) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company’s finance department. Since the Company's transactions are with banks, financial institutions, corporate organizations and government agencies, with good credit ratings, there are no non-compliance issues and therefore no significant credit risk.

2) Guarantee

As of December 31, 2020 and 2019, the Company’s guarantee for project construction and bank loans for related parties amounted to $20,803,676 thousand and $22,427,510 thousand, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far 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 Company's reputation.

The Company is an investment holding company established on the basis of share conversion. The assets are long-term investments and the working capital requirements are very low. Therefore, there is no liquidity risk due to the inability to raise funds to meet contractual obligations.

As of December 31, 2020 and 2019, the Company has credit limit facilities for $2,100,000 thousand and $100,000 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices 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.

(q) Capital Management

The Company meets its objectives of managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Company uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity includes the capital stock, capital surplus, retained earnings and other equity, plus, net debt.

The Company's debt-to-equity ratio as of December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 82,917	355,254
Less: cash and cash equivalents	(204,159)	(176,888)
Net debt	(121,242)	178,366
Total equity	23,739,841	22,609,952
Adjusted capital	**$ 23,618,599**	**22,788,318**
Debt-to-equity	**-%**	**0.78%**

(r) Non-cash financing activities

The non-cash financing activities of the Company were as follows:

Reconciliation of liabilities arising from financing activities were as follow:

	January 1, 2020	Cash flows	Changes in lease payment	December 31, 2020
Lease liabilities	**$ 40,675**	**(12,749)**	**3,745**	**31,671**

	January 1, 2019	Cash flows	Changes in lease payment	December 31, 2019
Lease liabilities	**$ 52,044**	**(11,369)**	**-**	**40,675**

(7) Related-party transactions:

(a) Parent Group and Ultimate Controlling Party

Montrion Corporation is both the parent company and the ultimate controlling party of the Company. It owns 50.05% of all shares outstanding of the Company.

(b) Names and relationship with related parties

Name of related party	Relationship with the Company
Continental engineering Corp.(CEC)	Subsidiary
Continental Development Corp.(CDC)	Subsidiary
HDEC Corp.(HDEC)	Subsidiary
CEC International Corp.	Subsidiary
CEC International Corp.(India) Private Limited(CICI)	Subsidiary
CEC International Malaysia Sdn. Bhd.	Subsidiary
Continental Engineering Corp. (Hong Kong) Limited(CEC HK)	Subsidiary
CDC Commercial Development Corp. (CCD)	Subsidiary

Name of related party	Relationship with the Company
MEGA Capital Development Sdn. Bhd.	Subsidiary
Bangsar Rising Sdn. Bhd.	Subsidiary
CDC Asset Management Malaysia Sdn. Bhd.	Subsidiary
CDC US Corp.	Subsidiary
CDC Investment Management LLC	Subsidiary
Trimosa Holdings LLC	Subsidiary
950 Investment LLC	Subsidiary
950 Property LLC	Subsidiary
950 Hotel Property LLC	Subsidiary
950 Retail Property LLC	Subsidiary
HDEC Construction Corp.	Subsidiary
North Shore Environment Corp.	Subsidiary
Blue Whale Water Technologies Corp.	Subsidiary
HDEC (Puding) Environment Corp.	Subsidiary
HDEC-CTCI (Linhai) Corp.	Subsidiary
Metropolis Property Management Corporation	Other related party
WFV Corporation	Other related party
Tsai ○○	Other related party (Resigned on June 30, 2020)

(c) Other related party transactions:

(i) Other outstanding balance

The amounts of outstanding balances between the Company and related parties were as follows:

	Other Receivables	
	December 31, 2020	**December 31, 2019**
Subsidiary － CEC	$ 7,599	7,877
Subsidiary － HDEC	2,994	3,161
Subsidiary － CDC	300	-
	$ 10,893	**11,038**

	Other Payables	
	December 31, 2020	**December 31, 2019**
Subsidiaries	$ 15	-
Other related parties	86	86
	$ 101	**86**

(ii) Rental

In April 2018, the Company leased an office building from other related party. A five-year lease contract were signed. The Company applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized the additional amount of $50,672 thousand of right-of-use assets and lease liabilities.

For the years ended December 31, 2020 and 2019, the Company recognized the amounts of $370 thousand and $484 thousand as interest expenses, and the balance of lease liabilities amounted to $30,323 thousand.

(iii) Endorsements and Guarantees

The Company guarantees for its related parties as follows:

	Guarantee classification	December 31, 2020	December 31, 2019
Subsidiary － CICI	Project construction guarantee	$ 487,406	526,043
Subsidiary － CEC	Project construction guarantee	1,137,280	2,189,684
Subsidiary － CEC	Guarantee for bank loans	17,251,721	17,855,733
Subsidiary － CEC HK	Project construction guarantee	-	962,250
Subsidiary － HDEC	Guarantee for bank loans	1,927,269	893,800
		$ 20,803,676	**22,427,510**

(iv) Other income

1) Deduction of administrative expenses

	2020	2019
Subsidiary － CEC	**$ 13,384**	**20,057**

2) Interest revenues

	2020	2019
Subsidiary － CEC	$ 5,178	5,896
Subsidiary － HDEC	2,666	3,011
	$ 7,844	**8,907**

(3) Other income

	2020	2019
Subsidiary － CEC	$ 4,787	-
Subsidiary － HDEC	1,360	-
Subsidiary － CDC	2,563	-
	$ 8,710	**-**

(v) Other expenses

	2020	2019
Other related parties	**$ 6,397**	**6,320**

(vi) Transaction of properties

In 2020, the Company sold its transportation equipment to other related party for $640 thousand (excluding tax), and recognized the loss of disposal for $73 thousand. All the payments had been received.

(d) Key Management Personnel Transaction

Key Management Personnel Compensation

	2020	2019
Short-term employee benefits	**$ 22,986**	**23,296**

The Company provides two vehicles for key management personnel at a cost of $2,252 thousand in 2020 and 2019.

(8) Pledged assets: None

(9) Commitments and contingencies:

As of December 31, 2020 and 2019, the Company provided promissory notes for performance guarantee amounted to $52,760.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) Personnel expenses, depreciation, depletion and amortization are summarized as follows:

	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	-	42,605	42,605	-	14,298	14,298
Labor and health insurance	-	3,188	3,188	-	3,093	3,093
Pension	-	2,218	2,218	-	2,407	2,407
Remuneration of directors	-	13,480	13,480	-	13,480	13,480
Others	-	9,000	9,000	-	3,497	3,497
Depreciation	-	13,289	13,289	-	13,146	13,146
Depletion	-	-	-	-	-	-
Amortization	-	-	-	-	-	-

Note: The salary expenses at the company's request to its subsidiaries were accounted under the employee benefits.

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

	2020	2019
Number of employees	33	31
Number of directors (non-employee)	7	7
Average employee benefit expense	$2,193	971
Average employee salary expense	$1,639	596
Percentage of average employee salary expense	175.00%	
Supervisor's Remuneration	$-	-

The Company’s remuneration policy (including directors, managers and employees) are as follow:

(i) Directors’ remuneration policy:

If the Company turns a profit during the year then 0.5% should be allocated as employee remuneration and no more than 0.5% as directors' remuneration. After taking the level of directors' involvement in the Company operations as well as domestic/overseas trends in the structure of directors' compensation into account, the 10th meeting of the 3rd Board of Directors session resolved that directors' remuneration will be paid as fixed compensation instead. A distinction shall also be made between Independent Directors and ordinary Directors.

All Independent Directors are members of the Company's Audit Committee and Compensation Committee. Reasonable compensation is paid to Independent Directors based on their level of engagement, the business performance of the Company, linkage to future risks, as well as prevailing industry standards.

(ii) Managers’ and employees’ remuneration policy:

The Company strives to provide competitive total reward packages. To ensure internal fairness and external competitiveness, salary surveys are conducted each year to serve as a reference for adjustments to compensation and to respond to changes in the external salary market in a timely manner. To ensure equal working rights regardless of gender, there is no gender-based difference in compensation at every level. Gender equality in the workplace is enforced by basing compensation purely on the qualifications required for each position, individual ability and performance. To encourage the continued pursuit of excellence among employees, the Company has drawn up regulations governing performance bonuses. Employees that make a contribution to the Company's development are rewarded with performance bonuses based on the Company's and their individual performance for the year. The performance-based bonuses establish a fair and reasonable reward system for encouraging greater employee initiative.

Management and employee remuneration at the Company consist of fixed compensation and variable bonuses. Fixed compensation is the monthly salary based mainly on factors such as roles, skills, market rates, and company operations. Variable bonuses are based on the Company's operating performance for the year, the contributions made by managers and employees during the year, as well as the Company's operating risks. The procedure for determining remuneration requires approval through the internal the Level of Authority Table. Management compensation should be submitted to the Remuneration Committee for review before being presented to the Board for approval.

(b) Condensed balance sheet and income statement of significant subsidiaries

(i) CONTINENTAL ENGINEERING CORPRATION.

CONTINENTAL ENGINEERING CORPRATION.

Balance Sheets

December 31, 2020 and 2019

Assets		December 31, 2020	December 31, 2019
Current assets	$	9,750,998	11,712,210
Fund and long-term investments		1,822,239	1,742,175
Property, plant and equipment		1,390,188	1,322,405
Right-of-use assets		152,328	163,033
Investment property and other assets		2,334,819	2,196,311
Total assets	**$**	**15,450,572**	**17,136,134**
Liabilities and equity			
Current liabilities	$	8,798,704	10,063,322
Long-term liabilities		1,850,000	2,960,000
Other liabilities		552,770	631,399
Total liabilities		11,201,474	13,654,721
Capital stock		4,400,621	4,000,621
Capital surplus		1,255,082	1,245,772
Retained earnings		(1,620,572)	(1,891,460)
Other equity		213,967	126,480
Total equity		4,249,098	3,481,413
Total liabilities and equity	**$**	**15,450,572**	**17,136,134**

CONTINENTAL ENGINEERING CORPRATION.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

Subject		2020	2019
Operating revenues	$	14,019,428	17,116,519
Operating costs		(13,179,911)	(16,250,969)
Gross profit from operations		839,517	865,550
Operating expenses		(674,460)	(749,456)
Net operating income		165,057	116,094
Non-operating income and expenses		90,144	(1,484,411)
Income (loss) before tax		255,201	(1,368,317)
Income tax expenses		-	(4,446)
Net income (loss)		255,201	(1,372,763)
Other comprehensive income (loss)		103,174	(340,379)
Total comprehensive income (loss)	**$**	**358,375**	**(1,713,142)**

(ii) CONTINENTAL DEVELOPMENT CORPORATION

CONTINENTAL DEVELOPMENT CORPORATION

Balance Sheets

December 31, 2020 and 2019

Assets		December 31, 2020	December 31, 2019
Current assets	$	23,903,965	22,878,425
Fund and long-term investments		5,750,421	5,688,132
Property, plant and equipment		758	1,245
Right-of-use assets		38,626	58,629
Investment property		2,126,422	2,135,561
Total assets	**$**	**31,820,192**	**30,761,992**

Liabilities and equity			
Current liabilities	$	14,425,109	11,864,224
Long-term liabilities		1,233,000	2,441,500
Other liabilities		50,895	68,957
Total liabilities		15,709,004	14,374,681
Capital stock		5,907,670	6,001,589
Capital surplus		3,253,687	3,253,687
Retained earnings		7,099,590	7,176,181
Other equity		(149,759)	(44,146)
Total equity		16,111,188	16,387,311
Total liabilities and equity	**$**	**31,820,192**	**30,761,992**

CONTINENTAL DEVELOPMENT CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

Subject		2020	2019
Operating revenues	$	5,723,216	4,785,718
Operating costs		(4,142,678)	(3,657,815)
Gross profit from operations		1,580,538	1,127,903
Operating expenses		(602,855)	(472,213)
Net operating income		977,683	655,690
Non-operating income and expenses		(22,784)	905,467
Income before tax		954,899	1,561,157
Income tax expenses		(68,624)	(98,154)
Net income		886,275	1,463,003
Other comprehensive loss		(108,225)	(68,826)
Total comprehensive income	**$**	**778,050**	**1,394,177**

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period
1	CEC	CEC HK	Other receivables	Yes	6,024	5,938	5,938	5%
1	CEC	CIC	Other receivables	Yes	450,300	427,200	299,040	Taifx3+1%
1	CEC	ABC	Other receivables	No	90,750	-	-	The same day at a federal rate+0.50%
2	CDC	BANGSAR	Other receivables	Yes	219,649	207,701	146,859	7.90%
2	CDC	MEGA	Other receivables	Yes	879,663	831,812	473,355	7.65%~ 7.90%
2	CDC	Grand River D. Limited	Other receivables	No	414,958	414,958	318,528	1.90%~ 2.50%

Note 1: The total amount of loans provided to others is limited to 40% of net equity value. The amount of loans to a single business enterprise is limited to 40% of net equity value. Relevant calculation are as follows:

1) CEC:
Maximum amount of loans is limited to 40% of net equity value: $4,249,098 thousand × 40% = 1,699,639 thousand
Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $4,249,098 thousand × 40% = 1,699,639 thousand

2) CDC:
Maximum amount of loans is limited to 40% of net equity value: $16,111,188 thousand × 40% = 6,444,475 thousand
Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $16,111,188 thousand × 40% = 6,444,475 thousand

Note 2: Financing purposes:

1) Business dealings: 1
2) Short-term financing needs: 2

(ii) Guarantees and endorsements for other parties:

No	Name of guarantor	Counter party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period
		Name	Relationship with the Company				
0	CHC	CICI	2	94,959,364	528,419	487,406	487,406
0	CHC	HDEC	2	94,959,364	2,121,069	1,927,269	1,372,590
0	CHC	CEC HK	2	94,959,364	974,500	-	-
0	CHC	CEC	2	94,959,364	20,586,258	18,389,001	8,948,300
1	CEC	Fu Tsu Construction Co., Ltd.	5	12,747,294	9,358,000	9,358,000	9,358,000
1	CEC	CIC	2	8,498,196	347,875	42,720	-
1	CEC	PDC	4	8,498,196	32,000	-	-
1	CEC	CEC HK	2	8,498,196	311,840	293,840	-
1	CEC	CICI	2 and 5	12,747,294	4,234,695	3,884,790	3,884,790
1	CEC	CIMY	2 and 5	12,747,294	3,549,888	-	-
2	CDC	CDC US	2	32,222,376	151,250	142,400	135,280
2	CDC	CCD	2	32,222,376	1,475,000	1,415,000	1,210,000
2	CDC	BANGSAR	2 and 6	32,222,376	186,369	176,231	-
2	CDC	MEGA	2 and 6	32,222,376	449,213	422,928	236,056

(In Thousands of New Taiwan Dollars)

	Purposes of fund financing for the borrower	Transaction amount for businesses between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Maximum amount of loans provided to a single enterprise	Maximum amount of loans
					Item	Value		
	2	-	Operation requirements	-	-	-	1,699,639	1,699,639
	2	-	Operation requirements	-	-	-	1,699,639	1,699,639
	2	-	Operation requirements	-	Buildings	70,202	1,699,639	1,699,639
	2	-	Land purchases and operation requirements	-	-	-	6,444,475	6,444,475
	2	-	Land purchases and operation requirements	-	-	-	6,444,475	6,444,475
	2	-	Land purchases and operation requirements	-	-	-	6,444,475	6,444,475

(In Thousands of New Taiwan Dollars)

	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
	-	2.05%	94,959,364	Y	N	N
	-	8.12%	94,959,364	Y	N	N
	-	-%	94,959,364	Y	N	N
	-	77.46%	94,959,364	Y	N	N
	-	200.23%	25,494,588	N	N	N
	-	1.01%	8,498,196	N	N	N
	-	-%	8,498,196	N	N	N
	-	6.92%	8,498,196	N	N	N
	-	91.43%	25,494,588	N	N	N
	-	-%	25,494,588	N	N	N
	-	0.88%	32,222,376	N	N	N
	-	8.78%	32,222,376	N	N	N
	-	1.09%	32,222,376	N	N	N
	-	2.63%	32,222,376	N	N	N

No	Name of guarantor	Counter party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period
		Name	Relationship with the Company				
2	CDC	950P	2 and 6	32,222,376	3,795,334	3,573,260	1,641,458
2	CDC	Fanlu	6	32,222,376	1,557,000	1,557,000	771,750
3	CCD	CDC	3	13,513,540	1,258,200	1,258,200	868,500
3	CCD	CDC	3 and 7	13,513,540	1,215,000	1,215,000	705,935
4	HDEC	CEC	4 and 5	26,155,224	6,103,750	6,103,750	6,103,750
4	HDEC	AXIOM	5	26,155,224	13,500	-	-
4	HDEC	BWC	2 and 6	26,155,224	800,700	800,700	547,740
4	HDEC	CTCI-HDEC	6	26,155,224	98,000	98,000	98,000
4	HDEC	NSC	2	26,155,224	2,820,000	2,820,000	550,000
4	HDEC	LHC	2	26,155,224	5,071	5,071	5,071
4	HDEC	LHC	2 and 6	26,155,224	1,485,000	1,485,000	990,000
4	HDEC	PDC	2	26,155,224	1,327,000	1,327,000	32,000

Note 1: According to the policy of CHC, the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $23,739,841 thousand × 4 = $94,959,364 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: $23,739,841 thousand × 4 = $94,959,364 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to six times the net equity value in accordance with the Company's most recent financial statements in the event of joint liability in joint ventures with other companies in the same industry: $4,249,098 thousand × 6 = $25,494,588 thousand

The total amount of endorsements/guarantees provided to a single business is limited to three times the net equity value in accordance with the Company's most recent financial statements: $4,249,098 thousand × 3 = $12,747,294 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company's most recent financial statements except in the event of joint liability in joint ventures with other companies in the same industry: $4,249,098 thousand × 2 = $8,498,196 thousand

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $4,249,098 thousand × 2 = $8,498,196 thousand

According to the policy of CDC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company's most recent financial statements: $16,111,188 thousand × 2 = $32,222,376 thousand

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $16,111,188 thousand × 2 = $32,222,376 thousand

According to the policy of CCD the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $3,378,385 thousand × 4 = $13,513,540 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: $3,378,385 thousand × 4 = $13,513,540 thousand

According to the policy of HDEC, the total amount of endorsements/guarantees is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $3,269,403 thousand × 8 = $26,155,224 thousand

The total amount of endorsements/guarantees provided to a single business is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $3,269,403 thousand × 8 = $26,155,224 thousand

Note 2: Seven categories between relationship with the endorser/guarantor:

1) Having business relationship.
2) The endorser / guarantor parent company directly and indirectly holds more than 50% of voting shares of the endorsed / guaranteed subsidiary.
3) The endorser / guarantor subsidiary which directly and indirectly be held more than 50% voting shares by the endorsed / guaranteed parent company.
4) The endorser / guarantor company and the endorsed / guaranteed party both be held more than 90% by the parent company.
5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
7) Performance guarantees for presale contracts under the Consumer Protection Act.

	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
	-	22.18%	32,222,376	N	N	N
	-	9.66%	32,222,376	N	N	N
	1,258,200	37.24%	13,513,540	N	N	N
	-	35.96%	13,513,540	N	N	N
	-	186.69%	26,155,224	N	N	N
	-	-%	26,155,224	N	N	N
	-	24.49%	26,155,224	N	N	N
	-	3.00%	26,155,224	N	N	N
	-	86.25%	26,155,224	N	N	N
	-	0.16%	26,155,224	N	N	N
	-	45.42%	26,155,224	N	N	N
	-	40.59%	26,155,224	N	N	N

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
CEC	Evergreen Steel Corp.	-	Non-current financial assets at fair value through other comprehensive income	25,645,907	1,181,250	6.42%	1,181,250	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	607,523	8.45%	607,523	
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	2,306	6.00%	2,306	
CEC	International Property & Finance Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	26,301	-	1.64%	-	
CEC	Shin Yu Energy Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	22,405,297	-	9.00%	-	
CDC	Grand River D. Limited	-	Non-current financial assets at fair value through profit or loss	51,436,803	606,305	10.00%	606,305	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
CHC	CEC-Common stock	Investment for using equity method	CEC	Subsidiary	400,062,071	6,484,584	40,000,000	400,000	-	-	-	-	440,062,071	6,884,584

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter party	Nature of relationship	Purpose of disposal	Price reference	Other terms
CDC	55 Timeless-Inventory	2020.03.07	N/A	Inventory held-for-sale, not applicable	601,555	601,555	Inventory held-for-sale, not applicable	Natural person	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2020.08.03	N/A	Inventory held-for-sale, not applicable	319,548	12,000	Inventory held-for-sale, not applicable	Far rich international corporation	Not related party	Profit	Evaluation report	-
CDC	La bella vita-Inventory	2020.09.29	N/A	Inventory held-for-sale, not applicable	545,625	545,625	Inventory held-for-sale, not applicable	Razola investment INC. Taiwan branch (B.V.I.)	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2020.11.07	N/A	Inventory held-for-sale, not applicable	348,000	139,200	Inventory held-for-sale, not applicable	China Star Investment Limited	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2020.12.02	N/A	Inventory held-for-sale, not applicable	350,328	140,364	Inventory held-for-sale, not applicable	Natural person	Not related party	Profit	Evaluation report	-

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
CEC	CDC	Related party of the Company	Construction contract	(1,281,959)	9.14%	Same as those in general transactions	-	-	682,020	17.54%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,281,959	24.89%	Same as those in general transactions	-	-	(682,020)	54.54%	-
HDEC	LHC	Parent company	Construction contract	(839,368)	66.68%	Same as those in general transactions	-	-	318,105	80.65%	Note 1

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
LHC	HDEC	Parent company	Construction project	839,368	44.64%	Same as those in general transactions	-	-	(318,105)	54.85%	-
HDEC	NSC	Parent company	Construction contract	(170,907)	13.58%	Same as those in general transactions	-	-	21,838	5.54%	Note 1
NSC	HDEC	Parent company	Construction project	170,907	41.19%	Same as those in general transactions	-	-	(21,838)	74.30%	-

Note 1: The Company recognized its construction contract income using the percentage-of-completion method.
Note 2: Aforesaid notes and accounts receivable are including contract assets.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
CEC	CDC	Related party of the Company	Accounts receivable 682,020	2.02	-	-	316,727	-
HDEC	LHC	Parent company	Accounts receivable 318,105	3.86	-	-	247,666	-

Note 1: Aforesaid notes and accounts receivable are including contract assets.

(ix) Trading in derivative instruments:

As of December 31, 2020, subsidiaries of the Company entered into forward exchange agreement with an amount of USD1,499 thousand, and MYR40,150 thousand and hedging instruments in USD14,582 thousand, JPY3,218 thousand and EUR825 thousand.

(b) Information on investees:

The following table provides investee' information as of December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
CHC	CEC	Taiwan	Comprehensive construction	6,884,584	6,484,584	440,062,071	100.00%	4,194,626	255,201	309,828	Note 1
CHC	CDC	Taiwan	Housing and building development and lease	6,220,748	6,620,748	590,766,953	100.00%	16,111,188	886,275	886,275	Note 1
CHC	HDEC	Taiwan	Construction of underground pipeline	2,360,366	2,360,366	197,800,000	100.00%	3,269,403	359,138	359,138	Note 1
CEC	CICI	India	Construction projects	497,839	497,839	73,981,492	100.00%	169	47,253	Disclosure not required	-

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
CEC	CIC	British Virgin Islands	Investment and holding	1,726,329	1,726,329	52,780,940	100.00%	(294,723)	(45,664)	Disclosure not required	-
CEC	CIMY	Malaysia	Construction projects	207,177	352,527	26,340,476	87.10%	30,991	206	"	-
CEC	CEC HK	Hong Kong	Construction projects	384	384	100,000	100.00%	(7,550)	(8,155)	"	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47%	-	207,102	"	-
CDC	BANGSAR	Malaysia	Real estate development	4,444	4,444	600,000	60.00%	4,476	40	"	-
CDC	CCD	Taiwan	Housing and building development and lease	976,539	976,539	44,573,940	80.65%	2,724,668	35,205	"	-
CDC	Fanlu	Taiwan	Housing and building development and lease	566,646	391,646	56,664,562	35.00%	513,185	(88,646)	"	-
CDC	MEGA	Malaysia	Real estate development	7,375	7,375	825,000	55.00%	22	(1,611)	"	-
CDC	CDC US	The U.S.	Investment	2,061,080	2,061,080	5,000,000	100.00%	1,894,210	(10,045)	"	-
CDC	CDCAM	Malaysia	Construction Management	7,524	7,524	1,000,000	100.00%	7,555	399	"	-
HDEC	SDC	Taiwan	Construction projects	49,600	49,600	3,000,000	100.00%	39,746	3,916	"	-
HDEC	NSC	Taiwan	Pollution protection and other environmental sanitation	1,112,000	1,112,000	166,000,000	100.00%	2,813,985	214,667	"	-
HDEC	BWC	Taiwan	Pollution protection and other environmental sanitation	362,100	362,100	37,740,000	51.00%	443,833	104,118	"	-
HDEC	PDC	Taiwan	Pollution protection and other environmental sanitation	340,000	240,000	34,000,000	100.00%	339,131	(44)	"	-
HDEC	CTCI-HDEC	Taiwan	Pollution protection and other environmental sanitation	245,000	245,000	24,500,000	49.00%	232,352	(621)	"	-
HDEC	LHC	Taiwan	Pollution protection and other environmental sanitation	412,500	247,500	42,165,750	55.00%	470,048	86,097	"	-

Note 1: The information on investment income/loss for the year ended December 31, 2020 was derived from the investees' financial statements audited by the auditors for the same period.

(c) Information on investment in mainland China:None

(d) Major shareholders:

Shareholder's Name / Shareholding	Shares	Percentage
Wei-Dar Development Co., Ltd.	206,025,200	25.02%
Tamerton Group Limited	85,672,300	10.40%
Han-De Construction Co., Ltd.	63,755,667	7.74%

(14) Segment information:

Please refer to the consolidated financial statements.

The Impact of financial difficulties in the Company and its affiliates on the Company's financial situation:None

Review of Financial Conditions, Financial Performance

I. Financial Status

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	%
Current Assets	44,097,632	42,622,252	1,475,380	3.46
Property, plant and equipment	2,345,718	2,286,634	59,084	2.58
Intangible assets	1,135,804	1,149,653	(13,849)	(1.20)
Other Assets	19,575,936	17,489,492	2,086,444	11.93
Total Assets	67,155,090	63,548,031	3,607,059	5.68
Current liabilities	30,359,556	26,617,661	3,741,895	14.06
Non-current liabilities	9,875,174	11,233,062	(1,357,888)	(12.09)
Total liabilities	40,234,730	37,850,723	2,384,007	6.30
Equity attributable to owners of parent	23,739,841	22,609,952	1,129,889	5.00
Capital stock	8,232,160	8,232,160	-	-
Capital surplus	6,813,745	6,804,435	9,310	0.14
Retained earnings	8,629,727	7,491,023	1,138,704	15.20
Other equity	64,209	82,334	(18,125)	(22.01)
Non-controlling interests	3,180,519	3,087,356	93,163	3.02
Total equity	26,920,360	25,697,308	1,223,052	4.76

1. Analysis of differences over 20%:
   The decrease in other equity interest was mainly due to exchange differences on translation of foreign financial statements and unrealized gains on financial assets measured at fair value through other comprehensive income.
2. Effect of changes on the Group’s financial condition: The Group’s financial condition has not changed significantly.
3. Future response actions: Not applicable.

II. Financial Performance

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	%
Operating revenues	21,688,649	22,665,087	(976,438)	(4.31)
Operating costs	18,396,746	19,932,532	(1,535,786)	(7.70)
Gross profit from operations	3,291,903	2,732,555	559,348	20.47
Operating expenses	1,530,218	1,407,612	122,606	8.71
Net operating income	1,761,685	1,324,943	436,742	32.96
Non-operating income and expenses	(41,073)	(702,011)	660,938	(94.15)
Income before tax	1,720,612	622,932	1,097,680	176.21
Income tax expenses	87,675	470,872	(383,197)	(81.38)
Net income	1,632,937	152,060	1,480,877	973.88

1. Analysis of differences over 20%:
   (1)The increase in gross profit from operations was mainly due to decrease of construction costs.
   (2)The increase in non-operating income and expenses was mainly due to decrease of share of losses of associates and joint ventures accounted for using equity method.
   (3)The decrease in income tax expenses was mainly due to decrease of additional surtax on unappropriated earnings.
2. Sales Volume Forecast and Related Information: Please refer to “Market Analysis” (P63-65).
3. Effect of changes on the Group’s future business: The Group’s business scope has not changed significantly.
4. Future response actions: Not applicable

III. Cash Flow, and Impact of Recent Years Major Capital Expenditures

(I) Analysis on Changes in the Most Recent Years

Unit: NT$ Thousand

Cash Balance at Beginning (1)	Net Cash Provided by Operation Activities (2)	Net Cash Provided by Non-Operating Activities (3)	Cash Balance (Deficit) (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment Plan	Financing Plan
$4,423,239	($345,479)	$434,608	$4,512,368	N/A	N/A

Analysis of Change in cash flow in 2021:

NT$345 million net cash outflow from operating activities: mainly for construction and engineering cost.

NT$692 million net cash outflow from investing activities: mainly for costs of investment-based real estate and prepayment of equipment.

NT$1.182 billion net cash inflow from financing activities: mainly for increase in loans.

The effect posed by foreign exchange rate fluctuation to cash and cash equivalents amounted to about NT$-55 million.

(II) Analysis of Cash Liquidity for the Coming Year

Unit: NT$ Thousand

Cash Balance at Beginning (2020/12/31) (1)	Expected Net Cash Provided by Operating Activities (2)	Expected Net Cash Provided by Non-Operating Activities (3)	Expected Cash Balance (Deficit) (2021/12/31) (1) + (2) + (3)	Leverage of Expected Cash Deficit	
				Investment Plan	Financing Plan
$4,512,368	($3,519,375)	$2,934,465	$3,927,458	N/A	N/A

The net cash outflow from operating activities is generated as a result of subsidiaries' spending in purchase of land and engineering costs in 2021.

IV. Impact Posed by Material Capital Expenditure to Finance/Business in the Most Recent Year: N/A.

V. The investment policy for the most recent year, major causes for profits or losses thereof, corrective measures, and investment plans in the next year:

(I) Investment policy

As a professional investment holding company, the Company's main investees include Continental Engineering Corporation., Continental Development Corporation and HDEC Corporation, which focus their business on construction, development and environmental engineering respectively. The Company's investment policy aims to strengthen the core competitiveness of existing business or expand its market primarily.

(II) Major causes for profits or losses

Unit: NT$ Thousand

Item / Investee	Profits (Losses) in 2020	Major Causes for Profits or Losses
Continental Engineering Corporation	255,201	Profits generated from its main business, construction and engineering
Continental Development Corporation	886,275	Profits generated from its main business, real estate development
HDEC Corporation	359,138	Profits generated from its main business, environmental engineering

(III) Improvement plan

The Company will continue to focus on the investees management, the Group's strategies planning and the Group's resources consolidation.

(IV) Investment plans in the next year

Continental Engineering Corporation. will continue to strive for engineering projects about railway, high-quality residential buildings, and commercial buildings, and also to evaluate the development of new markets.

Continental Development Corporation will continue to plan fine-quality products of precise orientation and add value to the products in the metropolitan areas in North, Middle and South Taiwan, and overseas, in order to satisfy customers' needs.

HDEC Corporation will continue to improve its competency in water resource-related operations, and also carefully evaluate a launch into environmental engineering areas including biomass energy and disposal of waste, etc..

VI. Analysis of Risk Management

(I) Risks associated with interest rate fluctuation, foreign exchange volatility and inflation:

As a professional investment holding company, the Company is primarily engaged in construction, development and environmental engineering businesses. In the most recent year until the date of publication of the annual report, no material impact has been posed by interest rates fluctuation, foreign exchange and inflation to the Company's and its subsidiaries'.

The Company and its subsidiaries will keep watching any changes in the domestic and foreign laws & regulations and financial markets, maintain fair relationships with financial institutions, and use the best effort to seek the most favorable financing rates to control capital costs effectively. Meanwhile, the Company will engage in transactions for hedge by virtue of adequate financial instruments to mitigate the risk over foreign exchange rate fluctuations, and also continue to observe the fluctuations in commodity prices and prices of raw materials & supplies, maintain fair interactive relations with customers and suppliers, and adopt adequate procurement strategies to mitigate the risk over inflation.

(II) Risks associated with high-risk, high-leveraged investments, lending, endorsement and guarantees for other parties, and derivatives transactions:

The Company and its subsidiaries focusi on the development of main business. Therefore, in the most recent year until the date of publication of the annual report, none of them has engaged in any high-risk and highly leveraged investments.

The Company and its subsidiaries will loan funds or make endorsements/guarantees for any of the Group's members, only in order to satisfy business needs. The derivative transactions that they may engage in is limited to trading for hedges, and the trading for any purpose other than hedges is excluded. Therefore, no material impact was found posed to the earnings of the Company and subsidiaries.

The Company's and its subsidiaries' loan of funds to other parties, making of endorsements/guarantees, and engagement in derivatives transaction shall be handled in accordance with the related operating procedures. The Company is responsible for supervising said operations executed by each subsidiary.

(III) Future R&D plans and expected R&D expenditure:

As an investment holding company, the Company has no R&D needs. The Company's subsidiaries also have no needs for material and current R&D expenditure, in consideration of their industrial characteristics.

(IV) Risk associated with changes in the political and regulatory environment:

No material impact was found posed by changes in policies and laws to the Company's finance in the most recent year until the date of publication of the annual report.

(V) Impact of new technology and industry changes: None

(VI) Changes in corporate image and impact on Company's crisis management: None

(VII) Risks associated with mergers and acquisitions: None

(VIII) Risks associated with facility expansion: None

(IX) Risks associated with purchase concentration and sales concentration : None

(X) Risk associated with sales of significant number of shares by the Company's directors and major shareholders who own 10% or more of the Company's total outstanding shares: None

(XI) Risks associated with the change in management: None

(XII) Major litigations and non-contentious cases: The Company: N/A.

Important Subsidiary – Continental Engineering Corporation:

A. Continental Engineering Corp. was awarded by the Kao-Nan Region Construction Office for the East-West Expressway, Directorate General of Highways, MOTC (hereinafter referred to as the "Employer") a total of six contracts concerning the E802~E806 East-West Expressway Kaohsiung Chaozhou Line 0K+500~8K+950 Wujia~Shang Liao Section Project (hereinafter referred to as the "Permanent Work") and E802~E806 East-West Expressway Kaohsiung Chaozhou Line 0K+500~8K+950 Wujia~Shang Liao Section Project (for telecommunications, TPC pipelines, TPC electrical engineering, water pipeline at Guopi Rd., and water supply works, hereinafter referred to as the "Commissioned Work"). Notwithstanding, due to the increase in sand and gravel prices, extension of construction period, change of design, and other changes of circumstances, which are not attributed to Continental Engineering Corp., Continental Engineering Corp. initiated an action to claim an adjustment on the contract amount for the Permanent Work and Commissioned Work on September 8, 2006. The claimed value amounted to NT$466,670,704, plus the default interest accruable at the annual interest rate of 5% from April 6, 2005. According to the judgment rendered by Taiwan High Court, Kaohsiung Branch in the second instance, the Employer shall pay Continental Engineering Corp. NT$169,247,213 plus the default interest accruing at the annual interest rate of 5%. Continental Engineering Corp. and the Employer filed appeals in the third instance in January 2014. The court of the third instance rendered judgment revoking the judgment rendered in the second instance, on June 3, 2014, and remanded the case to Taiwan High Court, Kaohsiung Branch for another judgment. Kaohsiung Branch rendered another judgment on September 26, 2018, requiring that the Employer pay Continental Engineering Corp. NT$318,498,306, including the principal, NT$238,863,790, on which default interest shall accrue at an annual interest rate of 5% from April 6, 2005, and the principal, NT$79,634,516, on which the default interest shall accrue at the annual interest rate of 5% from the date when the judgment becomes final and irrevocable. Both parties have filed appeals in the third instance. The Supreme Court rendered its judgment on March 19, 2020. As a result, the judgment with respect to the principal, NT$85,833,083 (interest accruing thereon payable separately), out of the Company's claimed value became final and irrevocable, while the other parts were remanded. Now, the case is pending before the Taiwan High Court, Kaohsiung Branch in the second instance again.

B. Continental Engineering Corp. signed an engineering contract with Huayi Development Co., Ltd. (hereinafter referred to as the "Huayi") in December 2011, in order to undertake the new construction project at Yuan Di, Banqiao (Building No. 99 under the new construction project 99-Ban-Jian-Zi No. 0491). Huayi initially worked with the land owner in the Project. However, Huayi failed to make the progress payment as scheduled, and notified the suspension of work in August 2021. Then, East Asia Real Estate Management Co., Ltd. (hereinafter referred to as "East Asia Real") replaced Huayi to continue executing the Project. In August 2014, it signed the engineering contract with Continental Engineering Corp. to continue the Project. In October 2014, East Asia Real and Continental Engineering Corp. signed a tri-party agreement with original purchasers successively, agreeing to complete the Project on May 30, 2017. Notwithstanding, East Asia Real applied for changes of the design in order to enhance the structural safety and in response to laws & regulations and thereby caused the construction period to be delayed. Then, the occupation license was granted and the inspection & acceptance and property settlement were completed too on April 28, 2019. East Asia Real confirmed with Continental Engineering Corp. that the project was completed and approved to without any delay. However, the 18 purchasers initiated an action with Taiwan Taipei District Court in January 2020, claiming that (1) the land owner and Huayi should pay the default interest, and (2) East Asia Real and Continental Engineering Corp. should pay the default interest amounting to more than NT$80 million. The purchasers claimed that East Asia Real and Continental Engineering Corp. should bear the liability of default for 697 days and, therefore, should pay the default interest equivalent to 0.0005% of the house price already paid by them, according to tri-party agreement and the "Matters to be Noted in Pre-Sale Housing Contract" promulgated by the Ministry of the Interior. For this, the Company has retained external attorneys-at-law to respond to the action on behalf of the Company proactively. The case is now pending trial by Taiwan Taipei District Court in the first instance.

(XIII) Other material risks and responsive measures:

A. The Company resolved to formulate a “Group Risk Management Policy” on November 5, 2020. The Policy was enacted in order to construct the Group’s risk management system and culture, risk management procedure and scope, risk management organization and responsibilities, and related execution and supervision. The 2020 risk management implementation status was reported to the Board of Directors at the end of the year.

B. In response to COVID-19, the Company established the Group’s emergency response team pursuant to the emergency management guidelines at the beginning of 2020. The team is responsible for implementing the relevant epidemic prevention measures (including inventory-checking and preparation of prevention equipment, environmental cleaning and access control, epidemic prevention leave, travel log, travel history, notification mechanism, provision of information and health guidance, and enterprise’s group insurance) and business contingency programs (online meetings, work in rotation by groups, inventory-checking of computer equipment and assurance of cyber security, and work from home drill and feedback review).There are two major goals for company to achieve. One is to protect employees physically and mentally and another one is to maintain business continuity.

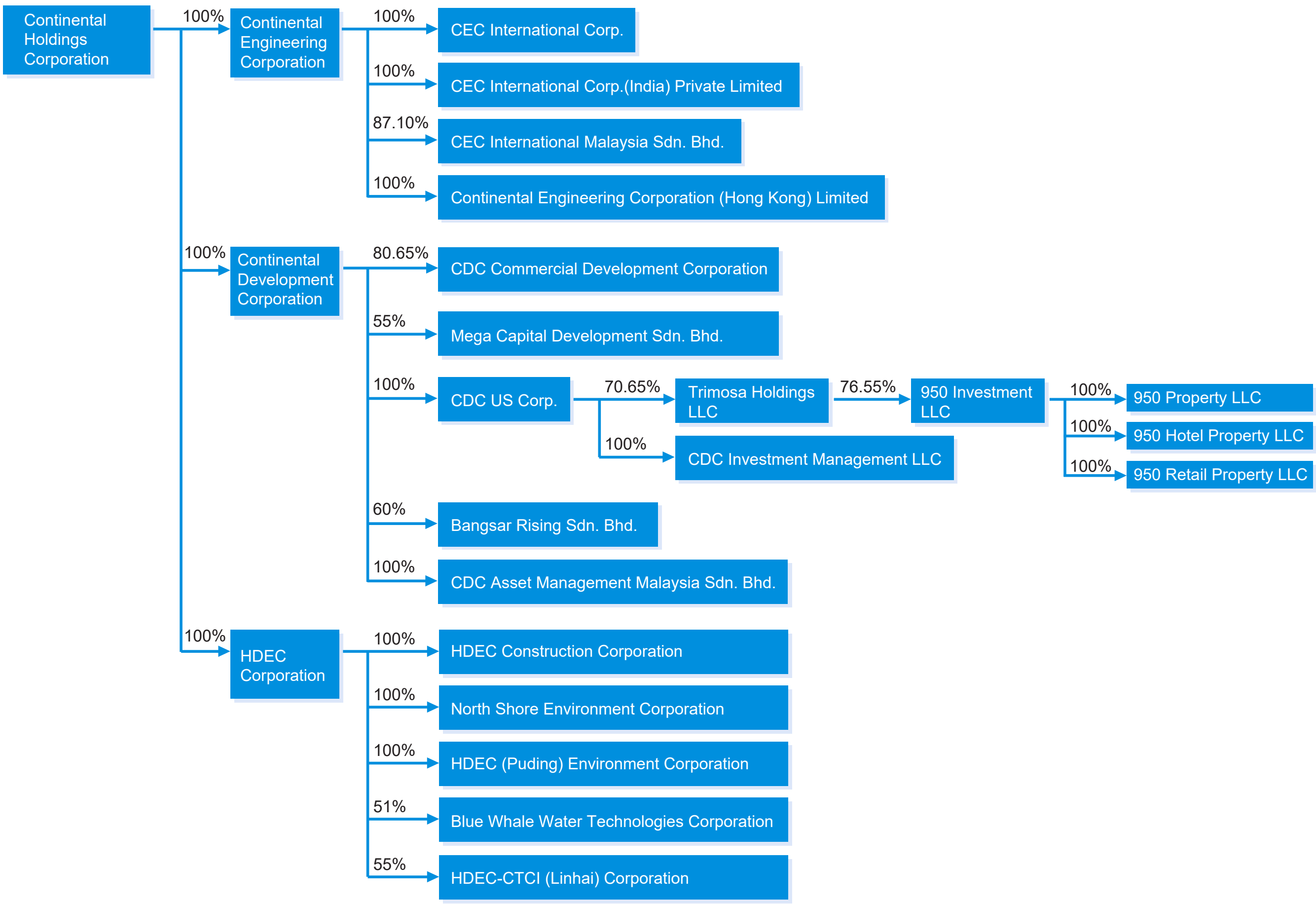
Ⅶ. Other important Matters: None

Special items to be included

I. Summary of affiliated companies

(I) Consolidated business report of affiliates (As of 2020.12.31)

1. Organizational chart of the affiliates



2. Profiles of the affiliates

Company	Date of incorporation	Address	Capital stock	Major business
Continental Engineering Corporation	1945.12	No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 4,400,621 thousands	Civil engineering, public infrastructure and private sector construction
CEC International Corp.	2003.12	BVI	USD 52,781 thousands	Investment in and control of overseas corporations
CEC International Corp. (India) Private Limited	2005.12	INDIA	INR 739,815 thousands	Real estate development and civil engineering, construction
CEC International Malaysia Sdn. Bhd.	2012.05	Malaysia	MYR 30,240 thousands	Civil engineering, construction
Continental Engineering Corp. (Hong Kong) Limited	2018.02	Hong Kong	HKD 100 thousands	Contract civil engineering construction and invest in real estate

Company	Date of incorporation	Address	Capital stock	Major business
Continental Development Corporation	2010.06	12F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 5,907,670 thousands	Real estate and development specifically on residential housing and office building
CDC Commercial Development Corporation	2003.10	No. 218, Legun 3rd Road, Taipei 104, Taiwan	NTD 552,733 thousands	Real estate development, sales and leasing of building
MEGA Capital Development Sdn. Bhd.	2013.09	Malaysia	MYR 1,500 thousands	Real estate development
Bangsar Rising Sdn. Bhd.	2018.11	Malaysia	MYR 1,000 thousands	Real estate development
CDC Asset Management Malaysia Sdn. Bhd.	2019.09	Malaysia	MYR 1,000 thousands	Management consulting
CDC US Corp.	2017.09	U.S.A.	USD 500	Investment in and control of overseas corporations
CDC Investment Management LLC	2017.10	U.S.A.	USD 10 thousands	Engineering management
Trimosa Holdings LLC	2017.10	U.S.A.	USD 101,980 thousands	Investment in and control of overseas corporations
950 Investment LLC	2017.09	U.S.A.	USD 132,618 thousands	Investment in and control of overseas corporations
950 Property LLC	2017.09	U.S.A.	USD 132,618 thousands	Real estate development
950 Hotel Property LLC	2019.11	U.S.A.	USD 33 thousands	Hotel
950 Retail Property LLC	2020.03	U.S.A.	USD 397	Real estate management
HDEC Corporation	2006.05	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 1,978,000 thousands	Construction of underground pipeline and environmental protection project, plumbing, sale of pollution prevention equipment
HDEC Construction Corporation	2006.07	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 30,000 thousands	Construction of underground pipeline and environmental protection project, plumbing
North Shore Environment Corporation	2005.05	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 1,660,000 thousands	Sewer system design and construction in Danshui area, New Taipei City
Blue Whale Water Technologies Corporation	2016.08	13F., No.366, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807373, Taiwan	NTD 740,000 thousands	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City
HDEC (Puding) Environment Corporation	2016.09	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 340,000 thousands	Pu Ding area sewerage construction in Taoyuan City
HDEC-CTCI (Linhai) Corporation	2018.10	13F., No.366, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807373, Taiwan	NTD 766,650 thousands	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City

3. Companies presumed to have a relationship of control and subordination: None.

4. Industries covered by Affiliates' Business Operation
The business of the Company and its subsidiaries and affiliates provide include civil construction, real estate development, environmental project development, and Investment.

5. Profiles of Directors, Supervisors and Presidents of the affiliates

Company	Title	Name or Representative	Shareholding	
			Shares	%
Continental Engineering Corporation		Continental Holdings Corporation	440,062,071	100.00%
	Chairman	Representative: Nita Ing		
	Director	Representative: John Edward Porter		
	Director	Representative: Cindy Chang		
	Director	Representative: John Huang		
	Director	Representative: Hsiung Chiang		
	Supervisor	Representative: Cheng Hsiung Kang		
	CEO	Simon B.S. Buttery		
CEC International Corp.		Continental Engineering Corporation	52,780,940	100.00%
	Director	Simon B.S. Buttery		
	Director	Mark Smith		
	Director	Hsiung Chiang		
CEC International Corp.(India) Private Limited		Continental Engineering Corporation	73,981,492	100.00%
	Director	Hsiung Chiang		
	Director	Simon B.S. Buttery		
	Director	Rajiv Kumar		
	Director	Michael Richard Shaw		
CEC International Malaysia Sdn. Bhd.		Continental Engineering Corporation	26,340,476	87.10%
	Director	Hsiung Chiang		
	Director	Saridah Binti Ismail		
	Director	Marlina Binti Budin		
	Director	Simon Buttery		
Continental Engineering Corp. (Hong Kong) Limited		Continental Engineering Corporation	100,000	100.00%
	Director	John Edward Porter		
	Director	Hsiung Chiang		
	Director	Simon B.S. Buttery		
Continental Development Corporation		Continental Holdings Corporation	590,766,953	100.00%
	Chairman	Representative: Christopher Chang		
	Director	Representative: Cindy Chang		
	Supervisor	Representative: John Huang		
	President	Tsun-Sen Liao		
CDC Commercial Development Corporation		Continental Development Corporation	44,573,940	80.65%
	Chairman	Representative: Christopher Chang		
	Director	Representative: Cindy Chang		
	Director	Representative: John Huang		
		Wei-Dar Development Co., Ltd.	3,875,898	7.01%
	Supervisor	Representative: Richard Huang		

Company	Title	Name or Representative	Shareholding	
			Shares	%
MEGA Capital Development Sdn. Bhd.	 Executive Director Director Director Director Director	Continental Development Corporation Christopher Chang Tsun-Sen Liao Cindy Chang Moderate Investment Chen-Chou Chang Chao-Chien Chang	825,000 675,000	55.00% 45.00%
Bangsar Rising Sdn. Bhd.	 Executive Director Director Director Director Director	Continental Development Corporation Christopher Chang Tsun-Sen Liao Cindy Chang Foremost Asset Co., Ltd. Chen-Chou Chang Chao-Chien Chang	600,000 400,000	60.00% 40.00%
CDC Asset Management Malaysia Sdn. Bhd.	 Director Director Director	Continental Development Corporation Christopher Chang Cindy Chang Chao-Chien Chang	1,000,000	100.00%
CDC US Corp.	 Director Director Director	Continental Development Corporation Christopher Chang Tsun-Sen Liao Cindy Chang	5,000,000	100.00%
CDC Investment Management LLC	Manager	Christopher Chang	CDC US Corp. investment USD 10 thousands	100.00%
Trimosa Holdings LLC	Manager	Christopher Chang	CDC US Corp. investment USD 72,052 thousands	70.65%
950 Investment LLC	Manager	Christopher Chang	Trimosa Holdings LLC investment USD 101,525 thousands	76.55%
950 Property LLC	Manager	Christopher Chang	950 Investment LLC investment USD 132,618 thousands	100.00%
950 Hotel Property LLC	Manager	Christopher Chang	950 Investment LLC investment USD 33 thousands	100.00%
950 Retail Property LLC	Manager	Christopher Chang	950 Investment LLC investment USD 397	100.00%
HDEC Corporation	 Chairman Director Director Supervisor President	Continental Holdings Corporation Representative: Shen-Lo Chen Representative: Cindy Chang Representative: Hsiung Chiang Representative: Kris Lin Jerry Chou	197,800,000	100.00%
HDEC Construction Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: Joe Yang	3,000,000	100.00%
North Shore Environment Corporation	 Chairman Director and President	HDEC Corporation Representative: Shen-Lo Chen Representative: Jerry Chou	166,000,000	100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
Blue Whale Water Technologies Corporation		HDEC Corporation	37,740,000	51.00%
	Chairman	Representative: Shen-Lo Chen		
	Director and President	Representative: Jerry Chou		
	Director	Representative: Joe Yang		
		CTCI Corporation	36,260,000	49.00%
	Director	Representative: Jeffrey Hsu		
	Director	Representative: William Chung		
	Supervisor	Vicky Yang	-	-
	Supervisor	Nicole Ku	-	-
HDEC (Puding) Environment Corporation		HDEC Corporation	34,000,000	100.00%
	Chairman	Representative: Shen-Lo Chen		
	Director and President	Representative: Jerry Chou		
HDEC-CTCI (Linhai) Corporation		HDEC Corporation	42,165,750	55.00%
	Chairman	Representative: Shen-Lo Chen		
	Director and President	Representative: Jerry Chou		
	Director	Representative: Joe Yang		
		CTCI Corporation	34,499,250	45.00%
	Director	Representative: Ting-Kuo LI\i		
	Director	Representative: William Chung		
	Supervisor	Vicky Yang	-	-
	Supervisor	Nicole Ku	-	-

6. Overview of the operations of the affiliates

Unit: NT$ thousands

Company	Capital Stock	Total assets	Total liabilities	Total equity	Operating revenues	Net operating income (loss)	Net income (loss)	Earnings per share (NT$)
Continental Engineering Corporation	4,400,621	15,450,572	11,201,474	4,249,098	14,019,428	165,057	255,201	0.58
CEC International Corp.	1,503,201	6,634	301,357	(294,723)	-	(38,603)	(45,664)	(0.001)
CEC International Corp. (India) Private Limited	288,380	60,607	60,438	169	51,609	45,996	47,253	0.001
CEC International Malaysia Sdn. Bhd.	211,281	36,447	866	35,581	529	(556)	206	0.00
Continental Engineering Corp. (Hong Kong) Limited	367	570	8,119	(7,549)	-	(8,361)	(8,155)	(0.08)
Continental Development Corporation	5,907,670	31,820,192	15,709,004	16,111,188	5,723,216	977,683	886,275	1.50
CDC Commercial Development Corporation	552,733	5,471,092	2,092,707	3,378,385	106,741	52,006	35,205	0.64
MEGA Capital Development Sdn. Bhd.	10,772	1,533,748	1,588,707	(54,959)	-	(8,748)	(1,611)	(0.001)
Bangsar Rising Sdn. Bhd.	6,993	282,936	275,476	7,460	470	(822)	40	0.00
CDC Investment Management LLC	6,993	9,893	2,338	7,555	10,935	581	399	0.00

Company	Capital Stock	Total assets	Total liabilities	Total equity	Operating revenues	Net operating income (loss)	Net income (loss)	Earnings per share (NT$)
CDC US Corp.	14	2,030,287	136,077	1,894,209	(4,081)	(12,296)	(10,045)	(0.002)
CDC Investment Management LLC	285	269	-	269	7,106	5,061	5,011	-
Trimosa Holdings LLC	2,904,390	2,893,520	456	2,893,064	(2,196)	(2,787)	(2,810)	-
950 Investment LLC	3,776,973	3,771,198	1,159	3,770,039	(2,844)	(2,845)	(2,869)	-
950 Property LLC	3,776,973	8,276,070	4,505,758	3,770,312	-	(2,646)	(2,670)	-
950 Hotel Property LLC	940	804	-	804	-	(92)	(139)	-
950 Retail Property LLC	11	-	23	(23)	-	(12)	(35)	-
HDEC Corporation	1,978,000	5,324,972	2,055,569	3,269,403	1,258,757	29,183	359,138	1.82
HDEC Construction Corporation	30,000	64,440	24,694	39,746	131,533	1,088	3,916	1.31
North Shore Environment Corporation	1,660,000	4,985,647	2,171,662	2,813,985	577,496	302,494	214,667	1.29
Blue Whale Water Technologies Corporation	740,000	1,796,977	926,716	870,261	341,527	115,617	104,118	1.41
HDEC (Puding) Environment Corporation	340,000	356,484	17,353	339,131	49,257	(181)	(44)	(0.001)
HDEC-CTCI (Linhai) Corporation	766,650	2,881,843	2,027,210	854,633	2,008,655	114,413	86,097	1.12

(II) Consolidated Financial Statements of the Affiliates

Please refer to Consolidated Financial Statements With Independent Auditors' Report.

Statement

This is to state that the Company's Related Company Report in 2020 (from January 1, 2020 to December 31, 2020) was prepared in accordance with Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises, and information disclosed and the related information disclosed in the Notes to Financial Statements in the aforementioned period do not contain material discrepancies.

Hereby declare by

Company name: CONTINENTAL HOLDINGS CORPORATION

Chairman: Nita Ing

Date: March 16, 2021

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

CPA' Review Opinion on the Affiliation Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

The 2020 Affiliation Report of CONTINENTAL HOLDINGS CORPORATION was prepared in accordance with “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. The relevant financial information was reviewed according to the information disclosed in the notes of the consolidated financial statements during the aforementioned period by the accountants.

According to the review result of the accountant, no violation has been found in the preparation of the above affiliation report to the provisions of the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and no material discrepancy has been found between the information disclosed in the foregoing affiliation report and the information disclosed in the notes to the financial statements of the same period.

KPMG Taiwan
CPA: Chung-Che Chen and Ti-Nuan Chien
Document No. certified by security competent agency:
Financial supervision audit No. 1000011652 No. (88)
Taiwan finance securities (6) 18311 Date: March 16, 2021

1. Relation between the controlling company and its subordinates:

Name of controlling company	Controlled reason	Shareholdings and pledges of the controlling company			Employees sent by controlling company as directors, supervisors or managers	
		Shareholdings	Shareholding ratio	Pledged shares	Position	Name
Vanteva Corporation	Indirect shareholding ratio over 50%	412,048,351	50.05%	106,177,000		
Montrion Corporation	Controlling company of Vanteva Corporation	412,048,351	50.05%	106,177,000		

2. Purchase and sale of goods: None.
3. Property transaction: None.
4. Capital financing: None.
5. Asset leasing: None.
6. Other significant transactions: None.
7. Endorsement and guarantee: None.

II. Private Placement Securities in 2020 and as of the Date of this Annual Report: None.

III. Information on Shares Held or Sold by Subsidiaries in 2020 and the Date of this Annual Report: None

IV. the Necessary Supplement: None

Any Events in 2020 and as of the Date of this Annual Report that Had Material Impacts on Shareholders' Interests or Securities Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None

CONTINENTAL HOLDINGS CORPORATION

Chairman: Nita Ing

Continental Holdings
23F, No. 95 Dun Hua S. Road,
Sec. 2 Taipei 106, Taiwan
Tel: 886-2-3701-2000 Ext 6572
Fax:886-2-3701-2999
www.continental-holdings.com