Stock Code: 2520

Annual Report
2019

Kindom Development Co., Ltd.

K I N D O M

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Notices to Readers：
This English version annual report is a translation of the Chinese version and is not an official document of the shareholder's meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

I. Spokesperson or Acting Spokesperson of the company:
Spokesperson: Sheng-An, Chang
Title: Vice General Manager
E-mail: Vchang@kindom.com.tw
Acting Spokesperson: Shu-Lian, Chang
Title: Senior Assistant Manager
E-mail: Schang@kindom.com.tw
Tel: (02) 2378-6789
Fax: (02) 2739-6710

II. Head Office, Branch Offices and Factories: No branch or factory
Address: No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Tel: (02) 2378-6789
Fax: (02) 2739-6710

III. Share Transfer Agency
Name: CTBC Bank Transfer Agency
Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
Tel: (02) 6636-5566
Website: https://ecorp.ctbcbank.com/cts/index.jsp

IV. Certified Public Accountants for the Most Recent Fiscal Year:
Name of Accounting Firm: KPMG Taiwan
Name of CPAs: Ti-Nuan Chien, Shu-Ying Chang
Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Tel: (02) 8101-6666
Website: http://www.kpmg.com.tw

V. Information on Overseas Securities: None

VI. Company Website: http://www.kindom.com.tw

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Chapter 1. Letter to Shareholders

Dear Shareholders:

In 2019, our three major businesses, driven by the passionate contributions of our team members, have achieved a combined revenue increase of 6.17%, from NT$ 14.436 billion in 2018 to NT$ 15.327 billion, creating a new milestone. The three major businesses that are drivers of growth are the development segment, construction segment, and department store segment of the Company and that of its subsidiaries. More than 50% of the revenue was driven by the development segment, through the sales of constructed homes, which had progressed smoothly due to accelerated selling strategy and the "Kindom Qing Pu Hui " was handed over the owners on schedule. The construction segment, accounted for about 40% of the revenue and had increased due to the contracts from external customers. In the department store segment, the introduction of new brands and other diversifying activities were implemented to sustain and develop our customer base. Such initiatives in all three of our segments have yielded a net profit after tax attributable to the owners of the parent company in 2019, at NT$ 1.284 billion. This was an increase of 153.25% from the NT$ 507 million net profit in 2018; the after-tax earnings per share increased from NT$ 1.03 in 2018 to NT$ 2.60 in 2019.

Currently, some of the main construction projects in the development segment that have been completed, under construction or in the pre-sale process include the following: "Kindom Xinyi B," "Kindom Xinyi C," "Kindom Xinyi F," "Kindom Hushui Ying," "Kindom Wei Shan Jiu," "Kindom Qing Pu Hui," "Kindom Chuangzindian," "Kindom Shizhengting," "Kindom Tai Ji," "Kindom Tai Jing," "Taichung G8 Project," and so on. These projects, amounting to more than 10, have a combined number of about 1,200 total saleable households. The construction segment has been successful in securing contracts with nearly 20 external customer projects. These mainly include construction for the government's transportation infrastructure, medical buildings of public hospitals and projects from electronics companies that are listed on the stock exchange, amounting to a total contract value of more than NT$ 25 billion. The department store segment manages the following two types of shopping centers. One of types is the independent full service shopping mall like: "Xinbei Zhonghe" and "Pingtung." The other one is the station associated shopping mall like: "Nangang Station," "Banqiao Station," "Taoyuan A8," "Linkou A9" and "New Zuoying Station." These seven shopping mall have a total business area about 1,780,000 square feet. With 640,000 members and benefit of the mass transportation, the number of visitors coming to the mall are very stable.

The ongoing US-China trade war and the overall market condition in 2019 have prompted overseas Taiwanese businessmen to invest back into Taiwan, and thus have driven up the demand for land and commercial office buildings in industrial areas. In response to this, certain county and city governments have lowered property taxes and have maintained lower mortgage rates, leading to the increase in the volume of transaction in the domestic real estate market. The total number of households sold was 300,725 compared to 277,967 in the previous year, indicating a growth of 8.03% for the fiscal year, 2019. This was the third consecutive year of growth in the industry. The increased demand in the construction industry has encouraged Taiwanese businessmen to return home to expand factories and the government has also launched policies to promote futuristic infrastructure developments. These factors have driven up the demand for construction and civil engineering projects in Taiwan. The turnover in 2019 increased to NT$ 2.48 trillion and the annual growth rate has increased by 6.44%, creating a new record in terms of growth. Through various policies of the government, the department store segment has stimulated domestic demand and lead to the recovery of consumer confidence. The turnover in 2019 increased to NT$ 355.2 billion, with a growth rate of 4.44%, an improvement when compared to the 1.64% growth rate in 2018. However, in 2020, the COVID-19 epidemic is expected to impact the overall demand in the domestic market. The rate of growth in the three segments might be impacted in the first half of 2020, due to lowered rate of consumption and dampened consumer confidence.

Aspiring for a better performance in 2020, the Kindom Group continues to make steady progress with three critical operating principles: "strengthening of corporate governance," "efficient resource allocation within the group," and "participation in social welfare," with the ambition to provide exemplary products and services. We aim to develop operating strategies that are sensitive to market trends and customer requirements, to develop a strong and reliable brand image. The building of exemplary construction sites will continue to be the priority of our development segment. As changes in family structure and regional developments occur, various products with be positioned, taking advantage of the big data and precision marketing strategies will be implemented. Accelerated demolition will also be carried out, in accordance with changing requirements of the markets, to enhance the overall competitiveness of the company. The construction segment aspires to secure high-tech and high-value added engineering bids, with a comprehensive supply chain management system in place, and strives to accurately manage the implementation schedule. This, along with regular review of the trends in supply and demand of bulk building materials, is performed to meet the schedule and cost estimates. We aim to provide high quality products and services, while keeping our suppliers and the customers satisfied. The department store segment, continue to introduce unique and locally appealing brands to create a niche market with personalized and innovative services, in response to changing customer requirements. They also strive to develop creative digital applications to provide convenient and diversified membership services to develop brand loyalty among the customers.

Kindom Group will continue to lead with the business philosophy of "Integrity, Service, Innovation and Sustainability," to integrate real estate development, construction, shopping centers and foundation to develop a comprehensive real estate development business. This will enable us to achieve the aim of integrating "investment and development, construction, life and entertainment" as we move forward. We aspire to uphold the original intention of serving customers in an eco-friendly, sustainable, and innovative manner to create "exquisite homes." We integrate social welfare activities into our daily operations, with the vision of becoming a "leading brand of comprehensive real estate developers," and we continue to work towards enhancing our competitiveness, branding and the competitiveness of sustainable developments, build sustainable developments, while creating impressive profits, for the benefit of our shareholders.

Sincerely

Wish you and your family safe and all the best.

Kindom Development Co., Ltd.
Chairman: Mike, Ma

Chapter 2. Company Profile

I. Company Introduction:

(I) Date of Incorporation: Nov. 23rd, 1979

(II) Company History:

The Company was established in November of 1979 at No. 10, Ln. 165, Sec. 1, Xinsheng S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.), with the registered capital and paid-in capital both in an amount of NT$ 1 million.
In 1982, the Company was restructured and increased its capital to NT$ 30 million.
In March of 1984, the Company increased its capital to NT$ 50 million.
In August of 1988, the Company relocated to 1/12F, No.237, Sec. 1, Fuxing S. Rd., Taipei City (R.O.C.).
In June of 1989, the Company increased its capital to NT$ 170 million.
In December of 1990, the Company increased its capital to NT$ 390 million.
In October of 1991, the Company increased its capital to NT$ 420 million.
In July of 1992, the Company increased its capital to NT$ 525 million.
In April of 1993, the Company relocated to No.131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.).
In July of 1993, the Company increased its capital to NT$ 656.25 million.
In October of 1993, the Company had its shares officially listed for trading.
In April of 1994, the Company increased its capital to NT$ 1 billion.
In July of 1994, the Company increased its capital to NT$ 1.25 billion.
In September of 1995, the Company increased its capital to NT$ 1,562,500,000.
In August of 1996, the Company increased its capital to NT$ 1,953,125,000.
In August of 1997, the Company increased its capital to NT$ 2,441,406,000.
In October of 1997, the Company increased its capital to NT$ 2,741,406,000.
In July of 1998, the Company increased its capital to NT$ 3,426,758,000.
In June of 1999, the Company increased its capital to NT$ 4,283,447,000.
In June of 2000, the Company increased its capital to NT$ 5,140,137,000.
In April of 2001, the Company reduced its capital to NT$ 5,043,767,000.
In October of 2001, the Company reduced its capital to NT$ 4,894,037,000.
In January of 2011, the Company increased its capital to NT$ 4,922,736,000.
In April of 2011, the Company increased its capital to NT$ 4,926,189,000.
In October of 2011, the Company increased its capital to NT$ 4,933,453,000.
In July of 2012, the Company increased its capital to NT$ 4,965,081,000.
In October of 2012, the Company increased its capital to NT$ 4,987,221,000.
In April of 2013, the Company increased its capital to NT$ 5,015,102,000.
In July of 2013, the Company increased its capital to NT$ 5,037,910,000.

(III) Events of merger & acquisition, reinvestment in related companies or restructuring in the most recent year as of the date of this Annual Report: None.

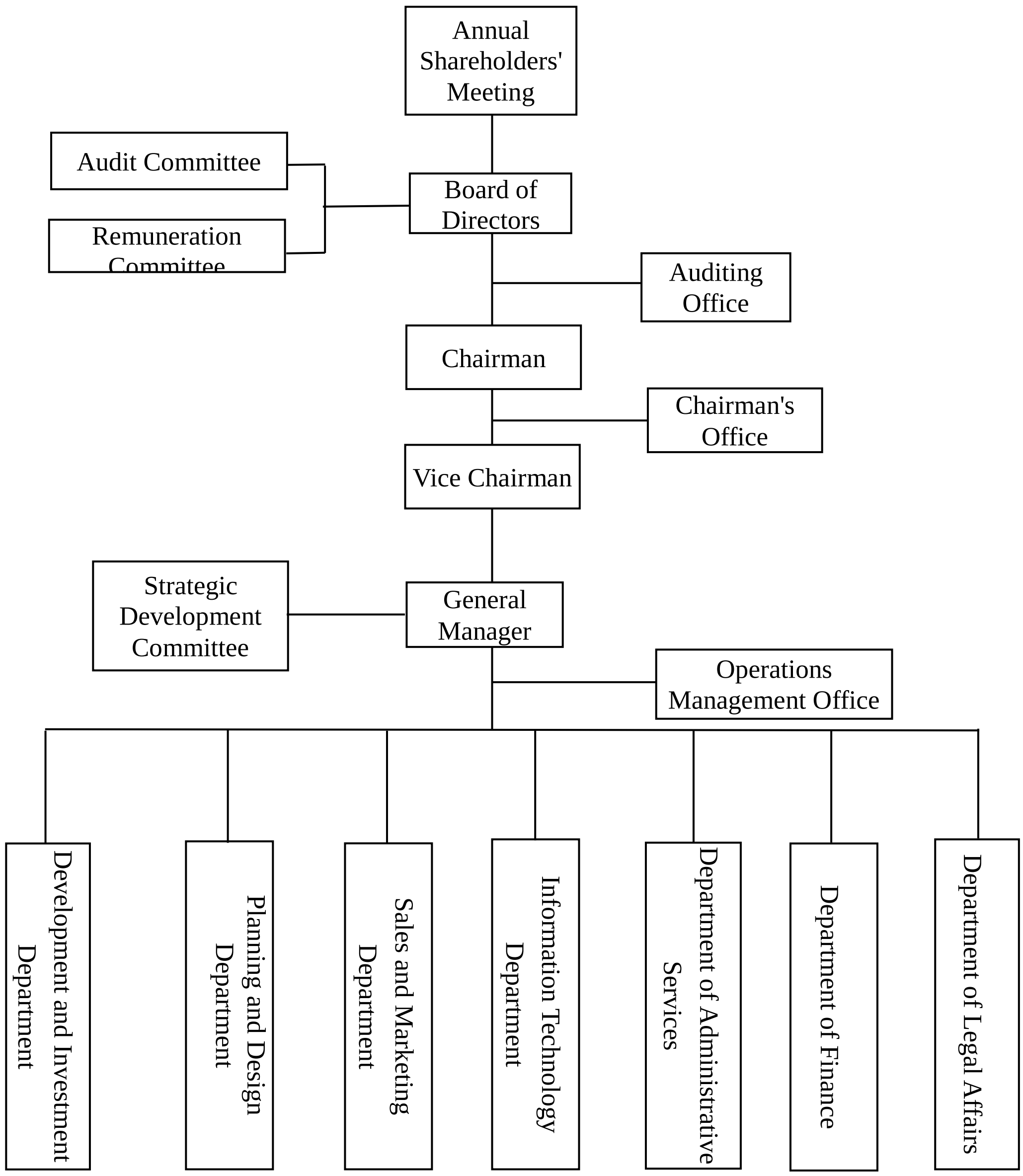
(IV) Events of major equity transfer or exchange involving directors, supervisors or major shareholders holding more than 10% of the Company's shares in the most recent year as of the date of this Annual Report: None.

(V) Changes in the right of management, material changes in the operating procedures or businesses, and other material events of significant impact on the shareholders' equity in the most recent year as of the date of this Annual Report and their implications for the Company: None.

Chapter 3. Corporate Governance Report

I. Organization:

(I) Organization Chart:

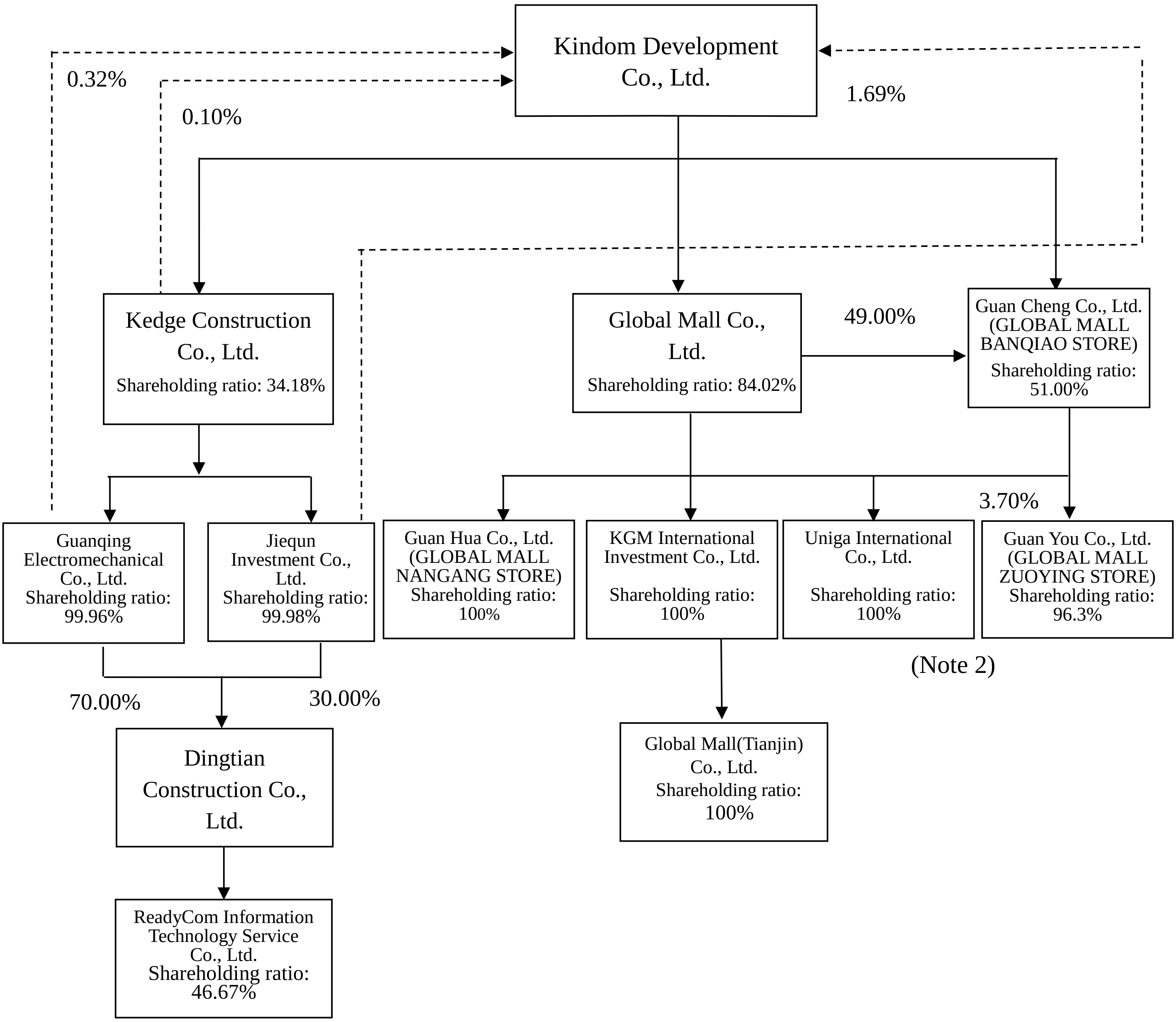


(II) Major Department Functions:

1. Auditing Office: Responsible for establishing and implementing the audit system, evaluating the business performance, inspecting and reviewing the internal control system of the Company and its subsidiaries, and in a timely manner providing suggestions for improvement thereof.
2. Chairman's Office: Responsible for the research, analysis, planning and execution of the projects assigned by the chairman.
3. Operations Management Office: Responsible for management of the Company's operation-related matters, premise transfer and mortgage registration with the land registration department, land and building restoration, records preservation and other filing-related matters.

4. Development and Investment Department: Responsible for land development, evaluation of new business undertakings, management of investment and shift in investment.
5. Planning and Design Department: Responsible for the planning and design in individual construction projects.
6. Sales and Marketing Department: Responsible for sales, AD planning, customer service and other related businesses.
7. Information Technology Department: Responsible for planning and promoting of the Company's computerization, scheduling and maintaining the Company's computerized hardware resources and supervising the information technology-related matters of the related companies.
8. Department of Administrative Services: Responsible for handling the Company's human resources and general affairs, and supervising the administrative affairs of the Group's related companies.
9. Department of Finance: Responsible for accounting, stock operations, planning and management of funds, as well as supervising the financial affairs of the Group's related companies.
10. Department of Legal Affairs: Responsible for the discussion on and development of various contracts for the Company, the review and management of both internal and external documents, profit risk control, overall enforcement in various litigation cases, compliance with laws and legal risk control, and supervision of the legal affairs of the Group's related companies.

(III) Organization Chart of Related Companies in Investment (Note 1):



Note 1. In accordance with Article 369-2 of the Company Act, it is presumed that a company holding the majority of the total number of the outstanding voting shares or the total amount of the capital stock of another company is considered the controlling company, while the other company is considered a subordinate company.

Note 2. Uniga International Co., Ltd. completed liquidation on Nov. 5th, 2018.

II. Information about Directors, Supervisors, the General Manager, Vice General Manager, Assistant Managers and All Department and Branch Executives:

(I) Directors and supervisors:

Apr. 21st, 2020 (Unit: Share)

Title (Note 1)	Nationality/ place of registration	Name	Gender	Date elected (taking office)	Term of office (Year)	Date first elected (Note 2)	Shareholding when elected		Current shareholding		Current spouse & minor shareholding		Shareholding by nominee arrangement		Education and working experience (Note 3)	Other position concurrently held at the Company or other companies	If the spouse or any family member within the second degree of kinship also serves as executive, director or supervisor.			Remarks (Note 4)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Yu-De Investment Co. Representative: Mike, Ma:	Male	2019.06.10	3 years	2016.06.28	96,304,670 9,350,454	19.12 1.86	96,304,670 9,000,000	19.12 1.79	- -	- -	- 5,491,454	- 1.09	Master of Statistics Department, Columbia University	Chairman and general manager of Global Mall Co., Ltd. Chairman of Guan Cheng Co., Ltd. Chairman of Guan Hua Co., Ltd. Chairman of Guan You Co., Ltd. Director of Yu-De Investment Co. Director of KGM International Investment Co., Ltd. Director of Kindom Yu San Education Foundation, a corporate body	Director	Mei-Chu Liu	Mother and son	
Director	Republic of China	Yu-De Investment Co. Representative: Mei-Chu, Liu	Female	2019.06.10	3 years	2017.12.22	96,304,670 44,788,333	19.12 8.89	96,304,670 61,104,811	19.12 12.13	- -	- -	- -	- -	Department of Chinese Language and Literature, Tamkang University	Chairman of Yu-De Investment Co. Director of Kedge Construction Co., Ltd.	Chairman	Mike, Ma	Mother and son	
Director	Republic of China	Yu-De Investment Co. Representative: Ching-Chin, Hung	Male	2019.06.10	3 years	2004.06.25	96,304,670 144	19.12 -	96,304,670 144	19.12 -	- 47,358	- 0.01	- -	- -	Department of Civil Engineering, National Taipei University of Technology	General Manager	-	-	-	
Director	Republic of China	Yu-De Investment Co. Representative: Sheng-An, Chang	Male	2019.06.10	3 years	2017.09.30	96,304,670 7,968	19.12 -	96,304,670 7,968	19.12 -	- -	- -	- -	- -	Department of Land Management, Feng Chia University	Vice General Manager Director of Global Mall Co., Ltd. Vice President of Kindom Yu San Education Foundation, a corporate body	-	-	-	
Director	Republic of China	Yu-De Investment Co. Representative:. Ching-Fen, Chang	Female	2019.06.10	3 years	2019.06.10	96,304,670 31,000	19.12 0.01	96,304,670 31,000	19.12 0.01	- -	- -	- -	- -	Department of Economics, Soochow University	Director of the Chairman's Office and Manager of the Department of Administrative Services	-	-	-	
Director	Republic of China	Yu-De Investment Co. Representative: Ming, Chen	Female	2019.06.10	3 years	2004.06.25	96,304,670 2,494,389	19.12 0.50	96,304,670 2,494,389	19.12 0.50	- -	- -	- -	- -	Department of Business Documents, Ming Chuan Commercial College	None	-	-	-	
Independent Director	Republic of China	Shen-Yu, Kung	Male	2019.06.10	3 years	2016.06.28	-	-	-	-	-	-	-	-	MBA, National Chengchi University	Chief Investment Officer of APP-China Independent Director of Kedge Construction Co., Ltd. Independent Director of Donpon Precision Inc. Independent Director of Ever Power IPP Co., Ltd.	-	-	-	
Independent Director	Republic of China	Hung-Chin, Huang	Male	2019.06.10	3 years	2016.06.28	-	-	-	-	-	-	-	-	Master of Professional Accounting, Shanghai University of Finance and Economics	CPA, Henghui Lianhe Accounting Firm Assistant professor from Department of Accounting, Fu Jen Catholic University Independent Director of Kedge Construction Co., Ltd.	-	-	-	
Independent Director	Republic of China	Kuo-Feng, Lin	Male	2019.06.10	3 years	2019.06.10	-	-	-	-	-	-	-	-	Ph.D. in Civil Engineering, University of Pittsburgh	Distinguished professor from Department of Civil Engineering, National Taiwan University	-	-	-	

Note 1. In the case of institutional shareholders, the names and representatives should be indicated respectively (for representatives, the names of institutional shareholders they

represent should be indicated) and filled in the following table.

Note 2. Fill in the time as the company's director or supervisor for the first time. Any interruption period during the term shall be noted.

Note 3. For experiences relevant to the current position, if the person held a position in the accounting firm providing audit services to the Company or in any affiliated companies during the above-mentioned periods, his/ her title and job responsibilities shall be specified.

Note 4. If the chairman of the Company is the same person as, spouse or relative within first degree of kinship of the general manager or the person holding equivalent position (top manager), he/she shall explain the reasons, rationality, necessity, corresponding measures (such as increasing the number of independent directors, keeping more than half of the directors not concurrently serving as employees or managers, etc.) and other related information.

(II) Major Shareholders of the Institutional Shareholders:

Apr. 21st, 2020

Name of institutional shareholder (note 1)	Major Shareholders of Institutional Shareholder (Note 2)
Yu-De Investment Co.	Account Special for Estate under Trust with Cathay United Bank (43.70%), Mike, Ma (29.92%), Shau-Ling Ma (13.19%) and Ming-Nai Ma (13.19%).

Note 1. If the Director or supervisor is a representative of an institutional shareholder, his/her name shall be specified.

Note 2. Please fill in the name and the shareholding percentage of the major shareholders of institutional shareholders (shareholders with the 10 highest shareholding percentage). If the major shareholders are legal entities, information shall be additionally provided in the following table.

Note 3. For corporate shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed (i.e. name of the investor or donor and their investment or donation ratio).

(III) Major shareholders of institutional shareholders who are representative of institutional shareholders: None.

(IV) Expertise and independence analysis of directors and supervisors:

Apr. 21st, 2020

Name (Note 1) \ Qualification	Meets one of the following professional qualifications, with at least five years of work experience			Independence criteria (Note 2)												Number of other public companies where the individual concurrently serves 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	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license	Work experience required for business administration, legal affairs, finance, accounting, or other business related field of the company	1	2	3	4	5	6	7	8	9	10	11	12	
Yu-De Investment Co. Representative: Mike, Ma			✓									✓		✓		None
Yu-De Investment Co. Representative: Mei-Chu, Liu			✓	✓								✓		✓		None
Yu-De Investment Co. Representative: Ching-Chin, Hung			✓		✓	✓	✓				✓	✓	✓	✓		None
Yu-De Investment Co. Representative: Sheng-An, Chang			✓			✓	✓				✓	✓	✓	✓		None
Yu-De Investment Co. Representative: Ching-Fen, Chang			✓		✓	✓	✓				✓	✓	✓	✓		None
Yu-De Investment Co. Representative: Ming, Chen			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		None
Shen-Yu, Kung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Hung-Chin, Huang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Kuo-Feng, Lin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1. The number of spaces shall be adjusted subject to the actual circumstances.

Note 2. Directors and supervisors who meet the following qualifications two years before the assumption of office and during the office term shall put a "√" in the appropriate space. ✓

(1) Not employed by the company or an affiliated business.

(2) Not a Director or Supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an Independent Director of the Company, its parent

company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a institutional shareholder that directly holds 5% or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings or designated as an representative under subparagraphs 1 or 2, Article 27 of the Company Act. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(6) Not a director, supervisor, or employee of another company that the majority of its directors or the shares with voting rights are controlled by the same person (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(7) Not a director, supervisor, or employee of another company or an institution who is concurrently a chairman, general manager, or holding equivalent position of the Company or a spouse thereof (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiaries of the parent company that are compliant with the Securities and Exchange Act or local laws).

(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiaries of the parent company that are compliant with the Securities and Exchange Act or local laws).

(9) Not a professional individual who provides commercial, legal, financial, accounting and other related services to the Company or to any affiliate of the Company with a total compensation below NT$500,000 in the most recent two years, an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company or institution, nor a spouse thereof. However, members of the committee on remuneration or public acquisition review, or the special committee on merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) None of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(12) The person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act

(V) Information of the General Manager, Vice General Manager, Assistant manager, Directors of Departments and Branches:

Apr. 21st, 2020

Title (Note 1)	Nationality	Name	Gender	Date elected (taking office)	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Education and working experience (Note 2)	Other position concurrently held at other companies	If the spouse or any family member within the second degree of kinship also serves as manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
General Manager	Republic of China	Ching-Chin, Hung	Male	2015.01.21	144	-	47,358	0.01	-	-	Department of Civil Engineering, National Taipei University of Technology	None	-	-	-	
Senior Vice General Manager	Republic of China	Ai-Wei Yuan	Male	2014.03.01	-	-	-	-	-	-	Construction Engineeringand Management, Department of Civil Engineering, National Taiwan University	Director of Kedge Construction Co., Ltd.	-	-	-	
Vice General Manager	Republic of China	Sheng-An Chang	Male	2015.10.01	7,968	-	-	-	-	-	Department of Land Management, Feng Chia University	Director of Global Mall Co., Ltd. Vice President of Kindom Yu San Education Foundation, a corporate body	-	-	-	
Vice General Manager	Republic of China	Si-Han Chen	Male	2015.10.01	8,000	-	-	-	-	-	Department of Management, National Taiwan University	None	-	-	-	
Acting Vice General Manager	Republic of China	Hua-Peng Long	Male	2013.08.16	-	-	-	-	-	-	Department of Architecture, Feng Chia University	Supervisor of Kedge Construction Co., Ltd.	-	-	-	
Senior Assistant Manager	Republic of China	Shu-Yuan Lin	Female	2016.03.01	-	-	-	-	-	-	Department of Business Administration, Tamkang University	Director of Jiequn Investment Co., Ltd.	-	-	-	

Title (Note 1)	Nationality	Name	Gender	Date elected (taking office)	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Education and working experience (Note 2)	Other position concurrently held at other companies	If the spouse or any family member within the second degree of kinship also serves as manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Senior Assistant Manager	Republic of China	Shu-Lian, Chang	Female	2016.09.01	5,124	-	-	-	-	-	Department of Accounting and Statistics, Chihlee University of Technology	Supervisor of Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	-	-	-	
Senior Assistant Manager	Republic of China	Yi-Hwa Chen	Female	2019.12.01	-	-	-	-	-	-	Department of Business Management, Soochow University	Director of Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	-	-	-	
Assistant Manager	Republic of China	Qian-Fang, Hwang	Male	2014.03.01	-	-	-	-	-	-	Institute of Architecture, Tamkang University	Director of Guanqing Electromechanical Co., Ltd.	-	-	-	
Assistant Manager	Republic of China	Da-Gung Chou	Male	2015.08.03	-	-	-	-	-	-	Department of Architecture, George Vocational High School of Taipei	None	-	-	-	
Assistant Manager	Republic of China	Sung-Chuan, Lin	Male	2018.06.01	-	-	-	-	-	-	Department of Civil Engineering, National Taipei University of Technology	None	-	-	-	
Assistant Manager	Republic of China	Hsiu-Hsia Chu	Female	2019.12.01	-	-	-	-	-	-	Department of Architecture, Cheng Shiu University	Director of Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	-	-	-	
Assistant Manager	Republic of China	Li-Jen Chou	Male	2020.01.01	8,000	-	-	-	-	-	Department of Land Administration, National Chengchi University	None	-	-	-	

Title (Note 1)	Nationality	Name	Gender	Date elected (taking office)	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Education and working experience (Note 2)	Other position concurrently held at other companies	If the spouse or any family member within the second degree of kinship also serves as manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Assistant Manager	Republic of China	Chu-Sheng Wu	Male	2020.01.01	-	-	-	-	-	-	Judicial Section, Department of Law, National Taiwan University	None	-	-	-	
Acting Assistant Manager	Republic of China	Chuan-Hung Wu	Male	2017.08.01	-	-	-	-	-	-	Institute of Architecture and Urban Design, National Taipei University of Technology	None	-	-	-	
Acting Assistant Manager	Republic of China	Ta-Hsin, Chou	Male	2018.06.01	-	-	-	-	-	-	Department of Public Relations, Shih Hsin University	None	-	-	-	
Acting Assistant Manager	Republic of China	Heng-Chia, Chang	Male	2019.11.01	2,000	-	4,000	-	-	-	Department of Architecture, Chung Yuan Christian University	None	-	-	-	

Note 1. Information regarding General Manager, Vice General Manager, Assistant Vice Presidents and managers of departments and branches, or equivalent positions shall be disclosed regardless of the job titles.

Note 2. Work experience of anyone in the table above that is related to their current positions, e.g. previous employment at the Company's CPA firms or affiliates, shall be disclosed with detailed job titles and responsibilities.

Note 3. If the general manager or person holding the equivalent post (top manager) is the same person as, spouse or relative within first degree of kinship of the chairman of the board, information concerning the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and the way that more than half of the directors are not employees or managers) shall be disclosed.

III. Remuneration Paid during the Most Recent Fiscal Year to Directors, Supervisors, General Managers, and Vice Presidents：

(I) Remuneration to directors:

Unit: NT$ Thousands

Title	Name (Note 1)	Remuneration to directors								Total remuneration under items A, B, C and D as a percentage of net income after tax (Note 10)		Relevant remuneration received by directors who are also employees								Total remuneration under items A, B, C, D, E, F and G as a percentage of net income after tax (Note 10)		Any remuneration from ventures that are not subsidiaries of the Company or from the parent company (Note 11)
		Compensation (A) (Note 2)		Severance pay and pension (B)		Remuneration to directors (C) (Note 3)		Allowance for professional practice (D) (Note 4)				Salaries, bonus and special expenses (E) (Note 5)		Severance pay and pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company		All companies listed in this Financial Report (Note 7)		The Company	All companies listed in this Financial Report (Note 7)	
																Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
Chairman	Yu-De Investment Co. Representative: Mike, Ma (Note 12)	-	-	-	-	30,433	30,433	1,965	2,781	2.52%	2.59%	13,925	17,675	-	-	5,624	-	5,624	-	4.05%	4.40%	None
Director	Yu-De Investment Co. Representative: Mei-Chu Liu (Note 12)																					
Director	Yu-De Investment Co. Representative: Ching-Chin, Hung (Note 12)																					
Director	Yu-De Investment Co. Representative: Sheng-An, Chang (Note 12)																					
Director	Yu-De Investment Co. Representative: Ching-Fen, Chang (Note 13)																					
Director	Yu-De Investment Co. Representative: Ming, Chen (Note 13)																					
Independent Director	Shen-Yu, Kung (Note 12)																					
Independent Director	Hung-Chin, Huang (Note 12)																					
Independent Director	Kuo-Feng, Lin (Note 13)																					

1. Please state the policy, system, standard and structure for payment of remuneration to the independent director, and the relevance of the responsibilities, risks, time devotion and other factors with the amount of remuneration received: In accordance with the Articles of Incorporation, independent directors receive remuneration on a monthly basis and do not participate in the annual distribution of directors' remuneration.
2. Other than disclosure in the above table, Directors remunerations received by providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the financial statements of the most recent year: None.

Note: The Company provided Mike, Ma, the Chairman, with a car at a monthly rent of NT$125,000 and paid NT$216,000 to his driver in 2019.
The Company provided Ching-Chin, Hung, a director and the general manager of Sales and Marketing Department a car at an original cost of NT$ 2,170,000.

Range of remuneration

Range of remuneration paid to directors	Name of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies listed in this Financial Report (H) (Note 9)	The Company (Note 8)	All companies listed in this Financial Report (I) (Note 9)
Lower than NT$1,000,000	Mike, Ma, Mei-Chu, Liu, Ching-Chin, Hung, Sheng-An, Chang, Ching-Fen, Chang, Ming, Chen, Shen-Yu, Kung, Hung-Chin, Huang and Kuo-Feng, Lin	Mike, Ma, Mei-Chu, Liu, Ching-Chin, Hung, Sheng-An, Chang, Ching-Fen, Chang, Ming, Chen, Shen-Yu, Kung, Hung-Chin, Huang and Kuo-Feng, Lin	Mei-Chu, Liu, Ming, Chen, Shen-Yu, Kung, Hung-Chin, Huang and Kuo-Feng, Lin	Mei-Chu, Liu, Ming, Chen, Shen-Yu, Kung, Hung-Chin, Huang and Kuo-Feng, Lin
NT$1,000,000 (inclusive)～ 2,000,000 (exclusive)	-	-	Ching-Fen, Chang	Ching-Fen, Chang
NT$2,000,000 (inclusive)～ 3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive) ～ 5,000,000 (exclusive)			-	-
NT$5,000,000 (inclusive) ～ 10,000,000 (exclusive)	-	-	Mike, Ma, Ching-Chin, Hung and Sheng-An, Chang	Mike, Ma, Ching-Chin, Hung and Sheng-An, Chang
NT$10,000,000 (inclusive)～ 15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) ～ 30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) ～ 50,000,000 (exclusive)	Yu-De Investment Co.	Yu-De Investment Co.	Yu-De Investment Co.	Yu-De Investment Co.
NT 50,000,000 (inclusive)～100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	Number of legal representative(s): 6 Number of natural person(s): 3 Number of institutional shareholder(s): 1	Number of legal representative(s): 6 Number of natural person(s): 3 Number of institutional shareholder(s): 1	Number of legal representative(s): 6 Number of natural person(s): 3 Number of institutional shareholder(s): 1	Number of legal representative(s): 6 Number of natural person(s): 3 Number of institutional shareholder(s): 1

Note 1. The names of directors (names of institutional shareholders and representatives shall be listed separately) as well as the general directors and independent directors shall be listed separately and all payment amounts shall be disclosed as aggregate amounts. If a director concurrently serves as the general manager or vice general manager, his/her name and the amount of remuneration paid to him/her shall be listed in this table and Table (3-1) or (3-2) below.

Note 2. The amount of the remuneration paid to directors in the most recent year (including director's salaries, allowances, severance, bonuses, and incentives, etc.).

Note 3. The amount of the remuneration paid to directors in the most recent year as approved by the Board of Directors shall be filled out.

Note 4. Allowances for professional practice paid out to directors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is assigned, disclose compensation paid to the driver in a note; however, do not include it as part of executive compensation.

Note 5. Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and driver allowance received by directors who concurrently serve as employees (including as General Manager, Vice General Manager, other managerial officer and an employee) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is assigned, disclose compensation paid to the driver in a note; however, do not include it as part of executive compensation. In addition, any salary listed under "Share-Based Payment" of IFRS 2, including the warrants obtained by employees, new shares with restricted employee power and subscription of shares for cash capital increase, shall also be included in remuneration.

Note 6. For directors who concurrently serve as employees (including general manager, vice general manager, other managerial officers, and employees) and receive remuneration as employees (stock and cash) for the past year, disclose the amount of remuneration distributed to employees after being approved by the Board for the past year. For amounts that are unable to be estimated, propose the distribution amount for the year based on the actual distribution made last year, and fill out the Table 1-3.

Note 7. Please disclose the aggregate amount of the remuneration to the Company's directors from the companies included in the consolidated financial statements (including the Company).

Note 8. When the aggregate amount of the remuneration to the Company's directors is disclosed, the name of the director shall also be disclosed in the relevant range.

Note 9. When the aggregate amount of the remuneration paid to the Company's directors from all companies in the consolidated financial statements (including the Company) is disclosed, the name of the Director shall also be disclosed in the relevant range.

Note 10. Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the entity's or individual financial statements.

Note 11. a. The amount of remuneration received from investees other than subsidiaries by the company's directors should be listed clearly in this column.

b. If the directors of the Company receive remuneration from non-subsidiary companies invested by this Company or the parent company, the amount of remuneration received by the directors from non-subsidiary companies invested by this Company or the parent company shall be combined into column I of the Table of Remuneration Brackets and this column shall be renamed as "The Parent Company and All Invested Companies".

c. Remuneration refers to rewards, compensations (including compensation to company employees, directors or supervisors) and allowances for professional practice received by the Director from other non-subsidiary companies invested by this Company or the parent company for their services as directors, supervisors, or managers.

Note 12. Serving for another term of office by reelection from Jun. 10th, 2019.

Note 13. Serving for another term of office by reelection from Jun. 10th, 2019.

*The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(II) Remuneration to Supervisors:

Unit: NT$ Thousands

Title	Name (Note 1)	Remuneration to supervisors						Total remuneration under items A, B and C as a percentage of net income after tax (Note 8)		Any remuneration from reinvested businesses other than subsidiaries or the parent company (Note 9)
		Compensation (A) (Note 2)		Rewards (B) (Note 3)		Allowances for professional practice (C) (Note 4)				
		The Company	All companies listed in this Financial Report (Note 5)	The Company	All companies listed in this Financial Report (Note 5)	The Company	All companies listed in this Financial Report (Note 5)	The Company	All companies listed in this Financial Report (Note 5)	
Supervisor	Ming-Nai Ma (Note 10)	-	-	-	-	212	320	0.02%	0.02%	None
Supervisor	Ming, Chen (Note 10)									

Range of remuneration

Compensation brackets for supervisors of the Company	Name of supervisors	
	The combined compensation of (A+B+C)	
	The Company (Note 6)	All companies listed in this Financial Report (D) (Note 7)
Lower than NT$1,000,000	Ming-Nai Ma and Ming, Chen	Ming-Nai Ma and Ming, Chen
NT$1,000,000 (inclusive)～ 2,000,000 (exclusive)		
NT$2,000,000 (inclusive)～ 3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) ～ 5,000,000 (exclusive)		
NT$5,000,000 (inclusive) ～ 10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive)～ 15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) ～ 30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ～ 50,000,000 (exclusive)	-	-
NT 50,000,000 (inclusive)～100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	Number of natural person(s): 2	Number of natural person(s): 2

Note 1. The names of supervisors (names of institutional shareholders and representatives shall be listed separately) shall be listed separately and all payment amounts shall be disclosed as aggregate amounts.

Note 2. The amount of the remuneration paid to supervisors in the most recent year (including supervisor's salaries, job remuneration, severance, bonuses, and incentives etc.).

Note 3. The amount of the remuneration paid to supervisors in the most recent year as approved by the Board of Directors shall be filled out.

Note 4. Allowances for professional practice paid out to supervisors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is assigned, disclose compensation paid to the driver in a note; however, do not include it as part of executive compensation.

Note 5. Please disclose the aggregate amount of the remuneration to the Company's supervisors from the companies included in the consolidated financial statements (including the Company).

Note 6. When the aggregate amount of the remuneration to the Company's supervisors is disclosed, the name of the supervisor shall also be disclosed in the relevant range.

Note 7. When the aggregate amount of the remuneration paid to the Company's supervisors from all companies in the consolidated financial statements (including the Company) is disclosed, the name of the supervisor shall also be disclosed in the relevant range.

Note 8. Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the parent company only or separate financial statements.

Note 9.
- a. This field should clearly indicate the amount of remuneration received by the Company’s general managers and vice general managers from a reinvested business other than a subsidiary or the parent company (if not, please fill in “None”).
- b. If the general managers and vice general managers of the Company receive remuneration from non-subsidiary companies invested by this Company or the parent company, the amount of remuneration received by the general manager or vice general manager from non-subsidiary companies invested by this Company or the parent company shall be combined into column I of the Table of Remuneration Brackets and this column shall be renamed as "The Parent Company and All Reinvested Companies".
- c. Remuneration refers to rewards, compensations (including compensation to company employees, directors or supervisors) and allowances for professional practice received by general managers and vice general managers from other non-subsidiary companies invested by the Company or the parent company for their services as directors, supervisors, or managers.

Note 10. On Jun. 10th, 2019, an audit committee was duly established to act in the capacity of the supervisors, so only the remunerations to supervisors during their term of office is disclosed.

*The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(I) Remuneration to General Managers and Vice General Managers:

Unit: NT$ Thousands

<table>
<tr><th rowspan="3">Title
(Note 1)</th><th rowspan="3">Name</th><th colspan="2">Compensation (A)
(Note 2)</th><th colspan="2">Job-leaving and retirement payment
(B)</th><th colspan="2">Bonus and special expenses (C) (Note 3)</th><th colspan="4">Amount of employee rewards (D)
(Note 4)</th><th colspan="2">Total remuneration under items A, B, C and D as a percentage of net income after tax
(Note 8)</th><th rowspan="3">Any remuneration from reinvested businesses other than subsidiaries or the parent company
(Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies listed in this Financial Report
(Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in this Financial Report
(Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in this Financial Report
(Note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies listed in this Financial Report
(Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in this Financial Report
(Note 5)</th></tr>
<tr><th>Amount in Cash</th><th>Amount in Stock</th><th>Amount in Cash</th><th>Amount in Stock</th></tr>
<tr><td>Manager of Sales and Marketing Department</td><td>Ching-Chin, Hung</td><td rowspan="7">12,963</td><td rowspan="7">15,963</td><td rowspan="7">-</td><td rowspan="7">-</td><td rowspan="7">7,260</td><td rowspan="7">8,010</td><td rowspan="7">11,412</td><td rowspan="7">-</td><td rowspan="7">11,412</td><td rowspan="7">-</td><td rowspan="7">2.46%</td><td rowspan="7">2.76%</td><td rowspan="7">None</td></tr>
<tr><td>Development and Investment Department
General Manager</td><td>Mike, Ma (Note 10)</td></tr>
<tr><td>Senior Vice General Manager</td><td>Ai-Wei Yuan</td></tr>
<tr><td>Senior Vice General Manager</td><td>Ho Chin-Fu (Note 11)</td></tr>
<tr><td>Vice General Manager</td><td>Sheng-An Chang</td></tr>
<tr><td>Vice General Manager</td><td>Si-Han Chen</td></tr>
<tr><td>Acting Vice General Manager</td><td>Hua-Peng Long</td></tr>
</table>

Range of remuneration

<table>
<tr><th rowspan="2">Range of compensation paid to each general manager and vice general manager of the Company</th><th colspan="2">Name of general managers and vice general managers</th></tr>
<tr><th>The Company (Note 6)</th><th>All companies listed in this Financial Report (E) (Note 7)</th></tr>
<tr><td>Lower than NT$1,000,000</td><td>-</td><td>-</td></tr>
<tr><td>NT$1,000,000 (inclusive)～ 2,000,000 (exclusive)</td><td>Ho Chin-Fu and Hua-Peng Long</td><td>Ho Chin-Fu and Hua-Peng Long</td></tr>
<tr><td>NT$2,000,000 (inclusive)～ 3,500,000 (exclusive)</td><td>Ai-Wei Yuan and Si-Han Chen</td><td>Ai-Wei Yuan and Si-Han Chen</td></tr>
<tr><td>NT$3,500,000 (inclusive) ～ 5,000,000 (exclusive)</td><td>-</td><td>-</td></tr>
<tr><td>NT$5,000,000 (inclusive) ～ 10,000,000 (exclusive)</td><td>Mike, Ma, Ching-Chin, Hung and Sheng-An, Chang</td><td>Mike, Ma, Ching-Chin, Hung and Sheng-An, Chang</td></tr>
<tr><td>NT$10,000,000 (inclusive)～ 15,000,000 (exclusive)</td><td>-</td><td>-</td></tr>
<tr><td>NT$15,000,000 (inclusive) ～ 30,000,000 (exclusive)</td><td>-</td><td>-</td></tr>
<tr><td>NT$30,000,000 (inclusive) ～ 50,000,000 (exclusive)</td><td>-</td><td>-</td></tr>
<tr><td>NT 50,000,000 (inclusive)～100,000,000 (exclusive)</td><td>-</td><td>-</td></tr>
<tr><td>Over NT$100,000,000</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>7</td><td>7</td></tr>
</table>

Note 1. The names of the general managers and vice general managers shall be listed separately and all payment amounts shall be disclosed as aggregate amounts. If a director concurrently serves as a general manager or vice general manager, his/her name and the amount of remuneration paid to him/her shall be listed in this table and Table (1-1) or (3-1) above.

Note 2. Please specify the salaries, duty allowances and severance pay paid to the general managers and vice general managers in the most recent fiscal year.

Note 3. Cash and non-cash compensations to the general managers and vice general managers in the most recent year, including bonus, reward, reimbursement of expenses, special allowances, various subsidies, housing and use of vehicle. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is assigned, disclose compensation paid to the driver in a note; however, do not include it as part of executive compensation. In addition, any salary listed under "Share-Based Payment" of IFRS 2, including the warrants obtained by employees, new shares with restricted employee power and subscription of shares for cash capital increase, shall also be included in remuneration.

Note 4. Fill in the compensations to general managers and vice general managers (stock and cash) subject to approval of the Board of Directors in the most recent year; if such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year and the amount shall be listed in Table 1-3. Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the parent company only or separate financial statements.

Note 5. Please disclose the aggregate amount of the remuneration to the Company's general managers and vice general managers from the companies included in the consolidated financial statements (including the Company).

Note 6. Total remuneration paid to each general manager and vice general manager by the Company shall be disclosed and the names of the General Managers and Deputy General Managers shall also be disclosed in the proper remuneration range.

Note 7. Total compensation of various items paid to every general manager and vice general manager of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the general manager and vice general manager shall also be disclosed in the proper compensation range.

Note 8. Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the entity's or individual financial statements.

Note 9.
a. This field should clearly indicate the amount of remuneration received by the Company’s general managers and vice general managers from a reinvested business other than a subsidiary or the parent company (if not, please fill in “None”).
b. If the general managers and vice general managers of the Company receive remuneration from non-subsidiary companies invested by this Company or the parent company, the amount of remuneration received by the general manager or vice general manager from non-subsidiary companies invested by this Company or the parent company shall be combined into column I of the Table of Remuneration Brackets and this column shall be renamed as "The Parent Company and All Reinvested Companies".
c. Remuneration refers to rewards, compensations (including compensation to company employees, directors or supervisors) and allowances for professional practice received by general managers and vice general managers from other non-subsidiary companies invested by the Company or the parent company for their services as directors, supervisors, or managers.

Note 10. Resigned on Dec. 30th, 2019.

Note 11. Retired on Dec. 31st, 2019 and resigned on Jan. 1st, 2020.

*The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(III) Employee Remuneration Distributed to Managers and Distribution Situation:

Unit: NT$ Thousands

	Title (Note 1)	Name (Note 1)	Amount in Stock	Amount in Cash	Total	Total as a percentage of net income after tax (%)
Manager	Sales and Marketing Department General Manager	Ching-Chin, Hung	-	15,150	15,150	1.18%
	Development and Investment Department General Manager	Mike, Ma (Note 5)				
	Senior Vice General Manager	Ai-Wei Yuan				
	Senior Vice General Manager	Ho Chin-Fu (Note 6)				
	Vice General Manager	Sheng-An Chang				
	Vice General Manager	Si-Han Chen				
	Acting Vice General Manager	Hua-Peng Long				
	Senior Assistant Manager	Shu-Yuan Lin				
	Senior Assistant Manager	Shu-Lian, Chang				
	Senior Assistant Manager	Shih-Jung Li (Note 7)				
	Senior Assistant Manager	Yi-Hwa Chen (Note 8)				
	Assistant Manager	Qian-Fang, Hwang				
	Assistant Manager	Da-Gung Chou				
	Assistant Manager	Chin-Cheng Chang				
	Assistant Manager	Sung-Chuan, Lin				
	Assistant Manager	Hsiu-Hsia Chu (Note 10)				
	Acting Assistant Manager	Chuan-Hung Wu				
	Acting Assistant Manager	Ta-Hsin, Chou				
	Acting Assistant Manager	Heng-Chia Chang (Note 11)				

Note 1. Individual name and title must be disclosed, but the profit sharing awarded may be shown as an aggregated number.

Note 2. Employee remuneration amounts (stock and cash) paid to managers in the most recent year as resolved by the Board shall be listed. If such compensation cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year. Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the entity's or individual financial statements.

Note 3. Managers subject to the rewarding (per Letter TCZ-III-No.0920001301 of the Financial Supervisory Commission, Executive Yuan of the Taiwan Stock Exchange Corporation on Mar 27th, 2003) are:
(1) general managers and their equivalents;
(2) vice general manager and their equivalents;
(3) assistant managers and their equivalents;
(4) chief financial officer;
(5) chief accounting officer; and
(6) other persons authorized to manage affairs and sign documents on behalf of a company.

Note 4. For directors, general managers and vice general managers who received employee remuneration (including stock and cash), this table must be filled out in addition to Table (VI) and Table 1 above.

Note 5. Resigned on Dec. 30th, 2019.

Note 6. Retired on Dec. 31st, 2019 and resigned on Jan. 1st, 2020.

Note 7. Newly elected on Aug. 21st, 2019 and resigned on Jan. 16th, 2020.

Note 8. Newly elected on Dec. 1st, 2019.

Note 9. Resigned on Dec. 9th, 2019.

Note 10. Newly elected on Dec. 1st, 2019.

Note 11. Promoted on Nov. 1st, 2019.

(IV) The analysis of the ratio of the total remuneration paid to the Company's directors, supervisors, general manager and vice general manager by the Company and all companies listed in the consolidated statements in the most recent two years to net income, and the relevance of remuneration payment policies, standards and combination, procedures of determining remuneration, business performance and future risk shall be compared and stated:

1. In accordance with Article 20 of the Company's Articles of Incorporation, the remuneration to directors and supervisors shall be decided by the Board of Directors based on the involvement in and contribution to operations of the Company by such directors and supervisors, and in reference to the general peer levels. In 2019, the total amounts of remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's directors as percentages of the net income after tax were down to 4.05% and 4.40% respectively from 7.18% and 8.53% in 2018, mainly due to the substantial increase of the net income after tax, which is reasonable. In 2019, the total amounts of remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's supervisors as percentages of the net income after tax were both down to 0.02% respectively from 0.09% and 0.12% in 2018, mainly due to the substantial income in net income after tax. In June of 2019, the Company set up an audit committee to act in the capacity of supervisors, so only the remuneration to supervisors in their term of office of 2019 is disclosed, however, the remuneration paid to supervisors in the recent two years is reasonable as it is all used to cover transportation expenses.
2. The remuneration to the Company's general managers and vice general managers shall be verified by the chairman in accordance with the table of remuneration brackets, the calculation methods of business performance-based bonus and assessment methods, and submitted to the Remuneration Committee and Board of Directors for review. In 2019, the total amounts of remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's general managers and vice general managers as percentages of the net income after tax were down to 2.46% and 2.76% respectively from 4.91% and 5.89% in 2018, mainly due to the substantial increase of the net income after tax, which is reasonable.
3. Correlation with future risk exposure: None.

IV. Implementation of Corporate Governance:

(I) Functionality of the Board of Directors:

A total of 10 meetings (A) of the Board of Directors were held in the most recent year. The attendance of director and supervisors was as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A] (Note 2)	Remarks
Chairman	Yu-De Investment Co. Representative: Mike, Ma	10	0	100.00%	Serving for another term of office by reelection from Jun. 10th, 2019.
Director	Yu-De Investment Co. Representative: Mei-Chu, Liu	2	8	20.00%	Serving for another term of office by reelection from Jun. 10th, 2019.
Director	Yu-De Investment Co. Representative: Ching-Chin, Hung	10	0	100.00%	Serving for another term of office by reelection from Jun. 10th, 2019.
Director	Yu-De Investment Co. Representative: Sheng-An, Chang	10	0	100.00%	Serving for another term of office by reelection from Jun. 10th, 2019.
Director	Yu-De Investment Co. Representative: Ching-Fen, Chang	5	1	71.43%	Newly elected on Jun. 10th, 2019, and a total of 7 meetings were held from the election.
Director	Yu-De Investment Co. Representative: Ming, Chen	7	0	100.00%	Newly elected on Jun. 10th, 2019, and a total of 7 meetings were held from the election.
Independent Director	Shen-Yu, Kung	6	4	60.00%	Serving for another term of office by reelection from Jun. 10th, 2019.
Independent Director	Hung-Chin, Huang	10	0	100.00%	Serving for another term of office by reelection from Jun. 10th, 2019.
Independent Director	Kuo-Feng, Lin	7	0	100.00%	Newly elected on Jun. 10th, 2019, and a total of 7 meetings were held from the election.

Other mentionable items:

I. With regard to the functionality of the Board of Directors, if any of the following circumstances arises, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response thereto shall be specified:

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

(II) In addition to the preceding matter, other resolutions of the Board of Directors on which independent directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements.

The Company set up an audit committee on Jun.10th, 2019, please refer to (II) Functionality of the Audit Committee for the items listed under Article 14-5 of the Securities Exchange Act. As of the date of this Annual Report, all matters resolved by the Board of Directors have been adopted by all present directors.

II. In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts:

(I) On Aug. 12th, 2019, at the 3rd meeting of the 12th Board of Directors, the motion on the remuneration to the managers subject to a promotion and salary adjustment upon approval of the Remuneration Committee, and the adjustment to the remuneration to directors who also serve as employees upon the approval of the Audit Committee, Ching-chin, Hung and Sheng-An, Chang, both directors recused themselves due to a conflict of interest, while all other directors present at the meeting adopted the motion.

(II) When discussing and voting on the proposal for organizational adjustments to the Company adopted by the Remuneration Committee at the 5th meeting of the 12th Board of Directors on Dec.30th, 2019, Mike, Ma, the Chairman, as an interested party, and Mei-Chu, Liu, a director, as a relative within the first-degree kinship to Chairman Ma, recused themselves. Chairman Ma appointed Hung-Chin, Huang, an independent director, to take the chair temporarily. All other directors present agree to adopt the proposal.

(III) On Dec. 30th, 2019, when discussing and voting on the proposal for the year-end and special performance-based bonus for managers in accordance with the "Assessment Measures" of the Company as adopted by the Remuneration Committee at the 5th meeting of the 12th Board of Directors, Mike, Ma, Ching-chin, Hung and

Sheet-An, Chang, all directors, as interested parties and Mei-Chu, Liu, a director, as a relative within the first-degree kinship to Chairman Ma recused themselves. Chairman Ma appointed Hung-Chin, Huang, an independent director, to take the chair temporarily. All other directors present agree to adopt the proposal.

(IV) On Dec.30th, 2019, when discussing and voting on the proposal for a donation of NT$ 5.5 million only to Kindom Yu San Education Foundation, a corporate body, in 2020 at the 5th meeting of the 12th Board of Directors, Mike, Ma, the chairman, as a director of the fund, and Mei-Chu, Liu, a director, as a relative within the first-degree kinship to Chairman Ma, and Sheng-An, Chang, a director, as the vice president of the fund, recused themselves. Chairman Ma appointed Hung-Chin, Huang, an independent director, to take the chair temporarily. All other directors present agree to adopt the proposal.

III. Execution of Board Performance Evaluation

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
The evaluation shall be conducted on a yearly basis, completed before the end of the first quarter of the following year, and submitted to the Board of Directors for review and improvement.	From Jan.1st, 2019 to Dec.31st, 2019	It includes performance evaluation on the overall Board of Directors, individual directors and functional committees.	Internal self-evaluation on the Board of Directors, directors and functional committees is included.	The evaluation shall be conducted in accordance with Article 7 of the "Board Performance Evaluation Measures" as revised by the Company on Mar. 20th, 2019.

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:

(I) The objective to improve the functions of the Board of Directors: The Company sets up an audit committee on Jun.10th, 2019 and informs all directors and supervisors of the proposal details before the board meeting to ensure implementation. The opinions of all directors were fully taken into account when discussing the proposal and the minutes were sent to all directors and supervisors within five days from the meeting, representing effective and good functionality.

(II) Evaluation on functionality of the Board of Directors: In accordance with the "Board Performance Evaluation Measures" adopted as revised at the board meeting on Mar.20th, 2019, the overall functionality of the board, and the performance of individual directors and of the functional committees shall be conducted and the evaluation shall be completed by the end of the first quarter of the following year. The Company's board performance evaluation in 2019 provided good results which were submitted to the Board of Directors and disclosed on the Company's website on Mar.23th, 2020.

Note 1. Where the director or supervisor is an institution, the name of the institutional shareholder and the name of its representative shall be disclosed.

Note 2. (1) Where directors or supervisors resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated using the number of board meetings convened and actual presence during the term of service.

(2) If any director or supervisor was re-elected before the end of the year, the incoming and former directors and supervisors shall be both listed in the table. In addition, please specify in the Remark column the re-election date and whether the director or supervisor are re-elected, newly elected, or Directors or Supervisors who won a by-election. Actual attendance rate (%) shall be calculated using the number of Board meetings convened and actual attendance during the term of office.

(II) Operation of the Audit Committee or Supervisors' participation in the operations of Board meetings:

1. Functionality of the Audit Committee:

(1) On Jun. 10th, 2019, three independent directors were elected and appointed, and an audit committee was duly established to act in the capacity of the supervisors.

(2) A total of 5 meetings (A) of the audit committee were held in the most recent year. The attendance of independent directors was as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A] (Note 2)	Remarks
Independent Director	Shen-Yu, Kung	4	1	80.00%	Newly elected on Jun.10th, 2019
Independent Director	Hung-Chin, Huang	5	0	100.00%	Newly elected on Jun.10th, 2019
Independent Director	Kuo-Feng, Lin	5	0	100.00%	Newly elected on Jun.10th, 2019

Other mentionable items:

I. If any of the following applies to the operations of the Audit Committee, the date and session of the Board of Directors' Meeting, as well as the resolutions, resolutions of the Audit Committee and the company's actions in response to the opinions of the Audit Committee shall be stated.
   (I) All conditions listed in Article 14-5 of the Securities and Exchange Act.
   (II) Aside from said circumstances, resolution(s) not adopted by the Audit Committee but receiving the consent of two-thirds of the Board of Directors: No such event was experienced through the year in functionality of the Audit Committee, so no disclosure is to be made.

Board of Directors	Resolutions	Items listed in Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee	Company's response to the Audit Committees' opinions:
The 2nd meeting of the 12th Board on Jun.18th, 2019	It was proposed to add "Management Procedures for the Discussion in the Audit Committee" to the Company's internal control system and revise some articles of the five procedures, including "Operating Procedures for Loan of Funds to Others", "Endorsement and Guarantee Operating Procedures", "Operating Procedures for Derivative Commodities Trading", "Handling Procedures for Acquiring or Disposing of Real Estate, Equipment or Assets with Right to Use" and "Management Procedures for Discussion in the Board of Directors".	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 3rd meeting of the 12th Board on Aug.12th, 2019	1. The motion on the remuneration and rewards for professional practice to the 12th Board of Directors. 2. The Company's salary increase plan for Directors also serving as employees	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 5th meeting of the 12th board on Dec. 30th, 2019	1. It was proposed to revise some articles of the three procedures, including the "Quality Control Manual", "Document and Data Control Procedures" and "Internal Audit Procedures", included in the Company's internal control system. 2. It was proposed to raise the construction cost for "Sanchong Dist. Project F " which the Company appointed Kedge Construction Co., Ltd. to construct. 3. It was proposed to appoint Shengde Construction Co., Ltd. to construction "Sanchong Dist. Wuguwang St. Project J", a new project of the Company, instead. 4. The Company has signed an investment contract with Taipei City Urban Regeneration Center, a corporate body, for the "Public Urban Renovation Project on 5 Plots including the one Numbered 363-1 Spanning Four Subsections at Dunhua Section, Songshan District, Taipei City.	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.

	5. It was proposed to evaluate the independence and suitability of the CPAs appointed by the Company. 6. As Ho Chin-Fu, the Senior Vice General Manager of the Company's Department of Finance would retire on Dec.31st, 2019, it was proposed the two positions as finance director and acting spokesman to be respectively taken over by Shu-Yuan Lin, a senior assistant manager at the Treasury Section of the Company's Department of Finance and Shu-Lian, Chang, a senior assistant manager at the Accounting Section of the Company's Department of Finance.			
The 6th meeting of the 12th Board on Jan.20th, 2020	1. It was proposed to appoint Kedge Construction Co., Ltd. to construct "Sanchong Dist. Erchong Bu Project", a new project of the Company. 2. It was proposed to appoint Kedge Construction Co., Ltd. to construct "Wanda Line LG08 Project", a new project of the Company.	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 7th meeting of the 12th Board on Mar.23th, 2020	1. It was proposed to draft the Company's "Statement on the Internal Control System" of 2019. 2. It was proposed to prepare the Company's operation report and financial statements of 2019. 3. It was proposed to develop the Company's "Earnings Distribution Plan" of 2019. 4. In accordance with the internal rotation of KPMG International Cooperative, it is proposed to engage Yi-Lien Han and Di-Nuan, Chien as contracted CPAs for financial statements of the Company. 5. It was proposed to evaluate the independence and suitability of the CPAs appointed by the Company.	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.

II. In regard to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the proposal content, reasons for recusal due to conflict of interests and voting outcomes should be specified: None.

III. Communications between the independent directors, the Company's chief internal auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.).

(I) The Company's chief auditor delivers the audit report (including the follow-up audit items) to all independent directors for inspection and communication on a regular basis in the following month, and attends the Audit Committee to discuss the audit proposal.

(II) The CPAs shall report the Company's financial position and audit results to the independent directors at least on the yearly basis, and communicate with them on major adjustments, amendments by law and suggestions on internal control.

Note: (1) Where a specific independent director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the “Remark” section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director’s term and the number of meetings actually attended by that director.

(2) If an independent director is elected before the end of the year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or “re-elected”, and the date of election. Actual attendance rate (%) was calculated on the basis of the number of meetings held by the audit committee during each independent director’s term and the number of meetings actually attended by that independent director.

2. Involvement of supervisors in functionality of the Board of Directors:
A total of 7 meetings (A) of the Board of Directors were held prior to the reelection on Jun.10th, 2019. The attendance of supervisors was as follows:

Title	Name	Attendance in person (B)	Actual attendance rate (%) [B/A] (Note)	Remarks
Supervisor	Ming-Nai Ma	5	71.43%	
Supervisor	Ming, Chen	0	0.00%	

Other mentionable items:

I. Composition and Responsibilities of the Supervisors:
  I. Communication between the supervisors and employees and shareholders (e.g. channel and method of communication):
  The Company communicates with employees and shareholders through the Company's annual review meeting and shareholders' meeting and can also contact by phone or e-mail.
  II. Communication between the Supervisors and the internal audit manager or CPAs (such as matters, methods, and results of communication on the finances and state of business of the Company):
    1. The audit supervisor shall attend the audit of the board report as a nonvoting delegate and distribute the internal audit report to all supervisors for review. The supervisors have no objection.
    2. The supervisor shall meet with the accountant quarterly or occasionally to discuss or communicate with him or her about his or her financial position by telephone and e-mail, etc.

II. Opinions stated by a Supervisor while attending Board of Directors' meetings, the date, session, contents of the case discussed, resolution of the meeting, as well as the Company's disposition of opinions stated by the Supervisor: None.

Note: (1) Where Supervisors resign before the end of the fiscal year, the remark column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated with the actual attendance during the term of service.

(2) If a supervisor has been reelected before the end of the year, the names of the new and old Supervisors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The attendance rate (%) is calculated by attendance in person during the term of service.

(III) Implementation of Corporate Governance, and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof:

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company and our subsidiaries (hereinafter referred to as "the Consolidated Company") have established the Code of Best Practice for Corporate Governance based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”. The information has been disclosed and published in the Market Observation Post System (MOPS) and on the Company’s website.	Compliant
II. Shareholding structure & shareholders’ rights				
(I) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(I) The Consolidated Company has dedicated personnel from the accounting section of the Department of Finance to handle all stock affairs. The spokesman receives suggestions, doubts and disputes of shareholders and involves no litigation with shareholders.	Compliant
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(II) The Consolidated Company maintains close ties with its major shareholders and keeps track of the shareholding status of and the ultimate controllers of the major shareholders through the register of shareholders provided by the stock affairs agency.	Compliant
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(III) The Consolidated Company has developed "Operating Procedures for Loan of Funds to Others", "Endorsement and Guarantee Operating Procedures", "Handling Procedures for Acquiring or Disposing Real Estate, Equipment or Assets with Right to Use" and "Procedures for Supervision and Management of Subsidiaries" and other procedures, establishing a control mechanism and firewall between itself and the related enterprises.	Compliant
(IV) Does the company establish internal rules against insiders trading of securities with undisclosed information?	✓		(IV) In its internal major information processing procedures and the "Code of Best Practice for Corporate Governance", the Consolidated Company clearly stipulates that insiders are prohibited from buying and selling securities with unpublished information on the market. It also provides insiders with education and publicity information on relevant laws and regulations and restates the Code from time to time in accordance with the regulations.	Compliant
III. Composition and Responsibilities of the Board of Directors				
(I) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(I) Article 20 of the "Code of Best Practice for Corporate Governance" of the Consolidated Company stipulates that the composition of the Board of Directors shall consider diversity. The current Board of Directors of the company consists of 9 directors, including 6 directors and 3	Compliant

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			independent directors. The members have rich experience and expertise in the fields of finance, commerce and management. In addition, the Company also focuses on gender equality in the composition of the Board of Directors, the targeted ratio of female Directors is more than 25%, currently there are 9 directors, including 3 female director, hitting the target. Please see Note 1 for details of the implementation of the board diversity policy.	
(II) Is the Company, in addition to establishing the Remuneration Committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?		✓	(II) The Consolidated Company has set up a compensation committee and an audit committee in accordance with the law. In the future, other functional committees will be set up based on the needs of operational development and regulatory requirements.	Compliant
(III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the Board of Directors and used as reference for compensation, remuneration and nomination decisions?	✓		(III) The Consolidated Company has decided on the 12th meeting of the 11th Board of Directors on Mar. 26th, 2018 to set out the performance evaluation method for the Board of Directors. On the 19th meeting of the 11th Board of Directors on Mar. 20th, 2019, it was revised in accordance with the latest resolution. Its evaluation indicators were revised in accordance with the laws and actual operation requirements. The evaluation shall be carried out every year according to the latest resolution and shall be completed before the end of the first quarter of the following year for the overall operation of the Board of Directors, the performance of individual directors and the performance of functional committees. The Board performance evaluation of 2019 was reported at the 7th meeting of the 12th Board of Directors and disclosed on the company's website on Mar. 23th, 2020. The Board of Directors of the Consolidated Company is functional well. Please see Note 2 for the relevant evaluation results.	Compliant
(IV) Does the Company conduct regular assessments regarding the independence of its financial statement auditors?	✓		(IV) In order to implement corporate governance and evaluate the independence and competency of certified public accountants, the accounting section of the Department of Finance regularly evaluates the independence and competency of certified public accountants every year and makes written records. After the end of each year, the evaluation results are summarized and submitted to the audit Committee and the Board of Directors after being approved by the competent authority. The Consolidated Company proposed at the 5th meeting of the first Audit Committee on Mar.23rd, 2020 and at the 7th meeting of the 12th Board of Directors that based on the internal rotation of KPMG International Cooperative, from the first quarter of 2020, the Company would contract with	Compliant

Evaluation Item	Implementation status: Yes	No	Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
			CPAs Di-Nuan, Chien and Shu-Ying Chang, were replaced by Yi-Lien Han and Di-Nuan, Chien. An assessment report on the independence and competency of the CPAs was submitted at the same time. Please see Note 3 for the results of the independence and competency assessment. According to the assessment, the personal qualifications of two CPAs, Yi-Lien Han and Di-Nuan, Chien of KPMG International Cooperative, are in line with the executive accountant business, and they involve no direct or indirect financial interest relationship with the Consolidated Company or directors. All the assessment items such as the auditing, tax service quality and timeliness of the accountants are in line with the standards, which is adequate for them to serve as CPAs in 2020 for the Consolidated Company.	
IV. Has the TWSE/TPEx listed Company allocated adequate number of competent corporate governance staff and appointed a Chief Corporate Governance Officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		The accounting section of the Department of Finance shall be responsible for handling various corporate governance-related matters, providing information required by directors and independent directors to carry out their business, assisting them in complying with laws and regulations and taking up their duties, arranging education and training for their continuing education and handling relevant matters of the Board of Directors and shareholders' meeting in accordance with the law, making minutes of the Board of Directors and shareholders' meeting and other matters, and disclosing relevant information on corporate governance, stakeholders and corporate social responsibility on the company's website.	Compliant
V. Has Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers, etc.)?	✓		The Consolidated Company has a spokesman and a shareholder service agency to communicate with the stakeholders. In addition, "Corporate Social Responsibility Section" and "Investors and Stakeholders Section" are set up on the company's website to disclose the implementation of corporate social responsibility and give appropriate responses to important and relevant issues of concern to stakeholders.	Compliant
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Consolidated Company has appointed the agency department o Chinatrust Commercial Bank as the shareholder service agency to assist in handling all relevant affairs of the board of shareholders.	Compliant
VII. Information disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(I) The Company has built a website in accordance with the applicable laws and regulations to disclose information regarding the Company's financials, business and corporate governance status, updates and maintains it on a regular basis for the reference	Compliant

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			of all audiences.	
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✔		(II) In addition to having a person in charge of collecting and disclosing company information in the accounting section of the Department of Finance, the Consolidated Company has also designated its business and finance directors to act as spokesmen and deputy spokesmen respectively to implement the spokesmen system and to make immediate statements to the public. It also holds "Corporate Briefing" from time to time every year to achieve transparency of company information, and also discloses information about the corporate briefing in MOPS in accordance with the regulations of the stock exchange.	Compliant
(III) Does the company publish and make official filing of annual financial reports within two months after the end of an accounting period, and publish/file Q1, Q2, and Q3 financial reports plus monthly business performance before the specified due dates?	✔		(III) The Consolidated Company's annual financial report, the financial reports for the Q1, Q2 and Q3, and monthly operation reports are all announced and reported within the prescribed time limit.	Compliant
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✔		Employee Rights and Interests and Employee Care: Please refer to the Labor Relations under "Chapter V Operational Highlights" of this Annual Report. Investor Relations: The Consolidated Company has an Investor Section on its website to fully disclose information and update it regularly for investors' reference. Supplier Relationship: The Consolidated Company conducts transactions with suppliers in a fair and transparent manner based on the principle of integrity management, and ensures that the contracts signed are performed. Rights of Stakeholders: The Consolidated Company has a "Stakeholder Section" on its website through which stakeholders can make feedbacks. Status of Directors and Supervisors' Continuing Education: The Consolidated Company has regularly disclosed relevant information on the status of directors and supervisors' continuing education and their attendance at Board meetings in the MOPS. Implementation of risk management policy and risk measurement standard: Please refer to "Chapter 7 Review and Analysis of Financial Position and Operating Results, and Risk Management" of this Annual Report. Implementation of customer policy: The Consolidated Company has a customer service department to serve customers, and a dedicated person will handle customer complaints to maintain long-term stable and good relations with customers. Purchase of liability insurance by the Company for directors and supervisors: Since Jun.10th, 2019, the	Compliant

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Company has been purchasing liability insurance to protect itself against the liabilities of directors, supervisors and managers. The important details of the insurance, such as the insured amount, coverage and premium rate, are submitted to the Board of Directors for reporting purpose.
The connection between directors' performance evaluation and remuneration: The Company allocates 2% of the annual profits to directors and supervisors in accordance with the Articles of Incorporation, and authorizes the Board of Directors to negotiate the remuneration of directors and supervisors according to the degree of their participation in the operation and the value of their contribution, and in accordance with the usual standards of peers. The remuneration to the Company's managers shall be verified by the chairman in accordance with the table of remuneration ranges, the calculation methods of business performance-based bonus and assessment methods, and submitted to the Remuneration Committee and Board of Directors for review. In the future, the rationality of the remuneration system will be reviewed in a timely manner based the actual operations and the salaries paid by peers, so as to strike a balance between the Company's sustainable operation and risk control.</td><td></td></tr>
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IX. Please provide information on the status of improvement regarding the results of Corporate Governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements that are yet to be implemented, state the areas and policies the Company has set as priority for improvement:

No.	Item	Improved or not	Description
1.9	Does the company upload the English version of the meeting notice 30 days prior to the annual shareholders' meeting?	No	It is expected to be implemented by the Company in 2020.
1.10	Does the company upload the English version of the meeting handbook and additional references 30 days prior to the annual shareholders' meeting?	No	It is expected to be implemented by the Company in 2020.
1.11	Does the company upload the English version of the annual report 7 days prior to the annual shareholders' meeting?	No	It is expected to be implemented by the Company in 2020.
2.10	Does the company set up an Audit Committee that meets the requirements?	Yes	It has been established. The Consolidated Company was established after the shareholders' meeting on Jun. 10th, 2019. All its members are independent directors.
2.12	Has the company set up a Remuneration Committee with more than half of the members being independent directors?	Yes	It has been established that more than half of the members of the Consolidated Company are independent directors after the shareholders' meeting on Jun. 10th, 2019.
2.15	Has the Company disclosed the	Yes	The Company has disclosed the communication

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	

	communication status between the independent directors and the internal audit supervisors and certified public accountants (such as the ways of communication, items and results of the Company's financial reports, financial and business conditions) on the Company's website?		status of independent directors, internal audit supervisors and CPAs on the Company website.
2.25	Have the Company's independent directors completed the hours of continuing education required by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Companies"?	Yes	All directors of the Company completed their study hours in accordance as required in 2019.
3.5	Does the Company upload the English version of the annual financial report to MOPS 7 days prior to the annual shareholders' meeting?	No	It is expected to be implemented by the Company in 2020.
3.6	Does the company website or MOPS disclose interim financial reports in English?	No	It is expected to be implemented by the Company in 2020.
3.18	Has the company built an English company website that includes financial, business and corporate governance related information?	No	It is expected to be implemented by the Company in 2020.
4.15	Does the company's website or annual report disclose the business integrity management policies and specify specific practices to prevent dishonest conducts?	No	The Consolidated Company has disclosed the established code of business integrity management on the company's website and has actively publicized it to its employees and partners for full communication.
4.2	Has the Company established a dedicated (adjunct) unit for promoting corporate social responsibilities and corporate ethics management, and disclosed in its annual reports and on the Company's website about the operation and implementation of the unit, and reported regularly to the Board of Directors?	No	The Company has disclosed the relevant promotion plans and implementation results of corporate social responsibility in its annual report. A CSR Section has been set up on the Company's website to explain the relevant operation and implementation of corporate social responsibility. The plan will be reported regularly to the Board of Directors.

Note 1.The composition of the Board of Directors is diversified, as shown in the following table.

Diversification Core Item / Name	Basic Composition									Professional Competence					Background					
	Nationality	Gender	also serving as (Parent Company) The Company's employee	Age			Independent Director's Years of Service			Business judgment	Business management	Industrial knowledge	Finance and accounting	Decision-making leadership	Business	Document processing	Civil engineering	Land administration	Accounting	Business management
				41-50 years	51-60 years	Over 60 years	Less than 3 years	3-9 years	More than 9 years											
Mike, Ma	Republic of China	Male								✓	✓	✓	✓	✓	✓					
Mei-Chu Liu	Republic of China	Female								✓	✓	✓	✓	✓	✓					
Ming, Chen	Republic of China	Female								✓	✓	✓		✓		✓				
Ching-Chin, Hung	Republic of China	Male	✓							✓	✓	✓		✓			✓			
Sheng-An Chang	Republic of China	Male	✓	1	4	4				✓	✓	✓		✓				✓		
Ching-Fen, Chang	Republic of China	Female	✓							✓	✓	✓	✓	✓	✓					
Hung-Chin, Huang	Republic of China	Male						✓		✓	✓	✓	✓	✓					✓	
Shen-Yu, Kung	Republic of China	Male						✓		✓	✓	✓	✓	✓						✓
Kuo-Feng, Lin	Republic of China	Male					✓			✓	✓	✓		✓			✓			

Note 2.The results of performance evaluation of the Board of Directors and functional committees in 2019 are detailed in the following table.

I. Overall Performance Evaluation Results of the Board of Directors:

Item No.	Evaluation Item	Completion rate (%)
1	Degree of participation in the Company's operations	95
2	Improvement in the quality of decision-making of the Board of Directors	98
3	Composition and structure of the Board of Directors	100
4	Election and continuous education of Directors	97
5	Internal control	96

II. Results of Directors' Self-evaluation:

Item No.	Evaluation Item	Completion rate (%)
1	Control over the Company's Goals and Tasks	100
2	Understanding of Directors' Duties	100
3	Degree of participation in the Company's operations	93
4	Internal Relationship Management and Communication	96
5	Directors' Professional Skills and Continuing Education	93
6	Internal control	97

III. Results of Performance Self-evaluation of Compensation Committee:

Item No.	Evaluation Item	Completion rate (%)
1	Degree of participation in the Company's operations	100
2	Understanding of the responsibilities of a functional committee	100
3	Improvement in the quality of decision making by the functional committee.	100
4	The composition of the functional committee, and election and appointment of committee members.	100
5	Internal control	Not applicable

IV. Results of the Audit Committee's Self-evaluation of Performance:

Item No.	Evaluation Item	Completion rate (%)
1	Degree of participation in the Company's operations	100
2	Understanding of the responsibilities of a functional committee	100
3	Improvement in the quality of decision making by the functional committee.	100
4	The composition of the functional committee, and election and appointment of committee members.	100
5	Internal control	100

Note 3.The results of the evaluation on independence and competency of CPAs in 2020 are detailed in the following table.

Item No.	Evaluation Item	Results	Are they independent/competent?
1	Does the CPA have a close business relationship and potential employment relationship with the company or related enterprises?	No	Yes
2	Does the CPA hold or broker shares or other securities issued by the Company or affiliated enterprises?	No	Yes
3	Does the CPA act as the defender or representative of the Company or related companies to resolve conflicts with other third parties?	No	Yes
4	Is the CPA a family member or relative of the Company's director, managerial officer or person holding another position that has significant influence on the audit?	No	Yes
5	Is the former CPA of the Company from the same firm of the current CPA, within a year after stepping down, not serving as the Company's director, manager or any position with significant impact on audit results?	No	Yes
6	Has the CPA provided audit services for the Company for 7 consecutive years?	No	Yes
7	Has the CPA complied with the Statements of the Code of Professional Ethics No.10 on independence?	Yes	Yes
8	Does the CPA and audit service team make appropriate suggestions and keep records on the company's management system and internal control system?	Yes	Yes
9	Does the CPA and audit service team take the initiative to provide the company with updated laws, revised information and courses?	Yes	Yes

(IV) Composition, Responsibilities and Functionality of the Remuneration Committee

1. Information and Qualifications of the Remuneration Committee Members:

Identity (Note 1)	Qualification / Name	At least five years of work experience Meets one of the following professional qualification requirements,			Independence criteria (Note 2)										Number of other public companies where the individual concurrently serves as a remuneration committee member	Remarks
		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	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license	With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Hung-Chin, Huang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	(Note 3)
Independent Director	Kuo-Feng, Lin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	(Note 3)
Other	Tung-Hsuan Wan	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	(Note 3)

Note 1. For the title column, please fill in Director, Independent Directors, or others.

Note 2. "√" is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows: ✓

(1) Not an employee of the company or an affiliate.

(2) Not a director or supervisor of the company or an affiliate.(This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiaries of the parent company that are compliant with the Securities and Exchange Act or local laws).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names in an aggregate amount of 1% or more than the total outstanding shares of the Company or ranked in the top-10 holdings.

(4) Not a manager or a spouse, relative within second or third-degree kinship or closer to any personnel listed in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiaries of the parent company that are compliant with the Securities and Exchange Act or local laws).

(6) Not a director, supervisor, or employee of any other company that controls directorship in the company or where more than half of total voting rights are controlled by a single party (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiaries of the parent company that are compliant with the Securities and Exchange Act or local laws).

(7) Not a director, supervisor, or an employee of a company where the chairman, president or any equivalent position are held by the same person or by his/her spouse separately (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiaries of the parent company that are compliant with the Securities and Exchange Act or local laws).

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Securities and Exchange Act or local laws).

(9) Not a professional individual who is an owner, partner, director, supervisor, or manager of a sole

proprietorship, partnership, company, or institution, or a spouse thereof, that provides commercial, legal, financial, accounting services or consultation to the Company or its affiliated companies, or those made an accumulated profit of less than NT$500,000 over the last two years. However, members of the committee on remuneration or public acquisition review, or the special committee on merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.

(10) Where none of the circumstances prescribed under the subparagraphs of Article 30 of the Company Act applies.

Note 3. According to Article 4 of the organizational rules for the Remuneration Committee of the Consolidated Company, the terms of reference of the Remuneration Committee members are as follows:

(1) Set and review performance evaluation and compensation policies, systems, standards, and structures applicable to directors and managers.

(2) Regularly assess and determine the achievement of the performance goals of directors, supervisors and managers, and determine the content and amount of their individual remuneration based on the assessment results obtained from the performance assessment standards.

The performance evaluation method, remuneration brackets, business performance bonus method and assessment method of the Board of Directors of the Consolidated Company have been reviewed and approved by the salary compensation Committee and the Board of Directors.

2. Information concerning functionality of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of these committee members: From Jun.10th, 2019 to the date of reelecting directors and supervisors in 2022. The Remuneration Committee held 3 (A) meetings in the most recent year; members' attendance records are as follows:

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (%) [B/A] (Note)	Remarks
Convener	Hung-Chin, Huang	3	0	100.00%	
Member	Kuo-Feng, Lin	3	0	100.00%	
Member	Tung-Hsuan Wan	3	0	100.00%	

Other mentionable items:

I. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the company's handling of the remuneration committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the remuneration committee, please specify the deviation and reason): None.

II. If a member has a dissenting or qualified opinion, if a member has a dissenting or qualified opinion, that a member has a record or reservation that is recorded or stated in a written statement, the date and session of the Remuneration Committee, the content of the proposal, all members' opinions, and the handling of the opinions of the member of the Remuneration Committee shall be stated: None.

III. Implementation:

Remuneration Committee	Content of motion and follow-up actions	Resolution	The Company's response to opinions of the Remuneration Committee:
The 1st meeting of the 4th term July 3, 2019	1. Compensation to and operating expenses of the 12th Board of Directors, the 1st Audit Committee members and the 4th Remuneration Committee members 2. The Company's promotion and salary	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.

	increase for managers.		
The 2nd meeting of the 4th term December 9, 2019	1. Proposal to pay year-end bonus and employee compensation to the Company's managers. 2. Proposal of remuneration to the manager by promotion and transferred from Global Mall Co., Ltd. 3. Proposal of an adjustment to the Company's organization. 4. Amendments to the Company's "Approval Authority Management Measures".	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.
The 3rd meeting of the 4th term March 23, 2020	1. An updated version of the Company's "Promotion and Salary Increase Management Measures". 2. The Company's promotion and salary increase for managers. 3. Amendments to various performance-based bonus regulations of the company. 4. An update of the Company's performance-based bonus regulations. 5. The Company's plan of 2019 to fund and distribute compensation to employees and directors	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.

Note : (1) Where members of the Remuneration Committee resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated using the number of Remuneration Committee meetings convened and attendance in person during the term of service.

(2) If any member was re-elected before the end of the year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the member's status is "Outgoing", "Incoming" or "Re-elected", and the date of re-election. For the remuneration to employees, a salary structure for employers is designed according to the evaluation of their functions and positions. There are various performance bonus methods and "promotion and salary adjustment management measures" the annual

(V) Implementation of Social Responsibilities and Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and the Reasons Thereof

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
	Yes	No	Summary	
I. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		The Administrative Management Office and the Business Office of the Consolidated Company are responsible for formulating and implementing corporate social responsibility policies, regularly identifying stakeholders, collecting and examining issues of concern to stakeholders, ensuring that all major considerations are covered, reporting the implementation results to the chairman of the Board of Directors from time to time, identifying and examining the performance on environmental, social and corporate governance issues, and proposing strategic plans and taking measures based on performance evaluation. The Company's corporate social responsibility implementation results and detailed contents are disclosed in the company's annual corporate social responsibility report and on the Company's website.	Compliant
II. Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	✓		The Administrative Management Office of the Consolidated Company is responsible for promoting measures such as employee working environment and personal safety protection. The Business Office is responsible for the implementation of environmental protection, social welfare, consumer rights and other corporate social responsibility activities, and make non-periodical reports the implementation of various activities to the chairman of the Board.	Compliant
III. Environment issues (I) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(I) The Consolidated Company is not a manufacturing company, verification by environmental management systems such as ISO14001 is not applicable. However, it is committed to promoting garbage classification and recycling of advertising and display products to reduce the amount of garbage. It also requires that the management of projects under construction be improved to reduce noise and air pollution, and greening operations be followed in the work area.	Compliant
(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(II) The Consolidated Company has actively invested in green building design, used environmental-friendly building materials in individual projects, take rainwater recovery and water conservation measures in the base, and promoted e-filing operations, made	Compliant

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
	Yes	No	Summary	
			full use of recycled paper and replaced power-consuming lamps to improve the efficiency of various resources.	
(III) Does the company evaluate the potential risks and opportunities caused by climate change to the Company now and in the future, as well as taking corresponding measures to issues regarding the climate?	✓		(III) The Consolidated Company pays close attention to the impact of global climate change on its operations. It includes climate change in major environmental issues for risk and opportunity assessment. In implementing the project plan, it takes into account the buffer time and the improvement of flood control standards to avoid disasters or delays caused by climate change.	Compliant
(IV) Does the company add up the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	✓		(IV) The Consolidated Company has made statistics on water and electricity consumption and total waste weight for more than two years, which are disclosed in the corporate social responsibility report. It has developed energy conservation plans and related management measures to reduce daily energy consumption, and regularly announce photocopy paper and water and electricity consumption to promote the concept of energy conservation; advocated public transportation to reduce greenhouse gas emissions; implemented garbage classification and reduced the use of disposable products; implemented energy-saving measures such as reducing power consumption and lighting in public spaces and timely adjusting air conditioners to achieve the goals of energy conservation, carbon reduction and greenhouse gas reduction.	Compliant
IV. Social issues (I) Has the company developed appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Consolidated Company abides by various labor laws and international human rights principles, purchases labor insurance, health care insurance and group accident insurance for all employees, and provides pension to ensure the protection of their rights and interests, respects and treats employees fairly. In order to ensure that their daily operations conform to corporate ethics, the Consolidated Company has formulated such basic codes of conduct as "Code of Ethical Conducts" and "Code of Corporate Social Responsibility Best Practice".	Compliant
(II) Does the company formulate and implement reasonable employee benefits measures (including compensation, days-off, and other benefits, etc.), and appropriately link the operating performance or results to employee	✓		(II) The Consolidated Company attaches great importance to employee benefits, employs professional consultants to analyze and investigate the market salary, welfare status and employment environment, formulates a reasonable employee salary and reward policy and sets up a Remuneration Committee to regularly review the performance and	Compliant

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
	Yes	No	Summary	
compensation?			salary and reward standards of directors and managers, and allocates any profits in the year stipulated in the Articles of Incorporation. For the remuneration to employees, a salary structure for employers is designed according to the evaluation of their functions and positions. There are various performance bonus methods and "promotion and salary adjustment management measures". The annual performance bonus combines with key performance indicators to include the department's performance and achievement of objectives in the evaluation items. The evaluation results affect the bonus distribution ratio, grade promotion and salary adjustment range. In addition, it provides a vacation system that complies with laws and regulations, and a favorable employee welfare and insurance system.	Compliant
(III) Does the company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?			(III) The Consolidated Company regularly organizes safety and health education and training for its employees, and conducts health examination for employees every year. At the same time, in order to create a friendly workplace environment, a nursing room is set up for female colleagues who breast-feed and collect milk after childbirth, so as to meet the needs of employees in a considerate manner.	Compliant
(IV) Has the company established effective career development and training plans for its employees?			(IV) The Human Resources Department of the Administrative Management Office of the Consolidated Company draws up an annual training plan based on the needs of the Company and its employees, and conducts education and training according to the plan to help employees improve their professional knowledge and skills.	Compliant
(V) Has the company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing and labeling, and formulated relevant consumer protection policies and grievance procedures?			(V) The Consolidated Company abides by relevant laws and regulations regarding customer health and safety, customer privacy, marketing and labeling of products and services, and regularly reviews the legality. In case of problems such as customer response quality, the Company provides customer service hotline and CRM system management, complete the response within 24 hours in combination with LINE life circle, and provide immediate after-sales service.	Compliant
(VI) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? And, how well are			(VI) The Consolidated Company has listed the supplier's credit and social image as key items for selection, and has actively advocated the necessity of keeping up with issues such as environmental protection, occupational safety and health, or labor human rights, and has stated in the contract that suppliers that violate its major corporate social responsibility	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>those policies implemented?</td><td></td><td></td><td>policies will terminate or rescind the contracts signed with them.</td><td></td></tr>
<tr><td>V. Does the company, following internationally recognized guidelines, prepare and publish reports such as its Corporate Social Responsibility report to disclose non-financial information of the company? Is this report verified or endorsed by a neutral third party?</td><td>✓</td><td></td><td>The Consolidated Company has compiled a corporate social responsibility report with reference to the Global Reporting Initiative (GRI) Standards, the United Nations Sustainable Development Goals (SDG) and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEc-Listed Companies promulgated by the Taiwan Stock Exchange/GreTai Securities Market. The report has been verified by the British Standards Institute (BSI) and the verification results conform to GRI Standard-Core Options and the AA 1000 International Standard.</td><td>Compliant</td></tr>
<tr><td colspan="5">VI. If the Company has established the corporate social responsibility best practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any inconsistence between the Principles and their implementation:
The Consolidated Company has developed its corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and its implementation is not significantly different from the Code.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the company's Corporate Social Responsibility practices:
(I) Environmental protection, safety and health:
The Consolidated Company's control over environmental protection and safety and health is implemented in accordance with laws and regulations. Please refer to "IV. Information of Environment Protection Expenses" under "Chapter V Operational Highlights" of this Annual Report.
(II) Public Benefit:
1. The Consolidated Company donated to set up the "Kindom Yu San Education Foundation" in 2014, which aims at organizing various educational activities, cultivating outstanding talents, deepening exchanges between industry and university, encouraging forward-looking thinking, improving reading atmosphere and promoting social progress. In 2019, the Consolidated Company donated a total of NT$10.5 million to the foundation for its business promotion. In 2019, the foundation organized and sponsored several public welfare activities, the details of which are as follows:
<table>
<tr><th>Activity</th><th>Description</th><th>Number of beneficiaries</th></tr>
<tr><td>Reading Program of "Celebrity Study"</td><td>Through the concept of shared celebrities story book reading, which was broadcast on Universal News, Da Ai TV, Yahoo TV, iQiyi and youtube channel of Celebrity Study, the audiences were inspired to improve reading atmosphere.</td><td>More than one million hits on the Internet</td></tr>
<tr><td>Better Life Reading Program</td><td>Regular thematic book exhibitions were held, and lectures and workshops were provided in coordination with each theme. Access was provided to the general public, community residents and business colleagues. Through the exchange and interaction of physical activities, participants acquired knowledge in different fields was acquired and enriched their experiences of self-learning and growth.</td><td>Over 100</td></tr>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
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Sponsorship Scheme for Assistant Teachers of "Little Grass Bookstore"	Through the adoption of "Little Grass Bookstore" by Taiwan's Urban and Rural Sustainable Care Association, a complete community support system for vulnerable children aged 6 to 18 years old was constructed so that every child could grow up and dream in a stable learning environment.	Over 100
Cooperation Plan for the Woodworking Program of Grass Vocational Academy	Development of young people's skills through the Woodworking Program of Grass Vocational Academy. Under the leadership of carpenters, children made plaque and wood carvings, continuing the sustainable cooperation between the academy and the children, giving encouragement, opening the children's vision to see more possibilities for themselves.	Over 200
The Dream Challenging Program of Zero-distance Art Hall	To provide opportunities for students from rural areas, the elderly and the disadvantaged groups to watch performances in the hall, to learn relevant knowledge through guided tours, to narrow the gap between urban and rural students, and to enhance aesthetic education. With the hope that participants can inspire more creative and beautiful possibilities for the future through professional guided tours and performances.	Over 100
Books Giveaway	Presenting high-quality books to community library, Grass Bookstore/Grass Vocational Academy, Dream Home Education Foundation, Second Spring of Love Cultural and Educational Foundation, Songshan Family Business Library, Christian Friendship Center, Xinbei Great Harmony Private Nursery School, Taidong County Dawu Junior High School, Taipei National Elementary School and other entities to encourage the public to read.	Over 800

2. The Consolidated Company and the Xinbei City government hold a quarterly "Urban Recreation Lecture Series" to enhance the public's understanding of the substance of urban renovation and relevant laws and regulations.
3. The Consolidated Company held a mountain cleaning activity at the end of 2019, inviting employees and their families to participate together to make a contribution to the maintenance of a beautiful natural environment.

(III) Consumer rights and interests:
The Consolidated Company has a customer service department, which will handle customer complaints and provide permanent after-sales service.

(VI) Implementation of Ethical Corporate Management, and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Thereof

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?	✓		(I) In order to implement the integrity management policy, the Consolidated Company has formulated the "Code of Best Practice for Corporate Governance" and the "Code of Corporate Ethics Management" approved by the Board of Directors to regulate the standards that the directors and management of the company should abide by when performing their duties, and actively publicize the code to employees and partners. The code is also disclosed on the company website for compliance	Compliant
(II) Does the company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated under Paragraph 2, Article 7, of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(II) The Consolidated Company establishes an effective internal control system. Employees are strictly prohibited from directly or indirectly demanding gifts, kickbacks, entertainment or other improper benefits from the company's customers and manufacturers, and the audit office conducts regular or irregular checks on all departments.	Compliant
(III) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	✓		(III) The Consolidated Company not only stipulates that employees must not behave dishonestly in personnel regulations such as "Staff Work Rules", but also lists preventive operation procedures in the training programs for new employees or other personnel education and training courses.	Compliant
II. Ethical corporate management				
(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts with trading partners?	✓		(I) When the Consolidated Company selects suppliers, not only is credit investigation conducted, but also the terms of good faith behavior are specified in the declaration statements.	Compliant
(II) Has the company established an	✓		(II) The Human Resources Department of the	Compliant

Evaluation Item	Implementation status: Yes	No	Summary	Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?			Administrative Management Office is responsible for formulating and publicizing the business policies and regulations of the Consolidated Company. The Audit Office conducts follow-up inspections and reports to the Board of Directors at the end of each year.	
(III) Has the company established policies to prevent conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	✓		(III) The Human Resources Department and the Audit Office of the Administrative Management Office are jointly responsible for formulating policies to prevent conflicts of interest and accepting statements from relevant personnel.	Compliant
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		(IV) The Consolidated Company has established an accounting system and an internal control system to ensure the effectiveness of the financial reporting process and internal control. The audit office draws up an audit plan based on the risk assessment results, and conducts regular or irregular audits of various business activities to ensure the effective implementation of various systems, and reports the audit results to the audit committee and the Board of Directors.	Compliant
(V) Does the company regularly hold internal and external educational trainings on ethical corporate management?	✓		(V) The Human Resources Department of the Administrative Management Office of the Consolidated Company regularly organizes relevant education and training courses, and strengthens publicity and guidance in business meetings in order to implement them.	Compliant
III. Status of enforcing whistle-blowing systems in the company (I) Has the company established a concrete whistleblowing and rewarding system, and set up accessible methods for whistleblowers, and designate appropriate and dedicated personnel to investigate the accused?	✓		(I) The Consolidated Company has a complaint and report mailbox and a dedicated line. Human Resources Department of the Administrative Management Office is responsible for handling relevant affairs, complaints and punishments according to the Company's prescribed operating procedures, and the immediate top manager of the person to be reported shall act as the person responsible for handling the case.	Compliant
(II) Has the company established standard operating procedures for the reported matters, the	✓		(II) After accepting the report, the Human Resource Department of the Administrative Management Office of the Consolidated Company will	Compliant

Evaluation Item	Yes	No	Summary	Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
measures to be taken after investigation is completed, and the relevant confidential mechanism? (III) Does the company take any measures to protect whistleblowers so that they are safe from mishandling?	 ✓		immediately submit it to the Audit Office or the head of the responsible department for investigation. Both the receiver and the investigator are responsible for keeping confidential the personal information of the whistleblower and related information of such case. (III) The Consolidated Company adopts anonymous treatment on the identity of informants, taking non-infringement of their rights and interests as the supreme principle.	 Compliant
IV. Enhanced disclosure of corporate social responsibility information Does the company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?	✓		The Consolidated Company will disclose the contents specified in the code of good faith operation in the CSR section of the company's website, and update the promotion results at any time. Relevant information will also be disclosed at the public information observatory.	Compliant
V. Where the Company has stipulated its own Code of Corporate Ethics Management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the Company: (I) The Company has stipulated its own ethical corporate management best practices according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and have them implemented exactly, ensuring no significant difference between the prescribed best practices and the actual activities taken by the Company: (II) The Company attaches great importance to integrity and credit management, and organized education and training courses related to integrity and credit management issues (e.g. education and training for newcomers, etc. on the issues of corporate culture and integrity and credit management, and on money laundering prevention laws etc.) in 2019, totaling 16 person-times and 63 hours.				
VI. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g. review and amend its policies). (I) The Consolidated Company abides by the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the relevant regulations on TWSE/TPEx listing, or other relevant laws and regulations on commercial acts as the basic concept for the implementation of honest operation. (II) The "Rules of Procedure of the Board of Directors" of the Consolidated Company includes a clause on withdrawal of directors' interests, stating that directors may state their opinions and answer inquiries on proposals that have an interest in themselves or their legal representatives and are harmful to the interests of the company, provided that they are not allowed to join and shall withdraw from discussions and voting, and shall not exercise their voting rights on behalf of other directors. (III) The Consolidated Company has "Internal Material Information Processing Procedures", which stipulates that directors, supervisors, managers and employees shall not disclose the internal material information they know to others, shall not inquire or collect the Company's undisclosed internal material information unrelated to their personal positions from people who know the Company's internal material information, and shall not disclose the company's undisclosed internal material information to others if they do not know the company's undisclosed internal material information due to their business operations. (IV) The Consolidated Company has a "Code of Corporat Ethics Management" which stipulates that directors, managers, employees, appointees or persons with substantial control shall not directly or indirectly offer, promise, demand or accept any illegal benefits or do other dishonest acts such as breach of good faith, illegality or breach of fiduciary duty in the course of engaging in business related to the company in order				

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
	Yes	No	Summary	
to obtain or maintain benefits.				

(VII) Whether the company has formulated a corporate governance code and relevant regulations:

The Consolidated Company has formulated a "Code of Best Practice for Corporate Governance" and has disclosed it to the public information observatory and the investor and stakeholder section of the company's website for shareholders to inquire about.

(VIII) Other important information sufficient to enhance understanding of corporate governance operations:

The number of independent directors of the Consolidated Company increased to three after shareholders' meeting in 2019, and an audit committee was set up to strengthen the functions.

(IX) Implementation of the internal control system:

1. Statement of internal control:

Kindom Development Co., Ltd.
Statement on the internal control system

Date: Mar. 23rd, 2020

Based on the results of our own evaluation, the company's internal control system for 2019 in the Republic of China is hereby declared as follows:

I. The Company fully understands that the establishment, implementation, and maintenance of Internal Control System (ICS) are the responsibilities of the Company's Board of Directors and managerial officers, and have established the said system accordingly The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. All ICSs are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICSs will also change with the changing environment or context. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company will refer to the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. Based on the process of control, the assessment items specified in the ICS Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the ICS Regulations.

IV. The Company has used the above internal control system to judge the items and evaluate the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2019, 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.

VI. This Statement shall be a major content of the Company's annual report and prospectus, and shall be publicly disclosed. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This Statement has been approved by the Board of Directors in their meeting held on Mar. 23rd, 2020, with none of the 9 attending Directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

Kindom Development Co., Ltd.

Chairman: Mike, Ma

General Manager: Ching-Chin, Hung

2. Appointed dedicated CPAs to audit the internal control system: None.

(X) Any legal penalty levied on the Company and its personnel, or any penalty, major defects, and state of improvements enacted by the Company on its personnel for violating the rules of the ICS during the most recent year up to the publication date of this report: None.

(XI) Major Decisions of Shareholders' Meeting and Board Meetings in the most recent year as of the publication date of the Annual Report:

1. Important Resolutions at the Annual Meeting of Shareholders in 2019:

Date of meeting	Material matters to be resolved	Implementation
2019.06.10	1. The Company's financial statements for 2017 was adopted and acknowledged.	The resolution has been followed.
	2. The Company's Distribution Plan for Retained Earnings of 2017 was adopted and acknowledged.	Distribution was to be made on Aug. 1st, 2019 at NT$1 cash dividends per share.
	3. Amendment to the Company's "Procedures for Acquiring or Disposing of Assets" was adopted.	The resolution has been followed.
	4. Amendment to the Company's "Endorsement and Guarantee Operating Procedures" was adopted.	The resolution has been followed.
	5. Amendment to the Company's "Operating Procedures for Loan of Funds to Others" was adopted.	The resolution has been followed.

2. Important resolutions at board meetings:

Date of meeting	Meeting No.	Material matters to be resolved
2019.03.20	the 19th meeting of the 11th board	1. The Remuneration Committee has adopted the "Board Performance Evaluation Measures". 2. The Remuneration Committee has approved amendments to the Company's various performance bonus measures. 3. The Remuneration Committee adopted the Company's plan of 2018 to fund and distribute compensation to employees and directors 4. The Company's operation report and financial statements of 2018. 5. The Company's "Earnings Distribution Plan" of 2018. 6. The Company's "Statement on the Internal Control System" of 2018. 7. Amendment to some articles of the Company's "Procedures for Acquiring or Disposing of Assets", "Endorsement and Guarantee Operating Procedures" and "Operating Procedures for Loan of Funds to Others". 8. Amendment to some articles of the Company's "Rules of Procedures for the Board of Directors" and the "Code of Corporate Ethics Management". 9. Formulating the Company's "Organizational Rules of the Audit Committee". 10. Election of the 12th Board of Directors of the Company (including independent directors). 11. Proposal of a list of candidates for directors (including independent directors). 12. Formulating the agenda for the annual meeting of shareholders of the Company in 2018 and for other related matters.
2019.04.22	the 19th meeting of the 11th Board	The list of candidates for directors was adopted and the qualification of the independent director nominees was examined.
2019.05.10	the 19th	1. Amendment to some articles of the Company's "Code of Best Practice for

Date of meeting	Meeting No.	Material matters to be resolved
	meeting of the 11th Board	Corporate Governance". 2. Establishing the Company's "Standard Operating Procedures for Handling Directors' Requests".
2019.06.10	The 1st meeting of 12th Board	1. Selection of the Company's board chairman. 2. Engagement of three compensation committee members.
2019.06.18	The 1st meeting the 12th Board	1. The Audit Committee has adopted the proposal to add "Management Procedures for the Discussion in the Audit Committee" to the Company's internal control system and revise some articles of the five procedures, including "Operating Procedures for Loan of Funds to Others", "Endorsement and Guarantee Operating Procedures", "Operating Procedures for Derivative Commodities Trading", "Handling Procedures for Acquiring or Disposing of Real Estate, Equipment or Assets with Right to Use" and "Management Procedures for Discussion in the Board of Directors". 2. Establishing the benchmark date for the Company's cash dividend distribution for 2018.
2019.08.12	The 1st meeting the 12th Board	1. The Remuneration Committee and the Audit Committee has adopted the proposal for compensation to and operating expenses of the 12th Board of Directors, the 1st Audit Committee members and the 4th Remuneration Committee members 2. The Remuneration Committee approved the remuneration to managers subject to a promotion and salary adjustment, and the Audit Committee approved the salary adjustment plan for the directors also serving as employees.
2019.11.08	The 1st meeting of the 12th Board	1. It was planned to issued domestic guaranteed ordinary corporate bonds worth NT$ 1 billion.
2019.12.30	The 1st meeting of the 12th Board	1. The Company's operation plan for 2020. 2. Tthe Company's audit plan for 2020. 3. The Remuneration Committee adopted the proposal to promote Heng-Chia Chang, a manager, as acting assistant manager, Yi-Hwa Chen, a manager of Global Mall Co., Ltd., as special assistant and Hsiu-Hsia Chu, as assistant manager. 4. The Remuneration Committee adopted the proposal to pay year-end bonus and employee compensation to the managers in accordance with the "Assessment Measures" of the Company. 5. The Remuneration Committee adopted the Company's organization adjustment proposal. 6. The Remuneration Committee adopted the amendments to the Company's "Approval Authority Management Measures". 7. The Audit Committee adopted the proposal to amend some articles of the three procedures, including the "Quality Control Manual", "Document and Data Control Procedures" and "Internal Audit Procedures", included in the Company's internal control system. 8. The Audit Committee adopted the proposal to raise the construction expense for "Sanchong Dist. Project F " which the Company appointed Kedge Construction Co., Ltd. to construct. 9. The Audit Committee adopted the proposal to appoint Shengde Construction Co., Ltd. to construction "Sanchong Dist. Wuguwang St. Project J", a new project of the Company, instead. 10. The Audit Committee adopted the investment contract signed with Taipei City Urban Regeneration Center, a corporate body, for the "Public Urban Renewal Project on 5 Plots including the one Numbered 363-1 Spanning Four Subsections at Dunhua Section, Songshan District, Taipei City. 11. The Audit Committee adopted the proposal to evaluate the independence and

Date of meeting	Meeting No.	Material matters to be resolved
		suitability of the CPAs appointed by the Company. 12. As Ho Chin-Fu, the Senior Vice General Manager of the Company's Department of Finance would retire on Dec. 31st, 2019, the Audit Committee has adopted the proposal that the two positions as finance director and acting spokesman are to be respectively taken over by Shu-Yuan Lin, a senior assistant manager at the Treasury Section of the Company's Department of Finance and Shu-Lian, Chang, a senior assistant manager at the Accounting Section of the Company's Department of Finance. 13. The Company has planned to donate NT$ 5.5 million to "Kindom Yu San Education Foundation", a corporate body.
2020.01.20	The 1st meeting of the 12th Board	1. The Audit Committee adopted the proposal to appoint Kedge Construction Co., Ltd. to construct "Sanchong Dist. Erchong Bu Project", a new project of the Company. 2. The Audit Committee adopted the proposal to appoint Kedge Construction Co., Ltd. to construct "Wanda Line LG08 Project", a new project of the Company.
2020.03.23	The 1st meeting of the 12th board	1. The Remuneration Committee has ratified and approved the proposal of a promotion and salary adjustment for managers in the Company. 2. The Remuneration Committee has approved amendments to the Company's various performance bonus measures. 3. The Remuneration Committee has adopted the Company's "Measures of Kindom Xinyi for Payment of Business Sales Performance-based Bonus". 4. The Remuneration Committee has approved amendments to the Company's performance-based bonus measures. 5. The Remuneration Committee adopted the Company's plan of 2019 to fund and distribute compensation to employees and directors. 6. The Audit Committee adopted the proposal to prepare the Company's "Statement on the Internal Control System" of 2019. 7. The Audit Committee adopted the proposal to prepare the Company's operation report and financial statements of 2019. 8. The Audit Committee adopted the proposal to develop the Company's "Earnings Distribution Plan" of 2019. 9. In accordance with the internal rotation of KPMG International Cooperative, the Audit Committee adopted the proposal to engage Yi-Lien Han and Di-Nuan, Chien as contracted CPAs for financial statements of the Company. 10. The Audit Committee adopted the proposal to evaluate the independence and suitability of the CPAs appointed by the Company. 11. Amendment to some articles of the Company's "Rules of Procedures for the Board of Directors", the "Code of Corporate Ethics Management" and "Code of Best Practice for Corporate Social Responsibility". 12. Amendment to some articles of the Company's "Organizational Rules of the Audit Committee" and the "Code of Best Practice for Corporate Governance". 13. Formulating the agenda for the annual meeting of shareholders of the Company in 2019 and for other related matters.

(XII) In the most recent year as of the date of this Annual Report, directors or supervisors showed different opinions on important resolutions adopted by the Board of Directors with records or written statements: None.

(XIII) Summary of resignations and dismissals of persons related financial reports (including the Chairman, General Managers, Accounting Supervisor and Internal Audit Supervisor, etc.) in the most recent year as of the date of this Annual Report:

Dec. 31st, 2019

Title	Name	Date of assuming office	Date of removal	Reason for resignation or dismissal
General Manager of Development and Investment Department	Mike, Ma	2016.08.10	2019.12.30	Position adjustment
Finance Supervisor	Ho Chin-Fu	2015.10.01	2019.12.30	Retired

V. CPAs Professional Fees:

(I) Information of Professional Fees to the CPAs (Please stick the applicable brackets or fill in the appropriate amounts.):

Unit: NT$ Thousands

Accounting firm	Name of cpas	Audit fee	Non-audit fee					Audit period	Remarks
			Designing regulations	Business registration	Human resources	Other (note 2)	Subtotal		
Kpmg international cooperative	Di-nuan, chien Shu-ying chang	3,300	0	0	30	0	30	From jan. 1st, 2019 to dec. 31st, 2019	The non-audit fee refers to the review fee on the "salary information checklist for full-time employees not in competent positions".

(II) Non-audit fees paid to theCPAs, accounting firm of the CPAs and its affiliated companies in an amount more than one quarter of the audit fees: None.

(III) Replacement of CPA firm and the annual audit expenses are less than that of the year prior to the change: None.

(IV) Audit expenses have decreased by 15% or more from the previous year: None.

VI. Information on CPA replacement: None

VII. Has any of the Company’s Chairman, General Manager, or managers responsible for finance or accounting duties served in the Company’s CPA firm or its affiliated Company within the most recent year: None

VIII. Share equity transfer and changes in equity pledge among the Chairman, Board supervisors, managers, and shareholders who hold more than 10% of shares, from the past year up to the date printed on the Annual Report.

(I) Changes in equity of directors, supervisors, managers and substantial shareholders in the most recent year and as of the date of this Annual Report:

(Unit: Share)

Title (Note 1)	Name	2019		As of Apr. 21st in 2020	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman and General Manager of Development and Investment Department	Yu-De Investment Co. Representative: Mike, Ma	-	-	-	-
Director	Yu-De Investment Co. Representative: Mei-Chu Liu	-	-	-	-
Director and General Manager	Yu-De Investment Co. Representative: Ching-Chin, Hung	-	-	-	-
Director and Vice General Manager	Yu-De Investment Co. Representative: Sheng-An, Chang	-	-	-	-
Director	Yu-De Investment Co. Representative: Ching-Fen, Chang	-	-	-	-
Director	Yu-De Investment Co. Representative: Ming, Chen	-	-	-	-
Independent Director	Hung-Chin, Huang	-	-	-	-
Independent Director	Shen-Yu, Kung	-	-	-	-
Independent Director	Kuo-Feng, Lin				
Supervisor	Ming-Nai Ma (Note 2)	-	-	-	-
Supervisor	Ming, Chen (Note 2)	-	-	-	-
Sales and Marketing Department General Manager	Ching-Chin, Hung	-	-	-	-
Development and Investment Department General Manager	Mike, Ma (Note 3)	5,141,000	9,000,000	-	-
Senior Vice General Manager	Ai-Wei Yuan	-	-	-	-
Senior Vice General Manager	Ho Chin-Fu (Note 4)	-	-	-	-
Vice General Manager	Si-Han Chen	7,000	-	-	-
Acting Vice General Manager	Hua-Peng Long	-	-	-	-
Senior Assistant Manager	Shu-Yuan Lin	-	-	-	-
Senior Assistant Manager	Shu-Lian, Chang	-	-	-	-
Senior Assistant Manager	Shih-Jung Li (Note 5)	-	-	-	-
Special Assistant	Yi-Hwa Chen (Note 6)	-	-	-	-
Assistant Manager	Qian-Fang, Hwang	-	-	-	-
Assistant Manager	Da-Gung Chou	-	-	-	-
Assistant Manager	Chin-Cheng Chang (Note 7)	-	-	-	-
Assistant Manager	Sung-Chuan, Lin	-	-	-	-

Title (Note 1)	Name	2019		As of Apr. 21st in 2020	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Assistant Manager	Hsiu-Hsia Chu (Note 8)	-	-	-	-
Assistant Manager	Li-Jen Chou (Note 9)	-	-	-	-
Assistant Manager	Chu-Sheng Wu (Note 10)	-	-	-	-
Acting Assistant Manager	Chuan-Hung Wu	-	-	-	-
Acting Assistant Manager	Ta-Hsin, Chou	-	-	-	-
Acting Assistant Manager	Heng-Chia Chang (Note 11)	-	-	2,000	
Substantial shareholder	Yu-De Investment Co.	-	-	-	-
Substantial shareholder	Mei-Chu Liu	16,316,748	-	-	-

Note 1. Shareholders holding more than 10% of the Company's total shares shall be designated as substantial shareholders and listed separately.
Note 2. Resigned on Jun. 10th, 2019, and an audit committee was duly established to act in the capacity of the supervisors.
Note 3. General Manager of the Development and Investment Department was resigned on Dec. 30th, 2019.
Note 4. Retired on Dec. 31th, 2019 and resigned on Jan. 1st, 2020.
Note 5. Newly elected on Aug. 21st, 2019 and resigned on Jan. 16th, 2020.
Note 6. Newly elected on Dec. 1st, 2019.
Note 7. Resigned on Dec. 9th, 2019.
Note 8. Newly elected on Dec. 1st, 2019.
Note 9. Promoted on Jan. 1st, 2019.
Note 10. Promoted on Jan. 1st, 2019.
Note 11. Promoted on Nov.1st, 2019.
Note 12. The following table shall be filled in if the counterparty to the equity transfer or equity pledge is a related party.

(II) Information of equity transfer:

Apr.21st, 20120 (Unit: Share; NT$)

Name (Note 1)	Reason for equity transfer	Date of trading	Trading counterparty	The relationship between the counterparty and the Company, directors, supervisors, managers and shareholders holding more than 10% of the Company's shares	Number of shares	Trading price
Mei-Chu Liu	Inheritance	108.08.07	Yu-Shan Ma	Spouse	16,316,478	18.40

Note 1: The names of directors, supervisors, managers and shareholders holding more than 10% of the Company's shares shall be listed.

(III) Information on equity pledge: None

IX. Information of the top ten shareholders who are of related parties, spouse, relative within second-degree kinship to each other:

Apr. 21st, 2020 (Unit: Share)

Name (Note 1)	Shares held by themselves		Shares held by spouses, minor children Shareholding		Total Shareholding by nominee arrangement		Names and the relationship among the top ten shareholders in the relationship of related parties within the meaning of "Statements of Financial Accounting Standards (SFAS) No.6"or spouses, blood relatives within the second degree of kinship (Note 3)		Remarks Note
	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Name	Relationship	
Yu-De Investment Co. Representative: Mei-Chu Liu	96,304,670	19.12%	-	-	-	-	Mei-Chu Liu	The Company's chairman	
							Mike, Ma	Relative within first-degree kinship of the Company's chairman	
							Jiequn Investment Co., Ltd.	The Company's chairman as a relative within first-degree kinship to the chairman of Jiequn Investment Co., Ltd.	
Mei-Chu Liu	61,104,811	12.13%	-	-	-	-	Yu-De Investment Co.	The Company's chairman	
							Mike, Ma	Relative within first-degree kinship	
							Jiequn Investment Co., Ltd.	The chairman of Jiequn Investment Co., Ltd. as a relative within first-degree kinship	
Kun-Chih, Li: Representative of Guanyi Investment Co., Ltd	19,867,235	3.94%	-	-	-	-	-	-	
Mike, Ma	9,000,000	1.79%	-	-	-	-	Yu-De Investment Co.	The chairman of Yu-De Investment Co.as a relative within first-degree kinship	
							Mei-Chu Liu	Relative within first-degree kinship	
							Jiequn Investment Co., Ltd.	The chairman of Jiequn Investment Co., Ltd. as a relative within second-degree kinship	
Yueh-Chang Tsai: Representative of Changlin International Co., Ltd.	8,836,000	1.75%	-	-	-	-	-	-	
Shau-Ling Ma： Representative of Jiequn Investment Co., Ltd.	8,518,450	1.69%	-	-	-	-	Yu-De Investment Co.	The Company's chairman as a relative within second-degree kinship to the chairman of Yu-De Investment Co.	
							Mei-Chu Liu	Relative within first-degree kinship of the Company's chairman	
							Mike, Ma	Relative within second-degree kinship of the Company's chairman	
Nien-Pang Chiu	6,791,000	1.35%	-	-	-	-	-	-	
Management Board of Public Service Pension Fund	6,255,000	1.24%	-	-	-	-	-	-	

Name (Note 1)	Shares held by themselves		Shares held by spouses, minor children Shareholding		Total Shareholding by nominee arrangement		Names and the relationship among the top ten shareholders in the relationship of related parties within the meaning of "Statements of Financial Accounting Standards (SFAS) No.6"or spouses, blood relatives within the second degree of kinship (Note 3)		Remarks Note
	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Name	Relationship	
JPMorgan Chase in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,870,955	1.17%	-	-	-	-	-	-	
Mike, Ma: Representative of Billions Finance Co., Ltd.	5,491,454	1.09%	-	-	-	-	Yu-De Investment Co.	The Company's chairman as a relative within second-degree kinship to the chairman of Yu-De Investment Co.	
							Mei-Chu Liu	Relative within first-degree kinship of the Company's chairman	
							Mike, Ma	The Company's chairman	
							Jiequn Investment Co., Ltd.	The company's chairman as a relative within second-degree kinship to the chairman of Jiequn Investment Co., Ltd.	

Note 1. All top ten shareholders should be enumerated in full. In case of juristic (corporate) person shareholders, the names of all such juristic (corporate) person shareholders and their representatives should be enumerated respectively.

Note 2. Shareholding percentage is calculated separately based on the percentage of shares held in the name of the person, his/her spouse, minor children, or others.

Note 3. Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

X. Number of shares held and percentage of stake of investment in other companies by the company, the company's director, supervisor, managerial officer, or an entity directly or indirectly controlled by the company, and calculations for the consolidated shareholding percentage of the above categories.

Apr. 21st, 2020 (Unit: Share; %)

Reinvestment in business (Note)	Investment by the Company		Investment by directors, supervisors, managers and businesses under direct or indirect control		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Kedge Construction Co., Ltd.	36,247,768	34.18	14,501,369	13.68	50,749,137	47.86
Global Mall Co., Ltd.	320,104,900	84.02	-	-	320,104,900	84.02
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	10,200,000	51.00	9,800,000	49.00	20,000,000	100.00

Note: It is an invested company by the Company using the equity method.

Chapter 4. Funding Status

I. Capital and Shares:

(I) Sources of capital:

Unit: share; NT$

Year/Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Capital source	Capital increase by assets other than cash	Other
1979.11	10	100,000	1,000,000	100,000	1,000,000	Incorporation	None	
1982	10	3,000,000	30,000,000	3,000,000	30,000,000	Cash capital increase of NT$29,000,000	None	
1984.03	10	5,000,000	50,000,000	5,000,000	50,000,000	Cash capital increase of NT$20,000,000	None	
1989.06	10	17,000,000	170,000,000	17,000,000	170,000,000	Cash capital increase of NT$120,000,000	None	
1990.12	10	39,000,000	390,000,000	39,000,000	390,000,000	Cash capital increase of NT$200,000,000 Capitalization of retained earnings in an amount of NT$20,000,000	None	
1991.10	10	42,000,000	420,000,000	42,000,000	420,000,000	Capitalization of retained earnings in an amount of NT$30,000,000	None	
1992.07	10	52,500,000	525,000,000	52,500,000	525,000,000	Capitalization of retained earnings in an amount of NT$105,000,000	None	
1993.07	10	100,000,000	1,000,000,000	65,625,000	656,250,000	Capitalization of retained earnings in an amount of NT$131,250,000	None	
1994.04	10	100,000,000	1,000,000,000	100,000,000	1,000,000,000	Cash capital increase of NT$343,750,000	None	
1994.07	10	200,000,000	2,000,000,000	125,000,000	1,250,000,000	Capitalization of retained earnings in an amount of NT$250,000,000	None	
1995.07	10	200,000,000	2,000,000,000	156,250,000	1,562,500,000	Capitalization of retained earnings in an amount of NT$125,000,000 Capitalization of capital reserves in the amount of NT$187,500,000	None	
1996.08	10	200,000,000	2,000,000,000	195,312,500	1,953,125,000	Capitalization of retained earnings in an amount of NT$156,250,000 Capitalization of capital reserves in an amount of NT$234,375,000	None	
1997.08	10	370,000,000	3,700,000,000	244,140,625	2,441,406,250	Capitalization of retained earnings in an amount of NT$273,437,500 Capitalization of capital reserves in the amount of NT$214,843,750	None	
1997.10	10	370,000,000	3,700,000,000	274,140,625	2,741,406,250	Cash capital increase of NT$300,000,000	None	
1998.07	10	370,000,000	3,700,000,000	342,675,781	3,426,757,810	Capitalization of retained earnings in an amount of NT$356,382,810 Capitalization of capital reserves in the amount of NT$328,968,750	None	
1999.06	10	650,000,000	6,500,000,000	428,344,726	4,283,447,260	Capitalization of retained earnings in an amount of NT$411,210,937 Capitalization of capital reserves in the number of 445,478,513 shares	None	
2000.06	10	650,000,000	6,500,000,000	514,013,671	5,140,136,710	Capitalization of retained earnings in an amount of NT$428,344,724 Capitalization of capital reserves in the amount of NT$428,344,726	None	
2001.04	10	650,000,000	6,500,000,000	504,376,671	5,043,766,710	De-capitalization in the amount of NT$96,370,000	None	
2001.10	10	650,000,000	6,500,000,000	489,403,671	4,894,036,710	De-capitalization in the amount of NT$149,730,000	None	
2011.01	10	650,000,000	6,500,000,000	492,273,604	4,922,736,040	Corporate bond conversion in the amount of NT$ 28,699,330	None	
201.04	10	650,000,000	6,500,000,000	492,618,884	4,926,188,840	Corporate bond conversion in the number of 3,452,800 shares	None	

Year/Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Capital source	Capital increase by assets other than cash	Other
2011.10	10	650,000,000	6,500,000,000	493,345,324	4,933,453,240	Corporate bond conversion in the number of 7,264,400 shares	None	
2012.07	10	650,000,000	6,500,000,000	496,508,113	4,965,081,130	Corporate bond conversion in the number of 31,627,890 shares	None	
2012.10	10	650,000,000	6,500,000,000	498,722,065	4,987,220,650	Corporate bond conversion in the number of 22,139,520 shares	None	
2013.04	10	650,000,000	6,500,000,000	501,510,221	5,015,102,210	Corporate bond conversion in the number of 27,881,560 shares	None	
2013.07	10	650,000,000	6,500,000,000	503,791,000	5,037,910,000	Corporate bond conversion in the number of 22,807,790 shares	None	

Apr. 21st, 2020

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stocks	503,791,000	146,209,000	650,000,000	Listed stocks

Overview of the declaration system

Category of securities	Intended issue amount		Issued amount		The purpose and expected benefits of the issued shares	Scheduled issuing period for the unissued shares	Remarks
	Total number of shares	Approved amount	Number of shares	Price			
None							

(II) Composition of shareholders:

Apr. 21st, 2020

Structure	Government agencies	Financial institutions	Other institutional shareholders	Foreign institutions and foreign natural persons	Domestic natural persons	Total
Number of people	0	5	198	197	30,420	30,820
Holding shares	0	748,300	162,528,212	104,236,535	236,277,953	503,791,000
Proportion (%)	-	0.15%	32.26%	20.69%	46.90%	100.00%

Note: An initial TWSE/TPEx-listed company or an emerging stock company shall disclose the shareholding percentage of the company's shares held by companies in Mainland China; companies in Mainland China refers to companies invested by people, juridical persons, organizations, and other institutions in Mainland China or investments made in third regions by Mainlanders as stipulated in Article 3 of The Rules Governing Permits for People from Mainland China Investing in Taiwan.

(III) Equity dispersion

Apr. 21st, 2020

Shareholding range	Number of shareholders	Holding shares	Shareholding ratio %
1-999	19,316	590,064	0.12%
1,000-5,000	8,213	17,666,378	3.51%
5,001-10,000	1,471	12,137,103	2.41%
10,001-15,000	395	5,168,127	1.03%
15,001-20,000	323	6,131,292	1.22%
20,001-30,000	285	7,447,316	1.48%
30,001-40,000	156	5,652,689	1.12%
40,001-50,000	111	5,283,361	1.05%
50,001-100,000	222	16,353,298	3.25%
100,001-200,000	134	19,705,322	3.91%
200,001-400,000	75	21,972,306	4.36%
400,001-600,000	24	12,500,639	2.48%
600,001-800,000	18	12,257,791	2.43%
800,001-1,000,000	14	13,100,690	2.60%
More than 1,000,001 shares	63	347,824,624	69.03%
Total	30,820	503,791,000	100.00%

Note: The Company does not issue preferred shares.

(IV) List of substantial shareholders (shareholders with shareholding of 5% or more or top 10 shareholders)

Apr. 21st, 2020

Shareholding / Name of substantial shareholders	Holding shares	Shareholding ratio
Yu-De Investment Co.	96,304,670	19.12%
Mei-Chu Liu	61,104,811	12.13%
Guanyi Investment Co., Ltd	19,867,235	3.94%
Mike, Ma	9,000,000	1.79%
Changlin International Co., Ltd.	8,836,000	1.75%
Jiequn Investment Co., Ltd.	8,518,450	1.69%
Nien-Pang Chiu	6,791,000	1.35%
Management Board of Public Service Pension Fund	6,255,000	1.24%
JPMorgan Chase in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,870,955	1.17%
Billions Finance Co., Ltd.	5,491,454	1.09%

(V) Market price, net worth, earnings, dividends and other information in the most recent two fiscal years:

Unit: NT$

Item / Year			2018	2019	2020 as of Mar. 31st (Note 8)
Market value per share (Note 1)	Max.		24.25	33.45	32.30
	Min.		16.35	18.90	17.60
	Avg.		20.82	25.92	22.40
Net worth per share (Note 2)	Before distribution		23.50	25.06	25.66
	After distribution		22.50	(Note 9)	-
Earnings per share	Weighted average number of shares		493,165,550	493,165,550	493,165,550
	Earnings per share (Note 3)		1.03	2.60	0.61
Dividend per share	Cash dividend		1	1.5 (Note 9)	-
	Free allotment	Dividends from retained earnings	-	-	-
		Dividends from capital reserves	-	-	-
	Accumulated unpaid dividend (Note 4)		-	-	-
Return on investment	Price-earnings (P/E) ratio (Note 5)		20.21	9.97	-
	Price-dividend (P/D) ratio (Note 6)		20.82	(Note 9)	-
	Cash dividend yield (Note 7)		4.80%	(Note 9)	-

*If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution should be disclosed.

Note 1. The annual highest and lowest market value of common stock shall be listed. The annual average market value is calculated based on each year's transaction value and quantity.

Note 2. The quantity of shares issued at the end of the year shall be used as the reference and please fill in the table according to the distribution amount as resolved by the shareholders' meeting held in the following year.

Note 3. Where retroactive adjustment is necessary due to issuance of bonus shares, earnings per share before and after the adjustment shall be listed.

Note 4. If the terms of equity securities issuance allow unpaid dividends to be accumulated to the subsequent years in which there is profit, the Company shall disclose the accumulated unpaid dividends respectively up to that year.

Note 5. P/E ratio = Average closing price for each share in the year/Earnings Per Share

Note 6. Price/D ratio = Average closing price per share in the year/cash dividends per share

Note 7. Cash dividend yield = Cash dividends per share/current year average closing price per share.

Note 8. The per-share net value and Earnings per Share should be filled up to the quarter nearest to the date of the printing of the annual report to be audited by accountant; the remaining column should be filled with the annual data up to the printing date of the annual report.

Note 9. In 2019, the Board of Directors decided to distribute cash dividends at NT$1.5 per share, but this earnings distribution plan has not been approved at the shareholders' meeting.

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

1. Dividend policy stipulated in the Articles of Incorporation:
2. As a capital-intensive industry, the Company will develop towards diversified investment, striving for growth and innovation. In order to continuously expand the appropriate amount of capital and take into account the needs of shareholders for cash, the Company's dividend policy stipulated in the Articles of Incorporation is "The future cash dividend ratio shall be at least 20% of the total amount of cash and stock dividends issued in the current year."
3. The proposed dividend distribution at this shareholders' meeting:
4. The Board of Directors decided to distribute cash dividends at NT$1.5 per share in 2019, but this earnings distribution plan has not been approved at the shareholders' meeting.
5. Material changes expected in dividend policy: None.

(VII) Effect of any proposed stock dividends distribution on business performance and earnings per share: None.

(VIII) Compensation to employees, Directors and Supervisors:

i. Quantity or scope of compensation for employees, Directors, and Supervisors as prescribed under the Articles of Incorporation:
In accordance with Article 23 of the Articles of Incorporation of the Company, if the Company makes profits in the year, at least 0.5% thereof shall be distributed as remuneration for employees and at most 2% thereof as remuneration for directors. However, if the Company still suffers accumulated losses, the amount of compensation shall be reserved first.

ii. Accounting process adopted where there is a discrepancy between the estimated amount and the estimation base for this quarter’s estimated remuneration to employees, directors, and supervisors, shares calculation base for issued stocks and remuneration shares, and actual issued amount:
In the current period, 2% of the annual profit is allocated to pay employees and 2% to pay directors and supervisors. If there is any difference between the actual allotment amount and the estimated amount, it shall be handled in accordance with the changes in accounting estimates and shall be adjusted for accounting based on a resolution of the shareholders' meeting.

iii. Information on the proposed allocation of employee remuneration approved by the Board of Directors:
(1) The Company's remuneration proposal for employees, directors and supervisors in 2019 was approved by the Board of Directors on Mar. 23rd, 2020. It is planned to allocate NT$30,433,041 to pay employees and NT$30,433,041 to pay directors and supervisors, all of which will be paid in cash.
(2) The amount of stock bonus to be distributed to employees and its proportion to

the total amount of net income after tax and employee bonus in the current period: None.

(3) The calculated earnings per share after considering the proposed allocation of employee remuneration and directors' and supervisors' remuneration is NT$2.60.

iv. Actual allocation of employee dividends and directors' and supervisors' remuneration in the previous year:

Unit: NT$

	Resolution of the Board on Mar.20th, 2019	Actual payout
Employee remuneration (paid in cash)	7,246,593	7,246,593
Remuneration to directors and supervisors	14,493,186	14,493,186
Total	21,739,779	21,739,779

(IX) Share Buyback by the Company: None

II. Handling of corporate bonds, special stocks, overseas depository receipts, employee stock option certificates and the issuance of new shares through M&A or accepting transfer of shares from other companies, and the implementation of capital application plans:

(I) Handling of corporate bonds and the implementation of capital application plans:

1. Issuance of common corporate bonds:

Corporate bond category		First secured corporate bond of 2016	First secured corporate bond of 2017	First secured corporate bond of 2018	First secured corporate bond of 2019
Issue date		105.06.06	107.01.15	107.10.15	108.12.12
Par value		NT$1 million	NT$1 million	NT$1 million	NT$1 million
Place of issuance and transaction		Republic of China	Republic of China	Republic of China	Republic of China
Issue price		Issued at par value	Issued at par value	Issued at par value	Issued at par value
Total issued		NT$ 1.5 billion only	NT$ 1 billion only	NT$ 1 billion only	NT$ 1 billion only
Coupon rate		1.05%	1.05%	0.88%	0.80%
Duration		105.06.06~110.06.06	107.01.15~112.01.15	107.10.15~112.10.15	108.12.12~113.12.12
Guarantor		Chang Hwa Commercial Bank, Ltd.	Hua Nan Commercial Bank, Ltd.	Taiwan Cooperative Bank, Ltd.	First Commercial Bank
Trustee		Trust Department, Hua Nan Commercial Bank, Ltd.	Bank of Taiwan	JihSun International Commercial Bank Co., Ltd.	Land Bank of Taiwan
Underwriter		N/A	Capital Securities Corp.	Taiwan Cooperative Securities Ltd.	First Securities Inc.
Certified attorney		Hsing-Wei Chao, attorney at law	Hsing-Wei Chao, attorney at law	Ya-Wen Chiu, Attorney at law	Ya-Wen Chiu, Attorney at law
CPA		Di-Nuan, Chien, CPA	Di-Nuan, Chien, CPA	Di-Nuan, Chien, CPA	Di-Nuan, Chien, CPA
Loan principal repayment		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Articles for redemption or early liquidation		None	None	None	None
Restrictions		None	None	None	None
Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings		N/A	N/A	N/A	N/A
Other rights	Amount of ordinary shares converted	N/A	N/A	N/A	N/A
	Regulations for issuance and conversion	N/A	N/A	N/A	N/A
Potential Dilution of Equity and Impact on Shareholders' Equity		N/A	N/A	N/A	N/A
Name of the commissioned custodian of exchangeable underlying		None	None	None	None

2. Information on issued convertible corporate bonds: None.

(II) Handling of preferred shares: None.

(III) Handling of overseas depository receipts: None.

(IV) Handling of employee stock option certificates: None.

(V) Issuing of new shares by M&A of or accepting transfer of shares from other companies: None.

(VI) The implementation of capital application plans:

1. Plan details:

   As of the quarter before the date of this Annual Report, the previous issuance or private placement of securities had not been completed or completed within the last three years and the planned benefits have not yet been shown: None.

2. Implementation:

   1. In order to repay the bank loans and reduce the financial burden, the Company issued the first secured common corporate bonds for 2016 in the amount of NT$ 1.5 billion on Jun. 6th, 2016. The funds raised were fully applied in the second quarter of 2016 as planned.
   2. In order to repay the bank loans and reduce the financial burden, the Company issued the first secured common corporate bonds for 2017 in the amount of NT$ 1 billion on Jan. 15th, 2018. The funds raised were fully applied in the first quarter of 2018 as planned.
   3. In order to repay the bank loans and reduce the financial burden, the Company issued the first secured common corporate bonds for 2018 in the amount of NT$ 1 billion on Oct. 15th, 2018. The funds raised were fully applied in the fourth quarter of 2018 as planned.
   4. In order to repay the bank loans and reduce the financial burden, the Company issued the first secured common corporate bonds for 2019 in the amount of NT$ 1 billion on Dec. 12th, 2019. The funds raised were fully applied in the fourth quarter of 2019 as planned.

3.

(VII) Restrictions on employees' rights to subscribe for new shares: None.

(VIII) The name, acquisition status and subscription of the managers who obtained the employee stock option certificate and the top ten employees who obtained the stock option certificate and could subscribe for shares: None.

(IX) The names and acquisition status of the managers who acquired the new shares restricting the rights of employees and the top 10 employees: None.

Chapter 5. Operational Highlights

I. Businesses:

(I) Scope of business:

1. Existing goods (services) items and new goods (services) planned to be developed:

(1) Construction operation segment: Leasing and selling of national residential and commercial buildings built by construction companies. All residential, commercial real estate and parking spaces built are sold in domestic market. The future plan is to actively develop new products and provide services as follows:

Item	Refinement of core products	Refinement of related services	Business diversification
Contents	1. Construction of small-space fine residential buildings needed by first purchaser and housing exchange groups 2. Construction of fine residential buildings in prime areas 3. Construction of residential commercial complex 4. Actively participate in the development of public metropolitan and urban complexes	1. Introduce the planning and design concept of full-age residential buildings and green-energy buildings 2. Provided with digital home devices 3. Building community libraries 4. Customized services 5. Permanent after-sales service	1. Invest in construction 2. Invest in IT 3. Invest in commercial real estate 4. Invest in retail department stores

(2) Building operation segment: Undertake construction projects such as corporate headquarters, civil workshops, medical buildings and residential buildings, as well as civil projects such as land preparation and rezoning, roads and bridges. The owners are mainly domestic construction companies, electronic technology companies and government agencies. Future plans will actively undertake various high-tech and high-added value projects.

(3) Department store segment: Operating shopping center business, self-operated counters and counters sell all goods for domestic sale.

Item	Existing goods (services)	Future plans to actively develop goods (services)
Contents	1. Retail of department store commodities 2. Food and beverage 3. Cinemas 4. Parent-child entertainment 5. Parking lot service 6. Rental of shopping malls	1. Setting up new business sites domestically 2. Building a database for big data analysis 3. Introducing famous brands at home and abroad to set up counters 4. 4. Develop the digital sales model

2. Main businesses and business proportion:

Department	Construction	Building	Department stores
Proportion	52.95%	38.04%	9.01%

(II) Industrial overview:

1. Industrial overview:

(1) Construction:

Residential investment has the characteristics of both consumption and investment. Due to the inherent concept of "Where there is land, there is a financial resource." and the incentive of land tax system to encourage long-term holding, the contribution of private fixed investment to domestic capital formation has grown year by year, showing that the construction industry plays an important role in Taiwan's economic system. In addition, the industrial connection effect derived from the development and use of buildings is quite significant, and real estate is the most important subject of creditor's rights guarantee in the financial market. Therefore, the boom and bust of the construction industry and its sound development are important factors affecting the domestic economy and financial system.

In 2019, there was a slight increase in the purchase price of real estate in Taiwan. The number of houses sold and transferred rose to 300,275, up by 8.03% from 277,967 in 2018, representing a growth for 3 consecutive years. Among them, Taipei City and New Taipei City have 27,743 and 60,035 buildings respectively, respectively recording annual growth rates of 3.3% and 5.9%.

As a result of the Sino-US trade war, the desire of Taiwanese businessmen to return to Taiwan for investment has increased. The demand for land and commercial office buildings in industrial areas has increased, and some county and City governments have lowered the housing tax, while the interest rate on housing loans has remained at a historically low level. Builders have continued to adopt profit-making marketing strategies and the housing price has been adjusted to a more reasonable level, etc., attracting home buyers and a small number of investors to come in to purchase houses, which has slightly recovered the trading volume in the domestic real estate market. However, as the spread of COIVID-19 epidemic has impeded the purchase of houses, the housing market boom in the first quarter of 2020 showed a "volume reduction and price stability" consolidation pattern, and deferred purchase will be gradually released after the epidemic situation is effectively controlled.

(2) Building:

According to the data released by the Chief Planning Office of the Executive Yuan, the special budget for public construction and forward-looking infrastructure projects, together with operating and non-operating special funds, is expected to invest NT$467 billion in the overall public construction design plan of 2020, an increase of NT$81.8 billion over the same basis last year. The government's continuous expansion of domestic demand, acceleration of public project investment and improvement of national infrastructure will drive the prosperity of related industries and the construction industry's operation is expected to get better. The building operation segment of the Consolidated Company will adopt strategies such as improving its own technical capability, strictly controlling costs and providing professional services through horizontal alliances, and actively undertake construction projects with high technical level and added value to create a competitive advantage. It is expected that the profit of the department will maintain stable growth in 2020. Although the epidemic situation of COVID-19 continues to spread all over the world at this stage, Taiwan government has not adopted severe measures such as city closure and shutdown. Therefore, only a small number of construction enterprises in our country have been affected, and the short-term price fluctuation of raw materials caused by international city closure and shutdown will gradually improve as the epidemic situation eases. Comprehensive analysis of various factors shows that the impact on the prosperity of the construction industry is still slight.

(3) Department stores:

In 2019, department store turnover increased to NT$355.2 billion, representing an annual growth rate of 4.44%, due to several measures introduced by the government to stimulate the domestic demand market, such as the increase in basic labor wages, tourism subsidies and the comprehensive income tax reduction scheme. However, in the first half of the year 2020, the overall market is expected to be hit by the novel coronavirus epidemic. People's willingness to go out for consumption will tend to be cautious and conservative. It is expected that the marketing performance of department stores will suffer from the threat of demand-side restriction.

2. The industrial connections between the upper, middle and lower reaches:

(1) Construction:

The construction industry is made up of many related industries with different professional degrees, mainly including construction development, construction finance related industries, real estate brokerage, construction, management consulting, professional sales service and building materials industries, etc. The products and services provided by various industries include buildings and various professional services to support the investment, production and management of buildings. The demand for the former is mainly from the general consumers, while for the latter is from building developers. In addition, the development and operation of buildings is a long-term undertaking. In practice, it must be divided into many relatively short-term supply-demand relationships according to the division of labor between the market intervention stage and the specialty, and combined into a market activity system of the overall construction industry.

If the four levels of investment, production, trading and use are used to distinguish the connection between the upper, middle and lower reaches of the services provided by the construction industry, the investment stage is the most critical part of the construction industry, with the construction investment industry as the core. Related industries provide different professional information of the construction development industry, such as land brokers, financial institutions and consulting industries, from the order of the product life cycle. Economic activities in the production phase include product positioning, building planning, building financing, construction and engineering management, etc. Among them, product positioning and building design are between investment and production. Generally, architects, consultants and consignment agencies provide relevant professional consulting and services. Other parts include financial institutions, construction management companies, construction factories and other operators to provide relevant services.

Economic activities in the transaction stage are mainly planning, advertising and sales. Traditionally, most of the services are provided by consignment companies or handled by construction developers themselves. As for the economic activities in the use phase, there are mainly two items: product warranty and operation management. The former is mostly borne by the construction developers themselves, while the latter is provided with relevant services by property management companies or related consultants.

(2) Building:

The upper reaches of the construction industry are mainly mechanical and electrical industry, architect industry, engineering consultancy industry, ready-mixed concrete industry, steel industry, cement industry, sandstone industry and other building materials industry, providing professional services and building materials such as engineering construction and technical consultancy management. Construction firms in the middle reaches of the river will contract out to upstream firms after undertaking downstream client projects such as government units, public and private organizations and private construction companies.

(3) Department stores:

The upper reaches of the department store industry are those that provide goods and services or set up counters, the middle reaches are those that provide business premises and manage marketing, and the lower reaches are those that come to purchase goods or services. Site conditions of stores, quality and types of goods or services provided, consumer crowds and purchasing intentions are all related to the success or failure of the department store industry.

3. Development trends and competition status of products

(1) Construction:

Taipei is a national political, cultural, economic and medical center with excellent employment and living environment. Its position is difficult to be replaced. It is the first choice for middle-class and rich people to purchase property. Coupled with the decrease of land supply year by year and the return of a large number of Taiwanese businessmen, the demand for fine houses and luxury houses will still increase. New Taipei City, on the other hand, due to the gradual improvement of transportation construction and the convenience of living functions, has gradually developed its rezoning areas and gradually formed its sub-capital living circle, attracting many residents from other counties and cities to move in and driving the real estate market transaction to heat up.

Real estate market in both cities is relatively hot, which can be roughly divided into luxury residential areas, areas along the MRT line and rezoning areas. In recent years, small and medium-sized residential buildings have become the most popular products. The rent of residential buildings has not dropped with the decrease of housing prices. Some property-buying customers have entered the market one after another and the demand reduction is limited. Residential buildings along the MRT line and in the rezoning areas are most popular with owner-occupiers and investors. Among them, refined suites developed jointly by the MRT stations are the most popular. The rezoning areas are mainly made up of ordinary residential buildings with two to three rooms and a small flat number.

(2) Building:

In recent years, as the construction industry continues to move towards large-scale, exquisite design and high-tech standards, large-scale construction plants will be more competitive in bidding qualifications and conditions. The building operation segment of the Consolidated Company is a Class A construction firm with outstanding reputation. It has accumulated various project achievements in the industry, including residential commercial office, civil bridge, public building, medical building and science and technology factory office. It has won the recognition of the owners in controlling the quality and progress. It has a sound financial constitution, and its profitability is better than the average level of its peers. It has great development potential.

(3) Department stores:

As hypermarkets, convenience stores and virtual channels continue to join the competition, the growth space of department store industry is gradually being compressed. In response to changes in consumer channels, the department store segment of the Consolidated Company has actively adopted strategies such as investing in the transportation hub to set up station-type shopping malls, carefully selecting and setting up cabinet businesses, introducing special catering and horizontal alliances, etc. It has also developed its own APP, invested in big data analysis, increased the cooperative marketing strategy of third-party payment tools and international card issuing organizations, and constructed online shopping platforms, providing fast-pick, delivery and meal reservation services, etc. to fully meet consumer needs, thus reducing the impact of the epidemic on operating performance and profitability.

(III) Technology and R&D Overview:

1. Construction operation segment:

   In order to build exquisite houses and create a high-quality corporate image, the segment has commissioned reputable construction plants to undertake the construction in addition to employing well-known architects, interior and landscape designers, etc. to carry out planning, design and supervision, and to introduce construction methods such as strengthening earthquake prevention and earthquake resistance of buildings. Special attention is paid to customer service. A customer service department is set up to handle "permanent" after-sales service. A communication software service platform is also set up to provide customers with more instant and convenient channels of interaction.

2. Building operation segment:

   In line with the needs of rapid business development and changes in market competition, the department is now actively developing its business objectives of improving the construction quality of construction projects, reducing construction costs and improving technical standards. Successful technologies are as follows:

Item No.	Technological research	Implementation results
1	Project information system innovation plan	Introduction of team cloud collaboration system-communication and operation platform.
2	Building a management system APP mobility and occupational safety and health assistant system.	Independent quality inspection, quality control inspection and the implementation of occupational safety and health system, and construction personnel positioning IoT control APP system development.
3	Research and development on quantity output of BIM-aided engineering	1. Using Tekla, a structural software, to quickly check the settlement of steel structure proposed by the suppliers and analyze the difference between steel bar design and actual material single room, so as to effectively accumulate empirical values of steel structures and steel bar usage in various types of buildings. 2. Self-developed BIM structure quantity calculation APP can capture the quantity of formwork concrete in the model.
4	Graphing output of construction drawings by BIM general	Automatic labeling, the key function of BIM construction drawings graphing output, is applied to the rapid

	modeling software Revit	production of body drawing, light compartment construction drawing, door and window construction drawing, index system and other drawings.
5	Introduction of a civil engineering information system	Based on BIM, the initial import of civil modeling is carried out and combined with geographic map data browsing system.
6	Conversion of UAV aerial images into numerical terrain data is introduced into research on BIM mapping data	The 3D images captured by UAV aerial camera are converted into digital topographic map files (point clouds) by image post-processing software, and then transferred into CIM software to rapidly generate 3D topographic map data.
7	Research and introduction of the FIM maintenance platform	Successfully exported Cobie-compliant parameters, which can be used by the back-end maintenance management platform and continuously imported into the project site for execution.
8	Research and introduction of the collaborative platform	Introduction of the BIM 360 collaborative platform developed by Autodesk Company to manage 2D/3D mapping data of the project.
9	BIM projects with BSI-BIM design phase certification in accordance with international standards.	In 2019, it entered the phase of project verification.
10	Research on pre-assembly technology of formwork moment for structure construction	Using column reinforcement cage pre-assembly and a stirrup technology, combined with lightweight system templates, the structural column formwork moment pre-assembly chemical method is carried out to improve the work rate and construction quality.
11	Arch control of large-span BCM construction	Based on the structural analysis of the difference between camber and construction monitoring camber, a linear regression method is used to evaluate the difference in camber closure. The actual completion line is good.
12	Planning of double-span asymmetric support advanced working vehicle	The space required by the translation work car is designed for sea survey, which reduces the occurrence of space conflicts on the mountain side, and is changed into a double-span work car to shorten the construction period.
13	Research on Construction Technology of Shallow Overburden Tunnel Excavation under Biased Pressure	Ensure the feasibility and safety of the tunnel construction support design, and whether the tunnel deformation meets the tolerance design allowed by the designer.

3. Department store segment:

   In cooperation with professional consultant teams at home and abroad, the department not only innovates the business concept of the store, adjusts the business structure of the store, improves the consumption line, actively strengthens the store's operation and management capabilities and strengthens the store's management, but also conducts professional education and training to help employees improve their work capabilities, encourages employees to apply the learning gains in their daily work, and hopes to shape the core values of customers' life through natural interaction with consumers and the business environment, thus creating a high-quality corporate image. We are committed to developing OMO Digital's new retail intelligence service platform, integrating online and offline consumption behaviors, accurately marketing and providing customers' favorite commodities by members, creating an appropriate consumption atmosphere, advancing with new thinking, and gradually implementing the hottest new concept of retail channel into our operations.

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

1. Construction operation segment:

(1) Short-term plan:

A. To accelerate the development of existing land assets in stock.

B. To acquire high-quality lands in prime areas.

C. Take an active part in the competitive bidding of urban complex and public projects.

D. To understand the boom fluctuation, improve sales performance and create company profits.

E. To build an action APP to strengthen community household services and information collection and analysis.

F. To improve customer services, shorten case processing time and improve customer satisfaction.

G. To accelerate the removal of surplus housing, recover the accumulated funds and improve the financial structure.

(2) Long-term plan:

A. To strive for commercial real estate development

B. To focus on the development of high-quality lands in the prime areas of the six metropolitan areas and appropriately expand the business scale.

C. To invest in forward-looking and long-term profitable industries and diversifying.

D. Develop customer-oriented and market-oriented product plans to enhance added value.

E. To enhance the Company's brand value and develop its competitive advantages.

F. To integrate the upstream and downstream relations between production and marketing, create and maintain product quality and after-sales service.

2. Building operation segment:

(1) Short-term plan:

A. Cooperate with domestic excellent construction owners to build high-quality and exquisite houses.

B. Take an active part in the government's most advantageous and unified bidding scheme, get rid of the low bid mode and obtain the best profit.

C. Strive for public works and construction projects with indicators to maintain competitive advantages, road and bridge projects to sustain business growth, rail projects to expand career areas, shield and tunnel projects to create new performance.

D. Participate in bidding for special index projects.

E. Actively strive for urban renovation related construction projects.

F. Actively participate in green energy construction projects.

(2) Long-term plan:

A. To integrate relevant industries such as architectural planning and design, mechanical and electrical engineering, material production and supply, and engineering consultants to form a strong bidding team.

B. Technical cooperation with well-known foreign manufacturers to enhance technical capabilities and move towards internationalization.

C. Put into research and development of construction technology.

D. Train design talents and provide overall customer service in combination with well-known domestic design teams.

E. Actively strive for large-scale and most advantageous, BOT and turnkey bidding schemes to enhance the technical capability of construction projects.

F. Engage in land development and creating company performance.

G. Develop into one of the top ten construction firms in china.

H. Enter the overseas construction markets

I. Establish a good brand image.

3. Department store segment:

(1) Short-term plan:

A. Introducing new commodities and brand names.

B. Provide online reservation, meal reservation and delivery services.

C. Enhance the competitiveness of existing business locations and strengthen the core value of shopping centers.

D. Optimize mobile APP and introduce third-party payment tools to improve the convenience of shopping and payment.

E. Combine the use of diversified digital tools to quickly provide consumers with comfortable shopping services.

F. Use big data technology to collect information, identify target customers, strengthen store publicity and strengthen core competitiveness.

(2) Long-term plan:

A. Add shopping malls to domestic transportation hubs.

B. Provide all-round e-commerce services for customers and manufacturers.

C. Build an all-round big data database and turn information into business opportunities.

D. Continue to introduce domestic and foreign well-known manufacturers to set up counters.

E. Engage domestic and foreign well-known enterprise consultants to carry out organizational changes and business type adjustments.

F. Consolidate the OMO digital new retail intelligent service platform, design suitable marketing activities for target customers, maintain member loyalty and stimulate consumption.

II. An Overview of the Market, Production and Marketing:

(I) Market analysis:

1. Goods and services are mainly sold and offered to:

(1) Construction operation segment:

This segment mainly builds residential elevator buildings, office buildings and shopping malls, which are distributed in major metropolitan areas such as Taipei City, Xinbei City, Taoyuan City and Taichung City. For land development, the location with convenient transportation, complete living functions and potential for future development is preferred, and its sales are in good condition.

(2) Building operation segment:

At present, the segment is mainly engaged in residential construction projects, civil and bridge projects and hospital plant projects in Taiwan's island region.

(3) Department store segment:

The department has seven shopping centers with a total area of more than 50,000 square meters, including all-passenger shopping centers "Xinbei Zhonghe" and "Pingdong" and station shopping centers "Nangang Station", "Banqiao Station", "Taoyuan A8", "Linkou A9" and "Xinzuoying Station".

2. Market share:

Department	Construction	Building	Department stores
Market share	0.56%	0.46%	2.73%

Note: 1. The market share of the building operation segment and the construction operation segment is calculated according to the ratio of operating income to the overall turnover of the industry in 2019.

2. The market share of the department store segment is based on the ratio of the invoiced turnover in 2019 to the overall turnover of the industry.

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

(1) Construction:

A. Supply side:

According to statistics from the Ministry of Internal Affairs, the number of residential construction permits issued in Taiwan in 2019 was 147,798, representing an increase of 22.27% over 2018. The figure included 24,440 households in Xinbei City, representing an increase of 20.99%, and 11,832 households in Taipei City, an increase of 12.17%. This is mainly due to the relatively low mortgage interest rate, the fact that real estate has become a safe haven target as the economic and financial markets are in turmoil, the government's continuous revision of relevant measures for volume incentives, and the increase in the willingness of builders to push forward the case due to the rebound in buying gas in the real estate market. However, due to the recent novel coronavirus epidemic, global financial and investment commodities have been impacted, and public panic has increased. Most builders pay more attention to business activities such as location selection, product planning and quality shaping, landscape design and after-sales service, and plan diversified residential products to meet market demand.

B. Demand side:

Although the domestic real estate is affected by the epidemic situation and the slight difference in price cognition between the buyer and the seller, the house price is in a consolidation and correction pattern. However, due to some county and municipal governments' lowering of the house tax, the mortgage interest rate has entered a new low in history, the market is full of funds, the willingness of the first buyers to purchase houses has increased, and under the aggravating operational risks of various investment tools, real estate will become the first choice for capital hedging, etc., the transaction volume is expected to be flat in 109 years.

(2) Building:

A. Supply side:

According to statistics released by the Ministry of Internal Affairs, there were 11,145 comprehensive construction firms as of the end of 2019, representing an increase of 212 compared with the end of 2018, with 63.32% of them being Class C companies. See the following table for details:

Construction firm class	Number	Percentage (%)
Class A	2,845	25.53
Class B	1,243	11.15
Class C	7,057	63.32
Total	11,145	100.00

B. Demand side:

In 2020, the total budget allocated by the government for public works construction increased from 2019. In response to the impact of the epidemic, the government accelerated various public construction and government procurement projects to expand domestic demand and maintain the momentum of economic growth. In addition, the government continued to implement the "Forward-looking Infrastructure Plan", new construction and renovation projects such as industrial park factory office, all-residential buildings and long-term lighting facilities. The construction volume is expected to increase continuously in 2020.

(3) Department stores:

Influenced by several measures to stimulate the domestic demand market, such as the wage increase of the military, the increase of the basic wage of the labor force and the government's introduction of tourism subsidies, the annual turnover of department stores increased by 4.44% in 2019. However, in the context of the rapid changes in the overall consumer market and the purchasing trend, businesses should strengthen marketing strategies such as "consumer orientation", "composite diversity", "sex", "digitalization", "precision marketing" and "quick response", establish a unique style through diversified operations, attract the approval of target groups, and enhance consumers' willingness to come to the store.

4. Competitive niche:

(1) Construction operation segment:

The domestic business environment is still difficult to improve significantly in the short term. Therefore, the financial status, brand reputation, product planning, construction quality and after-sales service of the builders are increasingly valued by home buyers. As the construction operation segment of the Consolidated Company have the above competitive niches, as well as stable and conservative operation and adherence to the construction of high-quality and exquisite residential buildings, the overall corporate image has won wide public recognition and will have more competitive advantages in this period of poor real estate market.

(2) Building operation segment:

The segment has an experienced management team, a sound financial structure and a good corporate image. In addition to being qualified as a Class A construction factory and having obtained ISO9001 and ISO45001 certification, it has also won numerous awards from government agencies and the Engineering Society. It is of great help in contracting private enterprises to build residential and factory buildings and other construction projects. It also has a competitive advantage in bidding for public projects.

(3) Department store segment:

The department can still maintain the momentum of operation and growth due to the establishment of shopping malls in excellent areas of transportation hubs, the convenience of providing consumers with ONE-STOP SHOPPING, and the establishment of a full-customer shopping center in the sub-capital to meet customers' all-round needs such as shopping, feasting, entertainment and leisure, as well as various competitive niches such as spacious and elegant shopping environment, convenient parking, commodities meeting local consumption needs and rapid adjustment of the configuration of cabinet-based businesses.

5. Advantages and Disadvantages for Development Vision and Countermeasures;

(1) Construction operation segment:

A. Advantages:

(A) Land transactions are very popular and house prices are highly supportive.

(B) The government actively promotes urban renewal and public construction.

(C) Return of overseas funds and abundant domestic funds.

(D) Mortgage interest rates remain low and the central bank relaxes credit controls.

(E) Major traffic construction projects have been completed one after another, driving the surrounding benefits and activating the real estate market.

B. Disadvantages:

(A) Exit of investors.

(B) The attitude of banks in handling luxury loans is still conservative.

(C) The effects of the tax on hoarding houses, luxury houses and the tax on the combination of real estate and housing are fermenting.

(D) Urban land is scarce, land prices continue to rise and construction costs are increasing year by year.

(E) International political and economic conflicts are increasingly frequent.

C. Countermeasures:

(A) Construction of residential and commercial buildings for sale in the prime areas of the six metropolis areas.

(B) Integration of multiple development modes such as sale or joint construction, urban renewal, rapid transit joint development and urban complex.

(C) Maintain appropriate land inventory.

(D) Strictly control the scale of cases and the total number of cases pushed.

(E) Shorten the time frame for case development and construction.

(F) Improve the Company's brand value.

(G) Pay attention to product planning and design and after-sales service.

(H) Construct small and medium-sized apartments for first-time buyers and owner-occupiers.

(2) Building operation segment:

A. Advantages:

(A) The quality of construction projects has been well recognized by the owners and the corporate image is excellent.

(B) A sophisticated supply chain is established and the price trends of building materials are understood in time to create profits.

(C) In possession of many excellent talents in engineering, finance, legal affairs and management.

(D) Actively construct information system networking, promote e-construction and strengthen interface integration, comprehensively improve work efficiency and reduce management costs.
(E) ISO 9001 certified and the management system and operating procedures have been standardized.
(F) Institutionalize construction management and aim at high quality, low cost, fast construction and zero disaster.
(G) To promote total quality management (TQM) activities, with full participation, continuous improvement and innovation breakthroughs.
(H) The government continues to introduce measures to revitalize the economy and accelerate public construction.
(I) The Government has implemented the most advantageous bidding, turnkey projects and BOT projects, and has continuously improved the efficiency of project implementation.
(J) The government's promotion of green energy, carbon reduction, innovative industrial models and technological development will help promote the sustainable development and upgrading of the industry.
(K) Introduce and obtain ISO 45001 Taiwan Occupational Safety and Health Management System Standard Certification to reduce occupational safety management risks and establish a quality health and safety work environment

B. Disadvantages:
(A) The situation of bidding at reduced prices witnessed no improvement.
(B) The prices of steel bars, ready-mixed concrete, sand and gravel, metal building materials and other building materials are easily affected by the international market of raw materials and transportation costs, thus reducing profits.
(C) Competition from international construction firms.
(D) The labor shortage problem caused by the low willingness of Chinese to engage in construction work and the aging population is even more serious.
(E) International political and economic shocks have caused chaos in market changes and increased uncertainties in bidding risks.

C. Countermeasures:
(A) Consolidate long-term cooperative relations with excellent domestic construction companies.
(B) Take an active part in the government's most advantageous and unified bidding scheme, get rid of the low bid mode and obtain the

best profit.

(C) Establish a good team of third parties.

(D) Study, analyze and understand the fluctuation trend of bulk materials, and formulate risk control countermeasures.

(E) Actively cultivate talents, learn the advantages of international construction plants, and strengthen the international outlook of employees.

(3) Department store segment:

A. Advantages:

(A) The store is located in a densely populated and transportation hub area with stable growth.

(B) The owned commercial real estate is located in the prime area of the city and has potential for asset appreciation.

(C) With an excellent management team.

(D) The management style is steady and conservative.

(E) The domestic economic boom has returned to warm, and private consumption is expected to increase.

(F) The government has introduced several measures to boost consumption and investment.

B. Disadvantages:

(A) OUTLET MALL joined the market and competition became increasingly fierce.

(B) The turnover rate of grass-roots employees is on the high side.

(C) The average national income is still difficult to increase significantly.

(D) Commercial real estate prices and rents remain high, making it difficult to set up new business locations.

(E) Virtual retail channels compete strongly.

C. Countermeasures:

(A) Use big data technology to identify target customers and strengthen core competitiveness.

(B) Through the application of digital tools such as APP, provide diversified and rapid shopping services to consumers.

(C) Provide online reservation, meal reservation and delivery services, and construct an e-commerce platform to improve performance.

(D) Introduce OMO Digital's new retail intelligence service platform to design marketing activities suitable for target customers, maintain member loyalty and stimulate consumption.

(E) Strengthen the ability of risk control.

(F) Improve organizational efficiency and implement management and control of marketing expenses.

(G) Duly adjust the structure of the counter-based business structure.

(H) Pay attention to store environment management and after-sales service, and actively build peace-of-mind stores.

(I) Enhance the brand value of the Company.

(II) Major purposes and production processes of key products

1. Construction operation segment:

(1) Major purpose:

A. Residential property: for people to live in.

B. Commercial real estate: used for commercial activities.

(2) Production process:

Acquiring land → appointing an architect to design → applying for building license → appointing a construction firm to build → completing the project → applying for use license → handing over the property.

2. Building operation segment:

(1) Major purpose:

A. Construction engineering:

According to the refinement and traffic characteristics of the domestic building development, meeting the needs and designs of owners and design units, integrating various types of professional contractors and technicians, and properly planning and preparing various building materials. Through the construction management methods of time schedule, cost and quality, various types of building structures and decoration works are constructed according to the design and construction for residential and office buildings.

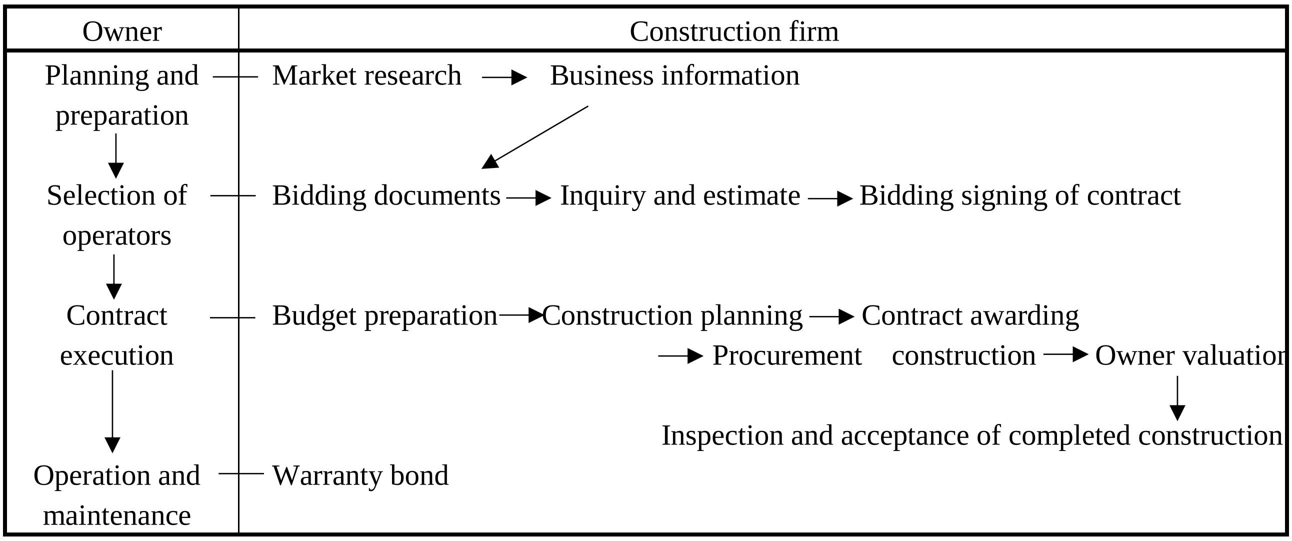
B. Civil engineering:

Cooperate with the government's major public construction and incentive private investment development plans, properly plan the implementation of the overall project, give priority to public interests, effectively integrate professional contractors and other technicians through construction management, and complete all kinds of major public projects with professional technologies.

C. Plant engineering:

Cooperate with manufacturer's demand and design, integrate professional construction contractors and material suppliers, and build and complete the plant within the agreed time limit.

(2) Production process:



(3) Department store segment:

The segment mainly sells goods from general department stores, combines bookshops, beauty salons, massage, cooking classrooms, pet grooming and other living facilities, and provides catering, entertainment, sports and supermarket services.

(III) The supply of major raw materials:

1. Construction operation segment:

(1) Land acquisition:

Construction on owned land, joint construction and sub-housing, joint construction and sub-sale, joint development, urban land rezoning, urban renewal and section expropriation.

(2) Location selection:

The locations for projects are concentrated in the metropolitan areas of greater Taipei, with Taipei city as the core, combined with the development mode of the sub-metropolitan area, which is in line with the hierarchical rule of large and small cities. Due to the dense population, high demand for housing and the resistance of land prices in the metropolitan area of Greater Taipei, the land in these areas is listed as the main target for development.

(3) District choice:

A. Close to the city center.
B. Close to excellent school districts and institutions.
C. Access to parks, squares and greenbelts.
D. Neighboring to markets or supermarkets.
E. Quiet living environment.
F. Convenient location can be connected to the urban mobile axis trunk road.
G. Adjacent to stations and MRT stations.
H. Close to parking facilities, convenient parking.
I. Neighboring to business circles.

J. Excellent landscape and vision.
K. Good living function.
L. No installation causing danger or inconvenience
M. Proximity to libraries or community activity centers.

2. Building operation segment:

   The main raw materials required include steel bar, cement, ready-mixed concrete, tile, aluminum window and steel structure, etc. Except the contract specification is supplied by the owner, the rest are ordered by the department from the main suppliers so as to master the supply of goods, meet the actual material demand stipulated in the contract and clarify the relevant responsibility attribution. The segment regularly evaluates and manages suppliers in accordance with ISO procedures, counseling and replacing suppliers with scoring results. Therefore, the department has a tight and complete supply chain. In addition to selecting contractors with construction experience and professional ability as third parties, the department also conducts construction drawing discussions and full communication with materials and machines before entering the site, so as to cultivate good cooperative relations and adhere to the principle of good faith management.

3. Department store segment: N/A

(IV) The names of customers who accounted for more than 10% of the total amount of goods imported (sold) in any of the last two years, the amount and proportion of goods imported (sold), and the reasons for their increase or decrease:

1. List of major trade creditors:

Unit: NT$ Thousands

	2018				2019				As of Mar. 31st, 2020 (Note 1)			
Item	Name (Note 2)	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name (Note 2)	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name (Note 2)	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
	Other	12,297,861	100	None	Other	13,081,365	100	None	Other	2,924,446	100	None

Note 1. The financial information as of Mar. 31st, 2020 has been reviewed and verified by the CPAs.

Note 2. During this period, there was no single supplier accounting for more than 10% of the total purchase amount.

2. List of major export counterpaties:

Unit: NT$ Thousands

	2018				2019				As of Mar. 31st, 2020 (Note 1)			
Item	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer
1	Eastern Engineering Office, Railway Bureau, Ministry of Transport	2,079,864	14.41	None	Eastern Engineering Office, Railway Bureau, Ministry of Transport	1,587,015	10.35	None	TSMC	670,566	17.21	None
2	Other	12,355,816	85.59	None	Other	13,739,884	89.65	None	Economic Development Bureau of Xinbei City Government	427,347	10.97	None
3									Other	2,799,361	71.82	None

Note 1. The financial information as of Mar. 31st, 2020 has been reviewed and verified by the CPAs.

Note 2. The building operation segment of the Consolidated Company will focus on some customers in a certain period of time due to the large amount of projects involved and the duration of the project is 1-3 years, and the total contract amount of some projects is relatively large. This is due to the nature of the industry. However, the engineering project of the building operation segment of the Consolidated Company are all obtained through competitive bidding or negotiation, and the major customers change with the construction and completion of the construction cases. Therefore, in the medium and long term, the Consolidated Company should have no centralized risk of general manufacturing sales.

(V) Table of production volume and value in the last two years:

Unit: NT$ Thousands

Production volume and value / Year / Category	2018			2019		
	Capacity	Volume	Value	Capacity	Volume	Value
Real estate	-	422	5,540,963	-	654	6,085,189
Project contract	-	-	4,888,154	-	-	5,205,754
Goods, services and others	-	-	7,437	-	-	7,662
Total	-	-	10,436,554	-	-	11,298,605

Note: 1. The real estate production is calculated based on the number of households completed in the current year.
2. The production value is calculated based on the total operating cost for the current year.

(VI) Table of sales volume in recent two years:

Unit: NT$ Thousands

Sales volume / Year / Category	2018				2019			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Real estate	266	7,489,121	-	-	416	7,848,371	-	-
Project contract	-	5,540,280	-	-	-	6,055,001	-	-
Goods, services and others	-	1,406,279	-	-	-	1,423,527	-	-
Total	-	14,435,680	-	-	-	15,326,899	-	-

Note: 1. The sales volume of real estate is calculated based on the number of households spent in that year.
2. The sales value is calculated according to the operating income for the current year.

III. Information on Employees in the Last Two Years as of the Date of this Annual Report

Year		2018	2019	As of Mar. 31st, 2020
Number of employees	Engineering Personnel	420	398	427
	Administrative Personnel	430	474	478
	Total	850	872	905
Avg. age		37.23	38.10	38.33
Avg. years of service		4.66	4.78	4.87
Highest education attainment ratio	Doctorate	0.00%	0.00%	0.00%
	Master	19.18%	19.51%	18.89%
	College	77.75%	77.18%	78.23%
	High school	3.06%	3.31%	2.88%
	Below high school	0.00%	0.00%	0.00%

IV. Information of Environment Protection Expenses:

(I) An explanation of the application, payment or establishment of a pollution facility installation permit or a pollution discharge permit, or the payment of pollution prevention and control fees, or the establishment of a dedicated environmental protection unit, as required by law and order:

The building operation segment of the Consolidated Company has an occupational safety room (sanitation team) to supervise the environmental protection matters at various construction sites. Each construction site shall be provided with a qualified safety and health personnel in accordance with laws and regulations to be responsible for the environmental protection of the construction site. Relevant air pollution prevention and control expenses of the building operation segment of the Consolidated Company shall be borne by the owner, while the construction operation segment shall pay NT$965,000 in 2019.

(II) The Company's investment in major equipment for the prevention and control of environmental pollution, its uses and possible benefits:

The Consolidated Company only requires the building operation segment to install environmental pollution prevention equipment during the construction process, and the relevant equipment is purchased and operated by the contractor. The building operation segment of the Consolidated Company has a safety and health personnel at each site to conduct regular or irregular inspections. If any defects are found, the contractor shall be required to make improvement immediately.

(III) The Company's progress in improving environmental pollution in the last two years and up to the date of publication of the annual report; If there is a pollution dispute, it shall explain the handling process: None.

(IV) The total amount of losses and penalties incurred due to environmental pollution in the last two years and up to the date of publication of the annual report:

Unit: NT$ Thousands

Year	2018	2019	As of Mar. 31st, 2020
Pollution events	Violation of Waste Disposal Law and Air Pollution Prevention Law	Violation of Waste Disposal Law and Air Pollution Prevention Law	Violation of Waste Disposal Law and Air Pollution Prevention Law
Amount of punishment	29	4	-

The main reason for the punishment of the Consolidated Company is the waste and dust generated from the excavation works and the pollution of roads near the construction site during the transportation of building materials by the engineering vehicles. The above fines are paid by the building operation segment of the Consolidated Company before being claimed by the subcontractor. Therefore, no major environmental disputes or losses have occurred.

(V) Future countermeasures and possible expenditures:

1. Future countermeasures:

Based on the awareness of environmental protection increasing year by year and the concept of sustainable operation, the Consolidated Company has regarded the prevention and control of environmental pollution as the social responsibility of enterprise operation. In the process of construction, the provisions of relevant environmental protection laws and regulations are followed to strictly require contractors to do a good job in environmental protection in order to reduce pollution penalties. To ensure the engineering environmental quality and maintain public health, in addition to adding pollution prevention equipment, the following specific measures are implemented:

(1) Flushing equipment shall be installed at the entrance of the construction site to prevent pollution of roads outside the construction site, and personnel shall be sent to clean the roads irregularly.

(2) Fences shall be set up around the construction site. Scaffold dust nets, canvas and diagonal fences shall be set up around the building to prevent dust from flying and materials from falling. The sidewalk shall be covered with plywood.

(3) Buildings are equipped with garbage pipelines to collect and regularly clean up waste to prevent mess.

(4) Set up temporary toilets and septic tanks and clean them regularly.

(5) Regular dredging work area surrounding the existing drainage system, take the initiative to cooperate with environmental protection agencies to adopt surrounding roads during the construction period, daily inspections of the surrounding environment and roads, to maintain a clean and tidy environment.

(6) Under safe conditions, low-noise and low-pollution construction methods shall be adopted to reduce the disturbance to the surrounding environment and neighboring houses of the construction project under construction.

(7) Control the loading and unloading time of vehicles and the construction time of heavy machinery to avoid disturbing the peace of neighbors.

(8) Environmental pollution clauses such as noise, waste water and waste are listed in the contract.

(9) Promote environmental protection concepts in education and training and their related effects on corporate image.

2. Possible future expenditures: None.

(VI) The current pollution situation and the impact of its improvement on the company's surplus, competitive position and capital expenditure, as well as the expected major environmental capital expenditure in the next two years: None.

V. Labor Relations:

(I) The Company's various employee welfare measures, continuing education, training, retirement system and its implementation, as well as the agreements with employees as an employer and various employee rights protection measures:

1. Staff welfare measures:

The Consolidated Company has a staff welfare committee, which is responsible for the planning and implementation of various staff welfare programs. The main welfare measures and implementation are as follows:

(1) Gifts for Dragon Boat Festival, Mid-Autumn Festival, birthday, marriage and childbearing.

(2) Payment of subsidies for bereavement, injury, hospitalization and major disasters, etc.

(3) Provision of health check-up, group insurance and preferential housing

purchase benefits.

(4) Organizing various activities such as sports games.

(5) Planning travel subsidy scheme.

(6) Allocate and distribute remuneration to employees according to the Articles of Incorporation.

2. Staff further education and training system:

The Human Resources Department of the Administrative Department of the Consolidated Company formulates an education and training plan every year according to business development and staff career needs. Each employee needs to attend at least 12 hours of training courses each year. The overall training type is divided into internal and external training, and the training scope is summarized as new recruits, general knowledge, management knowledge and ability, professional skills training and further training subsidies, etc. The implementation situation is as follows:

(1) Internal training: Senior or specially trained staff will serve as lecturers to impart their own experience and professional knowledge.

(2) External training: Participate in professional courses offered by business management consulting companies, educational training institutions and government agencies, and provide employees with subsidies for external training in accordance with regulations every year.

(3) Training for new recruits: Introduce the organization and system, work rules and duties, explain the operation rules and procedures, and conduct regular assessment and supervise the new recruits to write a report after the probation period expires.

(4) General training: Training courses that all employees can participate in, such as "the application of smart homes from the perspective of smart family development", "CSR and sustainable governance in the general trend", "money laundering prevention and control law education and training" and "the transformation of Sino-US trade war into cross-strait industrial transformation under the technological war", etc.

(5) Management knowledge and ability training: Professional training courses are offered for middle and high-level employees from time to time.

(6) Professional skill training: In order to enhance the overall strength, employees are encouraged to attend professional skill training courses and obtain professional certificates, and return to training regularly.

(7) Continuing education subsidy: Select and send outstanding employees to study in domestic universities, and the Company will subsidize their tuition and miscellaneous fees according to regulations.

3. Code of Conduct and Ethics for Employees:

All employees of the Consolidated Company shall abide by laws and regulations and the company's internal control system when handling the company's affairs, and adhere to personal integrity and social ethics standards in order to safeguard the company's assets, rights and image. Its scope covers the following items:

(1) Protection of Confidential Information: Each employee of the Consolidated Company is required to sign a "Staff Security Statement" upon arrival, promising not to disclose the company's business secrets in any form during his tenure or after leaving office.

(2) No attempt to gain personal interest: Each employee of the Consolidated Company shall not attempt to gain personal gain through the use of the company's property, information or by taking advantage of his/her position, and shall not run the company's similar businesses for himself/herself or for others.

(3) Not to ask for improper benefits: Each employee of the Consolidated Company is not allowed to ask for gifts, kickbacks, entertainment or other improper benefits from the company's customers, nor is the supervisor allowed to accept any form of gifts from his subordinates.

(4) Fair Trading Standard: Each employee of the Consolidated Company shall treat the company's incoming (outgoing) customers, competitors and employees fairly.

(5) Insider trading is strictly prohibited: Each employee of the Consolidated Company is not allowed to use insider information obtained from the execution of the business to profit others or seek personal gain. The Company's financial and business information shall not be published without permission or disclosure, so as not to affect the rights and interests of other shareholders.

4. Retirement system:

The Consolidated Company has retirement rules for formally employed employees. The retirement conditions, pension payments and calculation methods of employees shall be handled in accordance with the Labor Standards Law, Labor Pension Regulations and relevant laws and regulations.

The new pension system under the "Labor Pension Act" is a defined contribution system. The pension shall be paid by the Consolidated Company at a monthly rate of not less than 6% of the employee's monthly salary and stored in the special personal pension account of the Labor Insurance Bureau.

The old pension system of the "Labor Standards Act" is a defined benefit system. At the time of approval of retirement, two bases will be given for each full year of the employee's working experience, but for more than 15 years of working experience, one base will be given for each full year, with a total of up to 45 bases. The pension payment is calculated by multiplying the above base standard by the average monthly salary for the six months prior to the approved retirement date. At present, the Consolidated Company allocates employee retirement reserve at 2% of the total monthly salary of employees, and supplements the retirement reserve in accordance with Item 2 of Article 56 of the Labor Standard Act. The special account is stored in the Bank of Taiwan.

5. Work environment and personal safety protection measures for employees:

The Consolidated Company is committed to providing employees with a safe, healthy and comfortable working environment. In addition to continuing to handle various safety and health education and training, publicity and drills, the Consolidated Company also provides group insurance, labor insurance, national health insurance and health examination for all employees. Relevant measures are as follows:

(1) Abide by safety and health-related laws and other requirements, regularly carry out office or work environment tests, and participate in relevant activities organized by the North District Labor Inspection Bureau of the Labor Committee.

(2) Set up fire fighting equipment and firefighter organizations that meet the regulations and standards, regularly check the equipment status, and report the annual fire fighting equipment safety inspection report on time.

(3) Carry out labor safety and health education and training, propaganda and drills from time to time, and encourage employees to obtain labor safety and health and fire control related certificates.

(4) Provide staff with a health check-up every year at the company's expense.

(5) In line with the requirements of labor health protection rules, the building operation segment continued to promote the occupational health of employees. On Dec. 2nd, 2018, the building operation segment was certified for "ISO 45001 Occupational Safety and Health Management" by the international certification authority SGS.

(II) Agreements with employees and employer:

The labor relations of the Consolidated Company have always been harmonious and harmonious. There is no labor dispute, so there is no labor agreement.

(III) Losses suffered as a result of labor disputes in the latest year and up to the date of publication of the annual report, and the estimated amount of losses that may occur at present and in the future and the corresponding measures:

The Consolidated Company has no labor disputes, so this subparagraph is not applicable.

VI. Important contracts:

Mar. 31st, 2020

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
Lease	Pingdong Water Conservancy Association of Taiwan Province	40 years (From 2000 to 2040)	Address: Sub-sec. 3, Gongyuan Sec., Pingtung County 900, Taiwan (R.O.C.) Annual rent: calculated at 10% of the declared land price Royalties: NT$63,000,000	None
Urban renovation	18 people including Mr. Chen	Expected year of completion: 2021	Project ID: 950B Address: Fuhe Sec., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) Bond: NT$46,914,000	None
Partially self-built and partially co-built sub-housing	25 people including Mr. Chuang	Expected year of completion: to be determined	Project ID: 990D Address: Zhongyuan Sec., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	None
Co-built shared house	6 people including Mr. Chuang	Expected year of completion: 2020	Project ID:100C Address: Zhongyuan Sec., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.) Bond: NT$33,424,000	None
Jointly developed and invested	Taichung City Government	Expected year of completion: 2021	Project ID: 101B Address: Chungren Sec., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	None
Land development rights	Bureau of Political Operations, Department of Defense	50 years, with an extension of 20 years. (From 2017 to 2067)	Project ID: 103B Address: Minsheng Sec., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	None
Transfer of land rights and buildings	E.SUN Commercial Bank, Ltd.	Expected year of transfer: 2021	Project ID: 103B Address: Minsheng Sec., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	None
Co-built shared house	8 people including Mr. Huang	Expected year of completion: 2022	Project ID: 103C Address: Sanchong Sec., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.) Bond: NT$22,800,000	None
Urban renovation	Economic Development Bureau of	Expected year of completion: 2020	Project ID: 103G Address: Xingzheng Sec., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	None
Co-built shared house	6 people including Mr. Huang	Expected year of completion: 2023	Project ID: 104A Address: Wuguwang Sec., Sanchon Dist., New Taipei City 241, Taiwan (R.O.C.) Bond: NT$20,000,000	None
Co-built shared house	Ocean Plastics Co., Ltd. Changxin Xinye Co., Ltd.	Expected year of completion: 2026/2029	Project ID: 104B/104C Address: Jiankan Sec., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	None

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
Co-built shared house	15 people including Mr. Chen	Expected year of completion: 2021	Project ID: 105A Address: Sanmin Sec., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	None
Urban renovation	Taipei City Government	Expected year of completion: 2023	Project ID: 106A Address: Bei'an Sec., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	None
Urban renovation	Taipei City Government	Expected year of completion: 2023	Project ID: 106B Address: Rui'an Sec., Da'an Dist., Taipei City 06, Taiwan (R.O.C.)	None
Jointly developed and invested	1st Engineering Office, Department of Rapid Transit Systems, Taipei City Government	Expected year of completion: 2024	Project ID: 108A Address: Guodao Sec., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	None
Urban renovation	Taipei City Urban Regeneration Center, a corporate body	Expected year of completion: 2024	Project ID: 108B Address: Dunhua Sec., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	None
Project contracting	Eastern Engineering Office of Railway Bureau, MOTC	Expected year of completion: 2021	Construction Plan for Electrification Project of Taidong Chaozhou Section of South-to-South Railway of Taiwan Railway-Civil Engineering and General Electromechanical Engineering of Pu 'an Jinlun Section of C712A Bid	None
Project contracting	Taipei Veterans General Hospital	Expected year of completion: 2021	Turnkey Project of Taipei Veterans General Hospital's New Medical Building	None
Project contracting	Chang Gung Medical Foundation	Expected year of completion: 2020	Phase I of Fengshan Hospital BOT Project	None
Project contracting	Academia Sinica	Expected year of completion: 2020	Public Works and Construction of the First Building in Southern Hospital Area	None
Project contracting	Economic Development Bureau of New Taipei City Government	Expected year of completion: 2021	Turnkey Project of Baogao Smart Industrial Park, Xindian Dist., New Taipei City	None
Project contracting	New Construction Office, Public Works Department, Taipei City Government	Expected year of completion: 2023	Turnkey Project of South Gate Building and Market Reconstruction	None
Project contracting	New Construction Office, Public Works Department, Taipei City Government	Expected year of completion: 2021	New Construction Project of the Activity Center for Nanhu Elementary School, Neihu Dist., Taipei City	None

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
Project contracting	Licensed Investment Consulting Co., Ltd.	Expected year of completion: 2020	Renovation Project of Workshop in Zhangbin Industrial Zone	None
Project contracting	TSMC	Expected year of completion: 2020	Phase III of TSMC Nanke No.18 Factory -CUP	None
Project contracting	TSMC	Expected year of completion: 2020	TSMC Nanke No.18 Factory-Foundation Pile	None
Project contracting	Central Engineering Office of Railway Bureau, MOTC	Expected year of completion: 2025	C212 Standard Tainan Station Underground Project	None
Project contracting	New Construction Office, Taoyuan City Government	Expected year of completion: 2023	Turnkey Project of Tawoyuan Convention and Exhibition Center	None
Lease	Yasuo Development Co., Ltd.	20 years from the date of operation commencement (From 2015 to 2035)	Address: No. 8 (Shopping Mall), Fuxing 1st Rd., Guishan Dist., Taoyuan City 333, Taiwan (R.O.C.) Bank Guarantee Letter: NT$50,000,000	None
Lease	Taiwan Bureau of Railway, Ministry of Transport	Term of operation: 15 years (From 2000 to 2025)	Address: The commercial space from 1F underground to 2F on the ground and on 24F and 25F of the shopping mall in Banqiao Station Building on both east and west sides. Bank Guarantee Letter: NT$61,550,000	None
Lease	Taiwan Bureau of Railway, Ministry of Transport	Term of operation: 12 years (From 2011 to 2023)	Address: The commercial space from 1F underground to 4F on the ground of the shopping mall in Xinzuoying Station Building on both east and west sides. Bank Guarantee Letter: NT$3,000,000	None
Lease	High-speed Railway Engineering Bureau, Ministry of Transport	20 years from the date of contracting (From 2016 to 2036)	Address: 1F-4F on the ground in Linkou Station Gongkai Building for the Rapid Transit System outside Taoyuan International Airport Bank Guarantee Letter: NT$29,000,000	None
Lease	Taiwan Bureau of Railway, Ministry of Transport	Term of operation: 15 years (From 2015 to 2030)	Address: No. 313, Sec. 1, Nangang Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.) Bank Guarantee Letter: NT$20,000,000	None

Chapter 6. Financial Highlights

I. Condensed Balance Sheet, Income Statement and CPA's Auditing Opinions for the Last Five Years:

(I) Condensed Balance Sheet:

1. Consolidated financial statements:

Unit: NT$ Thousands

Item \ Year		Financial Information for the Last Five Years (Note 1)					As of Mar. 31st, (Note 2)
		2015	2016	2017	2018	2019	
Current assets		33,033,085	34,334,860	41,365,192	43,341,299	45,563,542	46,920,513
Property, plant and equipment		7,701,208	7,690,437	7,749,670	6,979,157	6,703,794	6,681,085
Intangible assets		89,375	81,390	92,128	52,212	42,830	40,579
Other assets		878,640	961,976	898,561	790,640	3,514,799	3,483,609
Total assets		41,702,308	43,068,663	50,105,551	51,163,308	55,824,965	57,125,786
Current liabilities	Before distribution	21,628,744	22,190,631	31,253,464	30,898,165	31,849,885	32,635,832
	After distribution	22,132,535	22,744,801	31,505,360	31,401,956	Note 3	-
Non-current liabilities		7,053,363	7,634,563	5,790,679	6,697,580	9,562,171	9,709,371
Total liabilities	Before distribution	28,682,107	29,825,194	37,044,143	37,595,745	41,412,056	42,345,203
	After distribution	29,185,898	30,379,364	37,296,039	38,099,536	Note 3	-
Owner's equity attributable to the parent company		11,333,169	11,551,928	11,346,965	11,836,993	12,627,504	12,928,948
Equity capital		5,037,910	5,037,910	5,037,910	5,037,910	5,037,910	5,037,910
Capital reserves		1,339,600	1,351,103	1,363,148	1,368,865	1,379,873	1,379,895
Retained earnings	Before distribution	5,028,516	5,259,115	5,049,624	5,526,960	6,306,721	6,609,255
	After distribution	4,524,725	4,704,945	4,797,728	5,023,169	Note 3	-
Other equity interest		(1,661)	(25,004)	(32,521)	(25,546)	(25,804)	(26,916)
Treasury stock		(71,196)	(71,196)	(71,196)	(71,196)	(71,196)	(71,196)
Non-controlling equity interest		1,687,032	1,691,541	1,714,443	1,730,570	1,785,405	1,851,635
Total equity	Before distribution	13,020,201	13,243,469	13,061,408	13,567,563	14,412,909	14,780,583
	After distribution	12,516,410	12,689,299	12,809,512	13,063,772	Note 3	-

Note 1. Financial information from 2015 to 2019 have been audited and attested by CPAs.
Note 2. The financial information as of Mar. 31st, 2020 has been reviewed by the CPAs.
Note 3. The earnings distribution proposal of 2019 is yet to be approved by the shareholders' meeting.

2. Individual financial statements:

Unit: NT$ Thousands

Year / Item		Financial Information for the Last Five Years (Note 1)					As of Mar. 31st,
		2015	2016	2017	2018	2019	
Current assets		28,068,222	29,371,689	34,724,290	38,078,347	38,504,920	-
Property, plant and equipment		301,301	297,615	294,104	288,059	280,822	-
Intangible assets		06,735	3,976	1,460	162	2,274	-
Other assets		5,114,400	5,033,442	5,077,293	4,746,771	5,040,808	-
Total assets		33,490,658	34,706,722	40,097,147	43,113,339	43,828,824	-
Current liabilities	Before distribution	18,070,694	18,568,953	26,170,566	27,699,081	26,662,559	-
	After distribution	18,574,486	19,123,123	26,422,462	28,202,872	Note 2	-
Non-current liabilities		4,086,795	4,585,841	2,579,616	3,577,265	4,538,761	-
Total liabilities	Before distribution	22,157,489	23,154,794	28,750,182	31,276,346	31,201,320	-
	After distribution	22,661,280	23,708,964	29,002,078	31,780,137	Note 2	-
Owner's equity attributable to the parent company		11,333,169	11,551,928	11,346,965	11,836,993	12,627,504	-
Equity capital		5,037,910	5,037,910	5,037,910	5,037,910	5,037,910	-
Capital reserves		1,339,600	1,351,103	1,363,148	1,368,865	1,379,873	-
Retained earnings	Before distribution	5,028,516	5,259,115	5,049,624	5,526,960	6,306,721	-
	After distribution	4,524,725	4,704,945	4,797,728	5,023,169	Note 2	-
Other equity interest		(1,661)	(25,004)	(32,521)	(25,546)	(25,804)	-
Treasury stock		(71,196)	(71,196)	(71,196)	(71,196)	(71,196)	-
Non-controlling equity interest		-	-	-	-	-	-
Total equity	Before distribution	11,333,169	11,551,928	11,346,965	11,836,993	12,627,504	-
	After distribution	10,829,378	10,997,758	11,095,069	11,333,202	Note 2	-

Note 1. Financial information from 2015 to 2019 have been audited and attested by CPAs.

Note 2. The earnings distribution proposal of 2019 is yet to be approved by the shareholders' meeting.

(II) Brief Statement of Comprehensive Income

1. Consolidated financial statements:

Unit: NT$ Thousands

Item \ Year	Financial Information for the Last Five Years (Note 1)					As of Mar. 31st, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Operating revenue	10,760,103	11,689,095	9,932,819	14,435,680	15,326,899	3,897,274
Gross operating profit	2,895,133	3,125,124	2,798,915	3,999,126	4,028,294	1,004,553
Operating benefits	1,320,013	1,502,153	842,741	1,909,901	2,198,729	563,089
Non-operating income and expenditure	(263,875)	(526,014)	(112,355)	(829,483)	(384,465)	(101,619)
Net income before tax	1,056,138	976,139	730,386	1,080,418	1,814,264	461,470
Continuing operations Current net profit	706,904	812,880	477,050	673,313	1,546,223	368,901
Loss on closed operations	-	-	-	-	-	-
Current net gains (losses)	706,904	812,880	477,050	673,313	1,546,223	368,901
Other comprehensive gains/losses in the current period (net after tax)	(8,137)	(29,237)	(12,406)	8,791	1,185	(1,291)
Total comprehensive gains/losses	698,767	783,643	464,644	682,104	1,547,408	367,610
Net profit attributable to owners of the parent company	573,831	735,690	346,285	507,248	1,283,526	302,534
Net profit attributable to Non-controlling equity interest	133,073	77,190	130,765	166,065	262,697	66,367
Total comprehensive gains/losses attributable to owners of the parent company	568,536	711,456	337,162	515,347	1,283,294	301,422
Total comprehensive gains/losses attributable to non-controlling equity interests	130,231	72,187	127,482	166,757	264,114	66,188
Earnings per share (NT$)	1.16	1.49	0.70	1.03	2.60	0.61

Note 1. Financial information from 2015 to 2019 have been audited and attested by CPAs.

Note 2. The financial information as of Mar. 31st, 2020 has been reviewed by the CPAs.

2. Individual financial statements:

Unit: NT$ Thousands

Item \ Year	Financial Information for the Last Five Years (Note)					As of Mar. 31st
	2015	2016	2017	2018	2019	
Operating revenue	5,521,196	5,269,229	4,779,614	7,502,772	8,117,436	-
Gross operating profit	1,316,849	1,507,784	982,455	1,961,809	2,032,247	-
Operating benefits	774,338	1,036,171	469,079	1,179,315	1,329,758	-
Non-operating income and expenditure	16,538	(145,476)	(10,176)	(476,396)	131,028	-
Net income before tax	790,876	890,695	458,903	702,919	1,460,786	-
Continuing operations Current net profit	573,831	735,690	346,285	507,248	1,283,526	-
Loss on closed operations	-	-	-	-	-	-
Current net profit	573,831	735,690	346,285	507,248	1,283,526	-
Other comprehensive gains/losses in the current period (net after tax)	(5,295)	(24,234)	(9,123)	8,099	(232)	-
Total comprehensive gains/losses	568,536	711,456	337,162	515,347	1,283,294	-
Net profit attributable to owners of the parent company	573,831	735,690	346,285	507,248	1,283,526	-
Net profit attributable to Non-controlling equity interest	-	-	-	-	-	-
Total comprehensive gains/losses attributable to owners of the parent company	568,536	711,456	337,162	515,347	1,283,294	-
Total comprehensive gains/losses attributable to non-controlling equity interests	-	-	-	-	-	-
Earnings per share (NT$)	1.16	1.49	0.70	1.03	2.60	-

Note: Financial information from 2015 to 2019 have been audited and attested by CPAs.

(III) Name and Auditing Opinions of the CPAs for the Last Five Years:

Year	CPA	Auditing opinion
2015	Di-Nuan, Chien and Shu-Ying Chang	No unqualified opinion included
2016	Di-Nuan, Chien and Shu-Ying Chang	No unqualified opinion included
2017	Di-Nuan, Chien and Shu-Ying Chang	No unqualified opinion included
2018	Di-Nuan, Chien and Shu-Ying Chang	No unqualified opinion included
2019	Di-Nuan, Chien and Shu-Ying Chang	No unqualified opinion included

II. Financial Analysis for the Last Five Years:

(I) Consolidated financial report:

Item	Year	Financial analysis for the last five years (Note 1)					As of Mar. 31st, 2020 (Note 2)
		2015	2016	2017	2018	2019	
Financial structure	Debt to asset ratio (%)	68.78	69.25	73.93	73.48	74.18	74.13
	Ratio of long-term funds to property, plant and equipment (%)	258.35	269.26	243.26	290.37	357.63	366.56
Solvency	Current ratio (%)	152.73	154.76	132.35	140.27	143.06	143.77
	Quick ratio (%)	29.18	32.07	34.33	30.96	36.08	37.41
	Interest coverage ratio (multiples)	5.44	5.13	4.12	3.48	5.03	5.84
Operating ability	Receivables turnover rate (times)	7.34	8.12	5.84	8.30	10.78	14.14
	Average days for cash collection	49.72	44.95	62.50	43.98	33.86	25.81
	Inventory turnover rate (Times)	0.30	0.32	0.25	0.33	0.34	0.34
	Payables turnover rate (Times)	2.66	2.55	1.84	2.42	2.32	2.27
	Average days for sale of goods	1,216.66	1,140.62	1,460.00	1,106.06	1,073.53	1,073.53
	Property, plant and equipment turnover (times)	1.39	1.52	1.29	1.96	2.24	2.33
	Total assets turnover rate (times)	0.26	0.28	0.21	0.29	0.29	0.28
Profitability	Return on assets (%)	2.16	2.38	1.44	2.02	3.56	3.15
	Return on equity (%)	5.35	6.19	3.63	5.06	11.05	10.11
	Net income before tax to paid-in capital ratio (%) (Note 8)	20.96	19.38	14.50	21.45	36.01	36.64
	Net profit ratio (%)	6.57	6.95	4.80	4.66	10.09	9.47
	Earnings per share (NT$)	1.16	1.49	0.70	1.03	2.60	0.61
Cash flow	Cash flow ratio (%)	12.07	5.35	Note 3	6.30	10.04	Note 3
	Cash flow sufficiency ratio (%)	97.96	96.76	41.76	58.26	88.96	67.41
	Cash re-investment ratio (%)	7.38	2.97	Note 3	7.40	10.23	Note 3
Leverage	Operating leverage	1.97	1.95	3.03	1.85	1.65	1.65
	Financial leverage	1.22	1.19	1.39	1.30	1.26	1.20

In the last two years, the financial ratios increased or decreased by 20% or more due to the following reasons:

1. Ratio of long-term capital to property, plant and equipment: Mainly from the increase in non-current liabilities caused by the transition to IFRS 16, recognition of right-to-use assets and lease liabilities on the first applicable date.
   Interest coverage multiple: Mainly due to the increase in net income before tax.
2. Turnover rate of receivables: Mainly due to increase in operating income and decrease in receivables.
3. Average days for cash collection: Mainly due to the increase in the turnover rate of receivables.
4. Return on assets: Mainly due to the increase in net income after tax.
5. Return on equity: Mainly due to the increase in net income after tax.
6. Ratio of net income before tax to paid-in capital: Mainly due to the increase of net income before tax.
7. Net profit ratio: Mainly due to the increase of net income after tax.
8. Earnings per share: Mainly due to the increase in net income after tax.

9.	Cash flow ratio: Mainly due to increased net cash inflow from operating activities.
10.	Cash flow sufficiency ratio: Mainly due to the increase in net cash inflow from operating activities in the last five years.
11.	Cash reinvestment ratio: Mainly due to the increase of net cash inflow from operating activities.

Note 1. Financial information from 2015 to 2019 have been audited and attested by CPAs.

Note 2. The financial information as of Mar. 31st, 2020 has been reviewed by the CPAs.

Note 3. As the operating activities generated net cash outflows, the relevant ratio is not calculated.

Note 4. The calculation formula is as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (Total equity + non-current liabilities)/net property, plant and equipment.
2. Debt service ability
   (1) Current ratio = Current assets/current liabilities.
   (2) Quick ratio = (Current assets - inventory - advances)/current liabilities.
   (3) Interest coverage multiple = Net profit before Income tax and interest expenses/interest expenses in current period
3. Operating ability
   (1) Turnover rate of receivables (including accounts and notes receivable arising from operations) = Net sales/average receivable balance
   (Including accounts and notes receivable arising from business) in each period.
   (2) Average days for cash collection = 365/Turnover rate of receivables
   (3) Inventory turnover rate = Cost of goods sold/average inventory.
   (4) Turnover rate of payables (including accounts and notes payable arising from operations) = Cost of goods sold/average payables in each period
   (Including accounts and notes payable arising from operations) in each period.
   (5) Average days for sale = 365/Inventory turnover rate.
   (6) Turnover rate of property, plant and equipment = Net sales/Average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales/Average total assets.
4. Profitability
   (1) Return on assets =(After-tax profit/Loss+interest expense × (1-tax rate))/average total assets.
   (2) Return on equity = After-tax profit or loss/average total equity.
   (3) Net profit rate = After-tax profit or loss/Net sales
   (4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred share dividends)/Weighted average number of shares issued. (Note 5)
5. Cash flows
   (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the last five years/(capital expenses + inventory increase+cash dividends)
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(gross value of property, plant and equipment + long-term investment+other non-current assets + working capital (Note 6)
6. Leverage
   (1) Operating leverage = (Net operating Income - variable operating costs and expenses)/operating benefits (Note 7).
   (2) Financial leverage = Operating benefits/(operating benefits - interest expenses).

Note 5. In the above formula for calculating earnings per share, special attention shall be paid to the following when measuring:

1. The weighted average number of common shares shall prevail instead of the number of shares issued at the end of the year.
2. For cash capital increase or treasury stock transactions, the weighted average number of shares shall be calculated considering the circulation period.
3. In capitalization of earnings or capital increase through capital reserves, the calculation of earnings per share for the previous year and half year shall be adjusted retroactively according to the proportion of capital increase, without considering the issue period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends (whether paid or not) for the current year shall be deducted or increased from the net income after tax or increased net loss after tax. If the preferred shares are non-cumulative in nature, the dividend of the preferred shares shall be deducted from the net income after tax if there is net income after tax. If it is a loss, no adjustment is necessary.

Note 6. In cash flow analysis, special attention shall be paid to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the cash outflow of capital investment every year.
3. The increase in inventory will only be counted when the ending balance is greater than the opening balance. If the inventory decreases at the end of the year, it will be counted as zero.
4. Cash dividends include cash dividends of common shares and preferred shares.
5. Gross amount of property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 7. The Issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature. In case of estimation or subjective judgment, the Issuer shall pay attention to their rationality and maintain consistency.

Note 8. If the Company's shares have no par value or the par value of each share is not NT$ 10, the ratio of paid-in capital previously calculated shall be changed to the ratio of equity attributable to the owner of the parent company in the balance sheet.

(II) Individual financial report:

Item	Year	Financial analysis for the last five years (Note 1)					As of Mar. 31st
		2015	2016	2017	2018	2019	
Financial structure	Debt to asset ratio (%)	66.16	66.72	71.70	72.54	71.19	-
	Ratio of long-term funds to property, plant and equipment (%)	5,088.99	5,393.52	4,708.19	5,351.08	6112.86	-
Solvency	Current ratio (%)	155.32	158.18	132.68	137.47	144.42	-
	Quick ratio (%)	10.90	14.28	17.78	17.72	21.63	-
	Interest coverage ratio (multiples)	5.87	6.02	3.61	2.96	5.26	-
Operating ability	Receivables Turnover Rate (%)	14.65	21.81	18.50	16.89	22.07	-
	Average days for cash collection	24.91	16.73	19.73	21.61	16.54	-
	Inventory turnover rate (Times)	0.16	0.14	0.13	0.18	0.19	-
	Payables turnover rate (Times)	3.97	3.31	2.32	2.12	2.16	-
	Average days for sale of goods	2,281.25	2,607.14	2,807.69	2,027.78	1921.05	-
	Property, plant and equipment turnover (times)	18.37	17.60	16.16	25.78	28.54	-
	Total assets turnover rate (times)	0.16	0.15	0.13	0.18	0.19	-
Profitability	Return on assets (%)	2.08	2.59	1.32	1.91	3.58	-
	Return on equity (%)	4.97	6.43	3.02	4.38	10.49	-
	Net income before tax to paid-in capital ratio (%) (Note 8)	15.70	17.68	9.11	13.95	29.00	-
	Net profit ratio (%)	10.39	13.96	7.25	6.76	15.81	-
	Earnings per share (NT$)	1.16	1.49	0.70	1.03	2.60	-
Cash flows	Cash flow ratio (%)	8.64	2.35	Note 2	5.79	3.87	-
	Cash flow sufficiency ratio (%)	61.94	59.52	30.33	36.51	51.26	-
	Cash re-investment ratio (%)	3.56	Note 3	Note 3	8.69	3.05	-
Leverage	Operating leverage	1.31	1.19	1.57	1.26	1.23	-
	Financial leverage	1.27	1.21	1.60	1.44	1.35	-

In the last two years, the financial ratios increased or decreased by 20% or more due to the following reasons:
1. Quick ratio: Mainly due to reduction of prepaid expenses and current liabilities.

2. Interest coverage multiple: Mainly due to the increase in net income before tax.
3. Turnover rate of receivables: Mainly due to increase in operating income and decrease in receivables.
4. Average days for cash collection: Mainly due to the increase in the turnover rate of receivables.
5. Return on assets: Mainly due to the increase in net income after tax.
6. Return on equity: Mainly due to the increase in net income after tax.
7. Ratio of net income before tax to paid-in capital: Mainly due to the increase of net income before tax.
8. Net profit ratio: Mainly due to the increase of net income after tax.
9. Earnings per share: Mainly due to the increase in net income after tax.
10. Cash flow ratio: mainly due to the decrease in net cash inflow from operating activities.
11. Cash flow sufficiency ratio: Mainly due to the increase in net cash inflow from operating activities in the last five years.
12. Cash reinvestment ratio: mainly due to a decrease in net cash inflow from operating activities.

Note 1. Financial information from 2015 to 2019 have been audited and attested by CPAs.
Note 2. As the operating activities generated net cash outflows, the relevant ratio is not calculated.
Note 3. Since the numerator is negative, it is not counted.
Note 4. The calculation formula is as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (Total equity + non-current liabilities)/net property, plant and equipment.
2. Debt service ability
   (1) Current ratio = Current assets/current liabilities.
   (2) Quick ratio = (Current assets - inventory - advances)/current liabilities.
   (3) Interest coverage multiple = Net profit before Income tax and interest expenses/interest expenses in current period
3. Operating ability
   (1) Turnover rate of receivables (including accounts and notes receivable arising from operations) = Net sales/average receivable balance (including accounts and notes receivable arising from operations) in each period.
   (2) Average days for cash collection = 365/Turnover rate of receivables
   (3) Inventory turnover rate = Cost of goods sold/average inventory.
   (4) Turnover Rate of Payables (Including Accounts and Notes Payable Arising from Operations) = Cost of Goods Sold/Average Payables (Including Accounts and Notes payable Arising from Business) in Each Period.
   (5) Average days for sale = 365/Inventory turnover rate.
   (6) Turnover rate of property, plant and equipment = Net sales/Average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales/Average total assets.
4. Profitability
   (1) Return on assets =(After-tax Profit/Loss + Interest Expense × (1 - Tax Rate))/Average Total Assets.
   (2) Return on equity = After-tax profit or loss/average total equity.
   (3) Net profit rate = After-tax profit or loss/Net sales
   (4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred share dividends)/Weighted average number of shares issued. (Note 5)
5. Cash flows
   (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
   (2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities in the Last Five Years/(Capital expenses + Inventory Increase+ Cash Dividends) for the Last Five Years
   (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities-Cash Dividends)/(Gross Value of Immovable Property, Plant and Equipment+Long-term investment+ Other Non-current Assets + Working Capital (Note 6)
6. Leverage
   (1) Operating Leverage = (Net Operating Income-Variable Operating Costs and Expenses)/Operating Benefits (Note 7).
   (2) Financial leverage = Operating benefits/(operating benefits - interest expenses).

Note 5. In the above formula for calculating earnings per share, special attention shall be paid to the following when measuring:

1. The weighted average number of common shares shall prevail instead of the number of shares issued at the end of the year.
2. For cash capital increase or treasury stock transactions, the weighted average number of shares shall be calculated considering the circulation period.
3. In capitalization of earnings or capital increase through capital reserves, the calculation of earnings per

share for the previous year and half year shall be adjusted retroactively according to the proportion of capital increase, without

4. If the preferred shares are non-convertible cumulative preferred shares, the dividends (whether paid or not) for the current year shall be deducted or increased from the net income after tax or increased net loss after tax. If the preferred shares are non-cumulative in nature, the dividend of the preferred shares shall be deducted from the net income after tax if there is net income after tax. If it is a loss, no adjustment is necessary.

Note 6. In cash flow analysis, special attention shall be paid to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the cash outflow of capital investment every year.
3. The increase in inventory will only be counted when the ending balance is greater than the opening balance. If the inventory decreases at the end of the year, it will be counted as zero.
4. Cash dividends include cash dividends of common shares and preferred shares.
5. Gross amount of property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 7. The Issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature. In case of estimation or subjective judgment, the Issuer shall pay attention to their rationality and maintain consistency.

Note 8. If the Company's shares have no par value or the par value of each share is not NT$ 10, the ratio of paid-in capital previously calculated shall be changed to the ratio of equity attributable to the owner of the parent company in the balance sheet.

III. Auditors' Report of 2019 from the Audit Committee:

Audit Committee's Review Report of Kindom Development Co., Ltd.

Approval for

The Board of Director submitted the financial statements of the Company for the year 2019, and these statements were audited by KPMG Taiwan through the accountants, Ti-Nuan Chien and Shu-Ying Chang. The aforementioned financial statements, together with the Business Report and Earnings Distribution Table, have been reviewed by the Audit Committee and no discrepancies were found. A report has been prepared in accordance with Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act , we hereby submit this report.

To

2020 Annual General Shareholders' meeting
Kindom Development Co., Ltd.

Audit Committee Convener: Hung-Chin, Huang

March 23, 2020

IV. Consolidated Financial Report of 2019

STATEMENT

The companies that are required to be included in the combined financial statements of Kindom Development Co., Ltd. and subsidiaries for the year starting from January 1, 2019 to December 31, 2019, under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," are all the same as those required to be included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission (FSC). Relevant information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kindom Development Co., Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Hereby declared,

Company Name: Kindom Development Co., Ltd.

Chairman: Mike, Ma

Date: March 23, 2020

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Kindom Development Co., Ltd. (the "company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note III(a) to the consolidated financial statements which describes that the Group initially adopted the IFRS 16 "Leases" on January 1, 2019, with no restatement of comparative period financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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. In our judgement, key audit matters for the company's consolidated financial statements for the year ended December 31, 2019 are stated as follows: Revenue recognition of real estate sales

Refer to Note IV(18) for the accounting policies on recognizing revenue and Note VI(22) for details of related disclosure.

Description of key audit matter:

The Group engaged primarily in the sales of real estate developments. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue of real estate sales amount to 7,848,371 thousands, which is material to the fair presentation of consolidated financial statements. Consequently, the Group’s revenue recognition has been identified as one of the key audit matters.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, understanding the design and effectiveness of the Group's internal controls over the recognition of revenue and the accrual of receivables; performing sample testing to inspect the real estate sales contracts, tables of the receivables, bank transactions, transfers of property rights, closing checklists and others; performing data analysis on prepayments in order to assess the completeness of the recognition of bank deposits and prepaid installments; and performing sample testing on sales transactions taking place before and after the balance sheet date as well as confirming relevant transaction records and documentations to ensure that revenue was fairly presented in the appropriate period.

I. Revenue recognition of real estate sales

Refer to Note IV(18) for the accounting policies on recognizing revenue and Note VI(22) for details of related disclosure.

Description of key audit matter:

The Group engaged primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue of real estate sales amount to NT$ 7,848,371 thousand, which is material to the fair presentation of consolidated financial statements. Consequently, the Group's revenue recognition has been identified as one of the key audit matters.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, understanding the design and effectiveness of the Group's internal controls over the recognition of revenue and the accrual of receivables; performing sample testing to inspect the real estate sales contracts, tables of the receivables, bank transactions, transfers of property rights, closing checklists and others; performing data analysis on real estate prepayments in order to assess the completeness of the recognition of bank deposits and procedures of prepaid installments; and performing sample testing on sales transactions taking place before and after the balance sheet date as well as confirming relevant transaction records and documentations to ensure that revenue was fairly presented in the appropriate period.

II. Construction contract

Refer to Note IV(18) for the accounting policies on construction contracts; Note V(1) for the uncertainty of accounting estimations and assumptions for total construction costs; and Note VI(22) for details of revenue recognition of customer contracts.

Description of key audit matters:

The evaluation of total costs of a construction contract, which are subject to changes in construction plans and inflation or deflation on prices of building materials, requires the Group's management judgements to a great extent. Errors in the evaluation of construction costs may cause significant changes to the profit and loss for the reporting period and therefore are a source of audit risk. The Group applies the percentage of completion accounting method to accounts for revenue and costs of a contract, and the percentage of completion is based on the percentage of construction projects completed as of the end of the reporting period out of the total estimated construction costs of the contract. Since the total construction costs require the Group's management judgements to a great extent, errors in such judgements may cause significant misrepresentation in the timing and the valuation of profit or loss of a contract for the year.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, testing the design and effectiveness of the Group's internal controls over the outsourcing of construction projects and the accrual of receivables; obtaining the tables containing all details of changes in the total construction costs; performing sample testing to confirm construction contracts, agreements, and external documentations of communications with property purchasers and meeting minutes with construction crew; performing sample testing on construction bills and payments from closed property purchasers in each periods; testing and evaluating the design and effectiveness of the Group's internal controls over procurement outsourcing and construction budgeting; performing sample testing to confirm the external documentations of construction bills, contracts, daily reports, receipts, and budgets and comparing these documents with original construction budgets to verify the fair presentation and correct classifications of construction costs; performing sample testing to evaluate the management's budgeting procedures of a construction; performing sample testing on the pricing of building materials in each periods and recalculating the percentage of completion; and performing sample testing to evaluate the cutoff of construction projects taking place before and after the balance sheet date.

III. Inventory valuation

Refer to Note IV(8) for the accounting policies on inventory valuation, Note V(2) for the uncertainty of accounting estimations and assumptions for inventory valuation, and Note VI(5) for details of inventory valuation.

Description of key audit matters:

As of December 31, 2019, the Group's inventory amounts to NT$ 32,406,303 thousand and accounts for 58% of total assets. The valuation of inventory is at the lower of cost or cost or market price, that is the price of real estate market with highly subject to large capital investment and long payback period and greatly subject to political, economic and real estate tax reforms. Consequently, identified as one of the key audit matters, the Group's cost of inventory might be higher than its market price.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including understanding the Group's internal procedures and accounting processes over inventory valuation; obtaining the inventory valuation performed by the Group as of the end of the reporting period; inspecting and performing sample testing on the comparable market data such as registered sales prices of real estate published by Ministry of the Interior, sales prices of the transactions in the neighborhood, and contract prices of recent sales of the Group's developments, or confirming and recalculating the investment return analysis of each developments, to evaluate if the net realizable value of inventory is fairly presented.

Other Matters

We have also audited the individual financial statements of the company as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC of the Republic of China. The management has determined that such internal control 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, the management is responsible for assessing the Group's ability to continue as a going concern, disclose matters related to going concern, and use the going concern basis of accounting unless the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2019 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.

KPMG

Taipei, Taiwan

Republic of China

March 23, 2020

<u>Notices to Readers</u>

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

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

KINDOM DEVELOPMENT CO. LTD and Subsidiaries

Consolidated Balance Sheets

December 31, 2019 and 2018

Unit: Thousands of New Taiwan Dollars

		2019.12.31		2018.12.31	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and cash equivalents (Note VI(1) and (25))	$ 6,229,385	11	5,539,557	11
1110	Financial assets at fair value through profit or loss – current (Note VI(2) and (25))	97,563	-	90,949	-
1140	Contract assets - current (Note VI(22))	1,349,793	3	1,028,330	2
1150	Notes receivable, net (Note VI(4) and (25))	3,201	-	1,229	-
1170	Accounts receivable, net (Note VI(4), (22) and (25))	1,412,568	3	1,427,636	3
1220	Current tax assets	33,266	-	29,183	-
1300	Inventories - trading (Note VI(5))	15,105	-	19,343	-
1320	Inventories – construction (Notes VI(5) and VIII)	32,406,303	58	32,238,166	63
1410	Prepayments	300,541	1	489,987	1
1476	Other financial assets – current (Note VI(12), (23), (25) and VIII)	3,530,868	6	2,330,035	5
1479	Other current assets - others	40,424	-	43,534	-
1480	Incremental costs of obtaining a contract – current (Note VI(12))	144,525	-	103,350	-
		45,563,542	82	43,341,299	85
	Non-current Assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI(3) and (25))	8,579	-	7,596	-
1550	Investments accounted for using the equity method	20,506	-	20,505	-
1600	Property, plant and equipment (Note VI(8) and VIII)	6,703,794	12	6,979,157	14
1755	Right-of-use assets (Note VI(9))	2,789,255	5	-	-
1760	Investment property (Notes VI(10) and VIII)	510,687	1	515,199	1
1780	Intangible assets (Note VI(11))	42,830	-	52,212	-
1840	Deferred tax assets (Note VI(19))	51,446	-	39,542	-
1915	Prepayments for equipment	9,926	-	7,315	-
1975	Defined benefit assets, net - non-current (Note VI(18))	1,361	-	-	-
1980	Other financial assets - non-current Note VI(25) and VIII)	72,968	-	114,677	-
1985	Prepaid lease	-	-	35,765	-
1995	Other non-current assets - others	50,071	-	50,041	-
		10,261,423	18	7,822,009	15
	TOTAL ASSETS	$ 55,824,965	100	51,163,308	100

		2019.12.31		2018.12.31	
	LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term borrowings (Note VI(13) and 25))	$ 18,915,374	34	19,204,508	38
2130	Contract liabilities - current (Note VI(22))	6,187,338	11	4,590,030	9
2150	Notes payable (Note VI(25))	397,938	1	403,874	1
2170	Accounts payable (Note VI(25))	4,871,171	9	4,058,337	8
2180	Accounts payable - related parties (Note VI(25) and VII)	-	-	307	-
2200	Other payables (Note VI(25))	777,890	2	876,121	2
2230	Current tax liabilities	68,365	-	269,880	-
2250	Provisions – current (Note VI(16))	102,482	-	79,261	-
2251	Provisions for employee benefit – current (Note VI(18))	21,533	-	18,516	-
2280	Lease liabilities – current (Note VI(15) and (25))	129,914	-	-	-
2310	Payments received in advance	2,029	-	12,984	-
2320	Current portion of long-term debt due within one year or one operating period (Note VI(25))	16,336	-	16,336	-
2321	Current portion of convertible corporate bond due within one year or one operating period (Note VI(14) and (25))	-	-	1,000,000	2
2322	Current portion of long-term borrowing due within one year or one operating period (Note VI(13) and (25))	190,450	-	204,150	-
2355	Lease payable - current (Note VI(25))	-	-	1,952	-
2399	Other current liability - others (Note VI(25))	169,065	-	161,909	-
		31,849,885	57	30,898,165	60
	Non-current Liabilities:				
2530	Bonds payable (Note VI(14) and (25))	4,500,000	8	3,500,000	7
2540	Long-term borrowing (Note VI(13) and (25))	2,184,575	4	3,000,667	6
2580	Lease liabilities - non-current (Note VI(15) and (25))	2,714,817	5	-	-
2613	Lease payable - non-current (Note VI(25))	-	-	989	-
2640	Defined benefit liabilities, net - non-current (Note VI(18))	6,681	-	11,166	-
2645	Guarantee deposits (Note VI(25))	90,754	-	62,355	-
2670	Other non-current liabilities – others (Note VI(25))	65,344	-	122,403	-
		9,562,171	17	6,697,580	13
	TOTAL LIABILITIES	41,412,056	74	37,595,745	73
	Equity attributable to owners of the parent company (Note VI(20))				
3100	Share capital	5,037,910	9	5,037,910	10
3200	Capital reserve	1,379,873	3	1,368,865	3
3300	Retained earnings	6,306,721	11	5,526,960	11
3400	Other equity	(25,804)	-	(25,546)	-
3500	Treasury stock	(71,196)	-	(71,196)	-
	Total equity attributable to owners of the parent company	12,627,504	23	11,836,993	24
36XX	Non-controlling interest (Note VI(7))	1,785,405	3	1,730,570	3
	TOTAL EQUITY	14,412,909	26	13,567,563	27
	TOTAL LIABILITIES AND EQUITY	$ 55,824,965	100	51,163,308	100

(Refer to the subsequent Notes to Consolidated Financial Statements)

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2019 and 2018
Unit: Thousands of New Taiwan Dollars

		2019		2018	
		Amount	**%**	**Amount**	**%**
4000	**Operating Revenue (Note VI(22))**	$ 15,326,899	100	14,435,680	100
5000	**Operating Costs (Note VI(5))**	11,298,605	73	10,436,554	72
	Gross Profit	4,028,294	27	3,999,126	28
	Operating Expenses:				
6100	Selling and marketing expenses	390,095	3	470,935	3
6200	General and administrative expenses	1,439,470	9	1,618,290	11
		1,829,565	12	2,089,225	14
	Net Operating Profit	2,198,729	15	1,909,901	14
	Non-Operating Income and Expenses:				
7010	Other income (Note VI(24))	23,756	-	26,933	-
7020	Other interest income and expenses (Note VI(24))	42,203	-	(420,860)	(3)
7050	Finance costs (Note VI(24))	(450,425)	(3)	(435,564)	(3)
7060	Share of the profit of associates and joint ventures accounted for using the equity method	1	-	8	-
		(384,465)	(3)	(829,483)	(6)
	Income Before Tax of Continuing Operation	1,814,264	12	1,080,418	8
7950	**Less: Income tax expense** (Note VI(19))	268,041	2	407,105	3
	Net Income	1,546,223	10	673,313	5
8300	**Other Comprehensive Income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	622	-	(38)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	984	-	960	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of financial statements of foreign operations	(421)	-	7,869	-
8300	**Other comprehensive loss (net of taxes)**	1,185	-	8,791	-
	Total comprehensive income (loss) for the years	**$ 1,547,408**	**10**	**682,104**	**5**
	Net income attributable to:				
8610	Owners of the parent company	$ 1,283,526	8	507,248	4
8620	Non-controlling interest	262,697	2	166,065	1
		$ 1,546,223	**10**	**673,313**	**5**
	Total comprehensive Income (loss) attributable to:				
8710	Owners of the parent company	$ 1,283,294	8	515,347	4
8720	Non-controlling interest	264,114	2	166,757	1
		$ 1,547,408	**10**	**682,104**	**5**
9750	**Basic Earnings Per Share (in NT$)** (Note VI(21))	**$**	**2.60**		**1.03**
9850	**Diluted Earnings Per Share (in NT$)** (Note VI(21))	**$**	**2.60**		**1.03**

(Refer to the subsequent Notes to Consolidated Financial Statements)

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2019 and 2018

Unit: Thousands of New Taiwan Dollars

	Equity attributable to Shareholders of the Company											
	Share capital		Retained earnings				Other equity					
	Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity attributable to owners of the parent company	Non-controlling interest	Total equity
Balance as of January 1, 2018	$ 5,037,910	1,363,148	1,603,070	25,004	3,421,550	5,049,624	(32,521)	-	(71,196)	11,346,965	1,714,443	13,061,408
Effects of retrospective application	-	-	-	-	222,398	222,398	-	(1,538)	-	220,860	-	220,860
Adjusted balance as of January 1, 2018	5,037,910	1,363,148	1,603,070	25,004	3,643,948	5,272,022	(32,521)	(1,538)	(71,196)	11,567,825	1,714,443	13,282,268
Net income for the year	-	-	-	-	507,248	507,248	-	-	-	507,248	166,065	673,313
Other comprehensive income (loss) for the year	-	-	-	-	(414)	(414)	6,611	1,902	-	8,099	692	8,791
Total comprehensive income (loss) for the year	-	-	-	-	506,834	506,834	6,611	1,902	-	515,347	166,757	682,104
Earnings appropriation and distribution:												
Provision for Legal reserve	-	-	34,629	-	(34,629)	-	-	-	-	-	-	-
Provision for Special reserve	-	-	-	7,517	(7,517)	-	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	(251,896)	(251,896)	-	-	-	(251,896)	-	(251,896)
Other changes in capital reserve:												
Change in equity of investments in associates and joint ventures	-	61	-	-	-	-	-	-	-	61	116	177
Changes in capital reserve from dividends paid to subsidiaries	-	5,313	-	-	-	-	-	-	-	5,313	-	5,313
Unclaimed dividends after effective period	-	343	-	-	-	-	-	-	-	343	-	343
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(150,746)	(150,746)
Balance as of December 31, 2018	5,037,910	1,368,865	1,637,699	32,521	3,856,740	5,526,960	(25,910)	364	(71,196)	11,836,993	1,730,570	13,567,563
Net income for the year	-	-	-	-	1,283,526	1,283,526	-	-	-	1,283,526	262,697	1,546,223
Other comprehensive income (loss) for the year	-	-	-	-	26	26	(354)	96	-	(232)	1,417	1,185
Total comprehensive income (loss) for the year	-	-	-	-	1,283,552	1,283,552	(354)	96	-	1,283,294	264,114	1,547,408
Earnings appropriation and distribution:												
Provision for Legal reserve	-	-	50,724	-	(50,724)	-	-	-	-	-	-	-
Provision for Special reserve	-	-	-	(6,975)	6,975	-	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	(503,791)	(503,791)	-	-	-	(503,791)	-	(503,791)
Other changes in capital reserve:												
Changes in equity of associates and joint ventures accounted for under the equity method	-	11	-	-	-	-	-	-	-	11	22	33
Changes in capital reserve from dividends paid to subsidiaries	-	10,626	-	-	-	-	-	-	-	10,626	-	10,626
Unclaimed dividends after effective period	-	371	-	-	-	-	-	-	-	371	-	371
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(209,301)	(209,301)
Balance as of December 31, 2019	**$ 5,037,910**	**1,379,873**	**1,688,423**	**25,546**	**4,592,752**	**6,306,721**	**(26,264)**	**460**	**(71,196)**	**12,627,504**	**1,785,405**	**14,412,909**

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2019 and 2018

Unit: Thousands of New Taiwan Dollars

	2019	2018
Cash flows from operating activities:		
Income before income tax	$ 1,814,264	1,080,418
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	361,209	258,258
Amortization	14,639	19,088
Impairment loss (profit reversal)	(15,110)	515,204
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(6,699)	8,300
Interest expense	450,425	435,564
Interest income	(20,300)	(23,259)
Dividend income	(3,456)	(3,674)
Share of gains (loss) of associates and joint ventures accounted for using equity method	(1)	(8)
Gain on disposal of assets	(80)	(309)
Amortization of prepaid lease	-	1,578
Other income	-	(56,567)
Total adjustments to reconcile profit (loss)	780,627	1,154,175
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial instruments measured at fair value through profit or loss	84	322
Increase in contract assets	(321,463)	(209,144)
Decrease (increase) in notes receivable	(1,972)	12,894
Decrease (increase) in accounts receivable	72,121	(312,367)
Decrease in other receivables	-	26,853
Decrease (increase) in inventory	1,301	(2,031,086)
Decrease in prepayments	189,033	95,130
Decrease (increase) in other current assets	3,110	(17,609)
Increase in other financial instruments - current	(1,149,743)	(791,380)
Decrease (increase) in incremental costs of obtaining a contract	(41,175)	117,510
Increase in defined benefit assets - non-current	(1,361)	-
Decrease (increase) in other non-current assets	(30)	5
Total changes in operating assets	(1,250,095)	(3,108,872)
Changes in operating liabilities:		
Increase in contract liabilities	1,597,308	2,519,722
Increase (decrease) in notes payable	(5,936)	62,562
Increase in accounts payable	812,834	247,758
Increase (decrease) in accounts payable - related parties	(307)	307
Increase (decrease) in other payables	(66,992)	92,935
Increase in provisions for employee benefit - current	3,017	2,111
Increase in provisions - current	23,221	20,176
Decrease in payments received in advance	(10,955)	(23,085)
Increase in leases payable - current	-	38
Increase in other current liabilities	5,204	120,798
Decrease in defined benefit liabilities	(3,862)	(1,168)
Decrease in other non-current liabilities	(16,412)	(17,732)
Total changes in operating liabilities	2,337,120	3,024,422
Total changes in operating assets and liabilities	1,087,025	(84,450)
Total adjustments	1,867,652	1,069,725

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2019 and 2018
Unit: Thousands of New Taiwan Dollars

	2019	2018
Cash generated from operations	3,681,916	2,150,143
Income taxes paid	(485,543)	(202,033)
Net cash generated from operating activities	3,196,373	1,948,110
Cash flows from investing activities:		
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	-	51
Disposal of non-current Assets Held for Sale	111,969	-
Acquisition of property, plant and equipment	(93,581)	(188,750)
Disposal of property, plant and equipment	1,431	874
Acquisition of intangible assets	(3,726)	(5,711)
Disposal of investment property	-	93,022
Decrease (increase) in other financial instruments - non-current	(9,858)	14,397
Increase in prepayments for equipment	(3,728)	(2,004)
Interests received	20,777	23,123
Dividends received	3,456	3,674
Net cash generated from (used in) investing activities	26,740	(61,324)
Cash flows from financing activities:		
Increase in short-term borrowings	9,399,885	12,142,810
Decrease in short-term borrowings	(9,689,019)	(13,477,068)
Increase in short-term notes	569,000	1,524,000
Decrease in short-term notes	(569,000)	(2,083,289)
Redemption or repurchase of corporate bonds	(1,000,000)	(2,000,000)
Issuance of convertible corporate bonds	1,000,000	2,000,000
Issuance of long-term debt	110,000	83,050
Redemption of long-term debt	(940,541)	(489,400)
Increase in guarantee deposits	28,399	17,748
Long-term lease payable	-	(2,519)
Repayments of lease principal	(121,212)	-
Cash dividends paid	(493,165)	(246,583)
Interests paid	(619,052)	(635,865)
Changes in non-controlling interest	(209,301)	(150,746)
Net cash generated from (used in) financing activities	(2,534,006)	(3,317,862)
Effects of exchange rate changes on the balance of cash and cash equivalents	721	8,728
Net increase (decrease) in cash and cash equivalents	689,828	(1,422,348)
Cash and cash equivalents at beginning of year	5,539,557	6,961,905
Cash and cash equivalents at end of the year	**$ 6,229,385**	**5,539,557**

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
Year 2019 and Year 2018
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company Overview

Kindom Development Co., Ltd. (the "company") was incorporated on November of 1979, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The registered address is 2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.). The company and its subsidiaries (the "Group") primarily engages in the development of residential properties, the leases or sales of commercial buildings, comprehensive constructions, department stores, supermarkets, and international trading.

II. The Approval Date and Procedures of the Financial Report

The consolidated financial statements were authorized by the Board of Directors on March 23, 2020.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) Impact of adoption of new, revised, and amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

In preparing the accompanying consolidated financial statements, the Group has adopted the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations that have been issued by the International Accounting Standards Board (" IASB") (collectively, " IFRSs") and endorsed by the FSC, with effective date from January 1, 2019. The new, revised, and amended standards and interpretations are listed below:

New, Revised, and Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the initial application of the above IFRSs did not have any material impact on the consolidated financial statements. The extent and impact of changes are as follows:

IFRS 16 "Leases"

International Financial Reporting Standards 16 "Leases" ("IFRS 16") replaces the existing guidance, including IAS 17 "Leases" ("IAS 17"), IFRIC 4 "Determining Whether an Arrangement Contains a Lease" ("IFRIC 4"), SIC 15 "Operating Leases – Incentives," and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease."

The Group applies IFRS 16 with modified retrospective approach and recognizes cumulative effect upon the initial application of this standard as an adjustment to the opening balance of its retained earnings on January 1, 2019. The following are the nature and impacts on the changes of accounting policies:

(1) Identifying a lease

Previously, at the contract commencement date, the Group determined whether a contract is or contains a lease in accordance with IFRIC 4. Upon adopting the new standard, the Group determined whether a contract is or contains a lease in accordance with IFRS 16 (Note IV(13)).

On transition to the new standard of IFRS 16, the Group elects the modified retrospective approach and apply a practical expedient that does not need any reassessment whether a contract is, or contains, a lease. IFRS 16 is applied directly to the contracts previously determined as lease. The contracts previously determined as not leases under IAS 17 and IFRIC 4 would not be reassessed. Consequently, IFRS 16 is applied to contracts signed or revised on or after the date of initial application.

(2) The Group as a lessee

For transactions where the Group is the lessee, previously, the Group's categorization of lease contracts depended on the transfer of the substantial risks and rewards incident to ownership of an underlying asset. Under the new standard of IFRS 16, the lessee recognizes a right-of-use asset and a lease liability in the balance sheets.

For contracts previously classified as operating leases under IAS 17

In the transition, a lease liability is measured at the present value of the remaining lease payments payable with the Group's incremental borrowing rate at the date of initial application. The right-of-use asset is measured at the amount of the lease liability plus adjustments of any relevant prepayments or payables by the lessee. The Group applies this valuation to all other leases besides aforementioned leases.

The Group chooses to elect the following practical expedients upon transition to IFRS 16:

a. apply a single discount rate to a portfolio of leases with similar characteristics.

b. apply the exemption, and not to recognize the right-of-use assets and lease liabilities with any lease term that ends within 12 months after the date of initial application.

c. exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.

d. use hindsight to determine the lease term while the contract contains options to extend or terminate the lease.

(3) The Group as a lessor

Except for sublease, as a lessor, the Group does not need to make adjustments in the transition to the new standard, and at the date of initial application, the Group applies IFRS 16 to all rental transactions.

Under IFRS 16, a sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

(4) Impacts on financial statements

In transition to IFRS 16, the Group recognizes right-of-use assets and lease liabilities in the amount of NT$ 2,911,491 thousand and NT$ 2,965,902 thousand, respectively, at the date of initial application. The lease liability is calculated by discount of lease payment using the interest rate applicable for increase in borrowing at the Group's date of initial application, and the weighted average of the interest rate adopted is 1.80%.

The adjustments of amount of operating leases for the prior year to lease liabilities at the date of initial application are listed below:

	2019.1.1
Amount of operating leases disclosed in the consolidated financial statement on December 31, 2018	$ 2,175,765
Short-term borrowing	(35,128)
Reasonably excisable options to extend or terminate	1,417,308
	3,557,945
Discount amount with incremental borrowing rate on January 1, 2019	2,965,902
Amount of finance leases on December 31, 2018	-
Amount of lease liabilities on January 1, 2019	**$ 2,965,902**

(II) Impact of IFRSs endorsed by the FSC but yet to come into effect

According to Order No. 1080323028 issued by the FSC on July 29, 2019, commencing from 2020, public companies are required to adopt the IFRSs that have been endorsed by the FSC with effective date from January 1, 2020. The related new, revised, and amended standards and interpretations are listed below:

New, Revised, and Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assessed that the adoption of the aforementioned new standards will not have significant impacts on its consolidated financial statements.

(III) Impact of IFRSs issued by the IASB but yet to be endorsed by the FSC

A summary of new, revised, and amended standards and interpretations issued by the IASB but yet to be endorsed by the FSC is listed below:

New, Revised, and Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

IV. Summary of Material Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized as the following and have been applied consistently to all periods presented in these financial statements, except for the changes in accounting standards disclosed in Note III.

(I) Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations") and the IFRS, IAS, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (collectively as the "IFRSs approved by FSC").

(II) Basis of preparation

1. Basis of measurement

   The consolidated financial statements have been prepared on a historical cost basis except for the following significant accounts:

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

   (2) Financial assets measured at fair value through other comprehensive income; and

   (3) Net defined benefit liability (or asset) measured at the fair value of plan assets less present value of defined benefit obligation, and the limits disclosed in Note VI(18).

2. Functional and presentation currency

   The functional currency of each entity of the Group 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 (the "NT$"), which is the company's functional currency. All financial information presented in NT$ has been rounded to the nearest thousand.

(III) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

   The consolidated financial statements incorporate the financial statements of the company and its controlled entities (the subsidiaries), where the company is exposed, or has right, to variable returns from its involvement with the entities and has the ability to affect those returns through its control over the entities.

   The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions within the Group, balances and corresponding unrealized income and expenses are eliminated upon consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the owners of the company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

   Financial statements of subsidiaries are adjusted to ensure consistency with the accounting policies adopted by the company.

   Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions among owners. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized in equity and attributed to the owners of the company.

2. List of subsidiaries in the consolidated financial statements

Name of investor		Nature of business	Percentage of ownership		
Company Name	**Name of Investee**	**Nature**	**2019.12.31**	**2018.12.31**	**Disclosure**
The company	Kedge Construction Co., Ltd. ("Kedge Construction")	Comprehensive constructions	34.18%	34.18%	The company has more than half of the company's director seats.
The company	Global Mall Co., Ltd. ("Global Mall")	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	84.02%	84.02%	The company controls subsidiaries that has voting rights of more than half of issued shares.
Joint venture of the company and Global Mall	Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE) ("Guan Cheng")	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	The Group controls subsidiaries that has voting rights of more than half of issued shares.
Kedge Construction	Jiequn Investment Co., Ltd. ("Jiequn Investment")	General investment	99.98%	99.98%	Kedge Construction controls subsidiaries that have voting rights of more than half of issued shares.
Kedge Construction	Guanqing Electromechanical Co., Ltd. ("Guanqing Electromechanical")	Installation and engineering of electrical and fire safety equipment	99.96%	99.96%	Kedge Construction controls subsidiaries that have voting rights of more than half of issued shares.
Joint venture of Jiequn Investment and Guanqing Electromechanical	Dingtian Co., Ltd. ("Dingtian")	Comprehensive constructions	100.00%	100.00%	The Group controls subsidiaries that has voting rights of more than half of issued shares.
Global Mall	KGM International Investment Co., Ltd. ("KGM")	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	100.00%	100.00%	Global Mall controls subsidiaries that has voting rights of more than half of issued shares.
Global Mall	Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE) ("Guan Hua")	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	Global Mall controls subsidiaries that has voting rights of more than half of issued shares.
KGM	Global Mall (Tianjin) Co., Ltd. (Note)	Business management (including rentals of commercial facilities) in wholesales, retails, and import/export of household items and appliances, sports goods, office supplies, watches, glasses, textiles, etc.; property management; business consulting; corporate marketing planning; conference services; exhibition services ; parking lot operation and management	100.00%	100.00%	KGM controls subsidiaries that has voting rights of more than half of issued shares.
Joint venture of Global Mall and Guan Cheng	Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) ("Guan You")	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	The Group controls subsidiaries that has voting rights of more than half of issued shares.

Note: Global Mall (Tianjin) Co., Ltd. ("Global Mall Tianjin") is a subsidiary of KGM, investments accounted for using the equity method. On May 31, 2019, KGM Tainjin singed with Tianjin Chongbei Property Management Co, Ltd. (lessor) an agreement in which the lease was terminated on the aforesaid agreement date. The lease was to be closed by July 2019. Refer to Note VI(6) and IX(1).7 for more details of the related disclosure.

3. List of subsidiaries which excluded in the consolidated financial statements:

None

(IV) Foreign currency

1. Foreign currency transactions
   Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the period (the "reporting date") are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates.
2. Foreign operations
   The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into NT$ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NT$ at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.
   On the disposal of a foreign operation which involves a loss of control over a subsidiary or loss of significant influence over an associate that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are entirely reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

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

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a 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 when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The settlement of such a liability that the Group does not have an unconditional right to defer for at least twelve months after the reporting period. However, terms of such a liability that, at the option of the counterparty, could be settled by issuing equity instruments do not affect its classification.

(VI) Cash and cash equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents consist of short-term and 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 that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(VII) Financial instruments

Accounts receivables are initially recognized upon revenue generation, and debt securities are initially recognized upon issuance. All other financial assets and financial liabilities are initially recognized and measured at fair value through profit or loss when the Group becomes a party to the contractual provisions of the instruments. Financial assets (except for accounts receivables without significant financing component) and financial liabilities that are not measured at fair value through profit or loss are initially recognized and measured at fair value plus transaction costs that are directly attributable to their acquisition or issuance. Accounts receivables without significant financing component is measured at its transaction price.

1. Financial assets

   All financial assets that are purchased or sold in ordinary business transactions are recognized and derecognized on a trade-date basis.

   Upon initial recognition, financial assets are classified following categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). Only upon changes in the Group's management of financial assets, the affected assets are reclassified at the beginning of the next reporting period.

   (1) Financial assets measured at amortized cost

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

   - It is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
   - 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 using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

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

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

Debt investments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments are subsequently measured at fair value. Dividend income derived from equity investments (except those represent the cost recovery) is recognized in profit or loss; other net gains and losses are recognized in OCI and will not be reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or at FVTOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVTOCI, 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, and net gains and losses (including dividend and interest incomes) are recognized in profit or loss.

(4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposit, and other financial assets), debt investments measured at FVTOCI and contract assets.

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

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

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

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

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, that is, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognized in other comprehensive income, instead of reducing the carrying amount of the asset, and the amount of expected credit losses is recognized in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is reduced or written off, either partially or in full, to the extent where recovery is not reasonably expected. The Group analyzed the timing and amount of individual write-offs on the basis of reasonable expectation of recovery, and the write-off cannot be reversed significantly. However, financial assets with write-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, when the Group transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the Group neither retain nor transfer substantial risks and rewards of the ownership, and does not retain control of the asset.

Even when it transfers the financial assets, if it retains all or some the risks and rewards of ownership of the assets, the Group continue to recognize the assets in the balance sheets.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements.

(2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issue costs.

(3) Treasury stock

Equity instruments repurchased by the Group are recognized as reduction of equity at the amount of repurchase price (including direct costs). Shares repurchased are recorded as treasury stocks. The amount of any subsequent sales or reissuance of treasury stocks is recognized as addition to equity. Any gain (loss) realized is accounted for as an addition (reduction) of the remaining balance of capital reserve; if the remaining balance of capital reserve is insufficient to cover the deficiency, the remainder is recorded as a reduction of as retained earnings .

(4) Financial liabilities

Upon initial recognition, financial liabilities are classified following categories: measured at amortized cost and fair value through profit or loss ("FVTPL"). Financial liabilities that are held for trading, derivatives or designated upon initial recognition are recognized as

FVTPL and measured at fair value, and related net gain or loss, including interest expenses, are recognized in profit or loss.

Other financial liabilities are measured at amortized cost using the effective interest method. Interest expenses and exchange gains and losses are recognized in profit or loss. Any gain or loss upon disposal are also recognized in profit or loss.

(5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its modifications and restructurings result in significant changes in cash flows, and the liability is reclassified as financial liabilities are measured at FVTPL.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and included in non-operating income and loss.

(6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(7) Financial guarantee contract

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

Upon the issuance, a FGC that is not designated as measured at FVTPL is initially recognized at fair value less any direct issue cost and subsequently measured as the greater of (a) the IFRS 9 Expected Credit Loss allowance, and (b) the amount initially recognized, when appropriate, less any cumulative amount of income recognized.

(VIII) Inventories

Construction

Inventory is measured by the lower of cost and net realizable value ("NRV"). The cost includes all necessary expenditures and capitalized borrowing costs to get an asset in place and in conditions ready for use.

The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale. The measurement of NRV is as follows:

1. Construction land

   The NRV is calculated on the basis of the expected selling price judged by the management based on the current market conditions, less cost of construction completion and selling expenses, or the most recent estimated market value (based on land development analysis approach or comparison approach).

2. Construction in progress

The NRV is calculated on the basis of the expected selling price (based on the current market conditions) less cost of construction completion and selling costs.

3. Buildings and land held for sale
The NRV is calculated on the basis of the expected selling price (based on the current market conditions) less the estimated selling costs.
Trading
Inventory is measured by the lower of cost and NRV. The cost is the weighted average of all costs necessary to get an asset in place and in conditions ready for use.
The NRV is the expected selling price in the ordinary course of business, less the estimated cost to get the inventory ready for use and selling costs.

(IX) Non-current assets held for sale

Per the arbitration in the second quarter of 2019, the Group disposed of the related property, plant, and equipment and began on June 30, 2019 to adopt the relevant accounting policies on non-current assets held for sale.

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Immediately before the initial classification of the non-current assets as held for sale, the Group remeasures the carrying amount of all the assets and liabilities in the group in accordance with its applicable accounting policies. After the classification as held for sale, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining balance of impairment loss is allocated to assets and liabilities on a pro rata basis, except for the assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses for assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss; nevertheless, the reversal gains are not to be recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant, and equipment are no longer amortized or depreciated when they are classified as held for sale. In addition, when investments in associates accounted for using the equity method is reclassified as held for sale, the equity method is no longer applicable.

(X) Investments in associates

An associate is an entity over which the Group has significant influence to participate in the entity's financial and operating policies but is not in control or joint control over those policies.

Investments in associates are accounted for using the equity method. Under equity method, an investment in an associate is initially recognized at acquisition cost, including transaction cost. The carrying amount of the investment includes goodwill at the date of acquisition less any cumulative impairment loss.

In the period from the acquisition of to the disposal of significant influence over an associate, based on the adjustment as per the Group's accounting principle, the Group accounts for all amounts recognized in the associate's profit or loss as well as other comprehensive income, according to the Group's proportionate interest.

When changes in equity of an associate is not related to profit or loss and other comprehensive income and the Group's proportionate interest is unaffected, the Group recognizes these equity changes as an adjustment to the investment with the corresponding amount charged or credited to capital reserve.

Only when the transactions are neither upstream nor downstream transactions, unrealized profits and losses resulting from transactions between the Group and an associate are recognized in the associate's financial statements.

If the Group's share of losses of an associate equals or exceeds its proportionate interest, the Group discontinues recognizing its share of further losses. After the Group's proportionate interest is reduced to zero, additional losses are recognized as a provision (liability) only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate.

(XI) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for use in the ordinary course of business (sale, production, provision of goods or services) or for administrative purposes. Investment property is initially recognized at acquisition cost and subsequently at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

Gain or loss on disposal of investment property (i.e. the difference between net proceed and the carrying amount) is recognized in profit or loss.

In the leasing period, the rental income of investment property is recognized as rental income on a straight-line basis. Lease incentives given is recognized as a part of rental income.

(XII) Property, plant, and equipment

1. Recognition and measurement

   Property, plant, and equipment are measured at cost (including the capitalized borrowing costs) less accumulated depreciation and accumulated impairment losses.

   Each part of an item of property, plant, and equipment with a useful life that is different in relation to the total useful life of the item shall be depreciated separately.

   The gain or loss arising from the disposal of an item of property, plant, and equipment is recognized as non-operating income and loss.

2. Subsequent costs

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

3. Depreciation

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

   Land is not depreciable.

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

(1)	Buildings	2～55 years
(2)	Machinery and equipment	5～10 years
(3)	Transportation, office and others	1～30 years
(4)	Leasehold improvement	2～20 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(XIII) Leases

Policy applicable commencing January 1, 2019

1. Identifying a lease

At the contract commencement date, the Group determined whether it is or contains a lease. A sublease containing the right to direct the use of an identified asset for a period of time in exchange for consideration is also identified as a lease. Determining whether an arrangement contains a lease, the Group apply of the following assessment:

(1) A lease contains an identified asset. An asset is identified by being explicitly specified in a contract or being implicitly specified at the time it is made available for use. A capacity portion of an asset is an identified asset only if it is physically distinct or it represents substantially all of the capacity of the asset. However, where a supplier has a substantive right of substitution throughout the period of use, then the asset is not an identified asset; and

(2) the customer has the right to obtain substantially all of the economic benefits from use of an identified asset; and

(3) the customer has the right to direct the use of an identified asset under one of the following conditions:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- regarding how and for what purpose the asset is used is 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 designs the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At that lease commencement date or when reassessing a contract, the Group allocates consideration to separate components. The consideration in the contract is allocated to each lease component on the basis of the relative stand-alone price of the lease components. Only in leases of land and buildings, the Group elect not to separate non-lease components from lease components and instead account for all components as a lease.

2. The Group as lessee

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured, using a cost model, at the original amount of the lease liability, plus lease payments at or before lease commencement, any initial direct costs, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, and less lease incentives.

The right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of the asset's useful life or end of lease, whichever is earlier. In addition, the right-of-use asset is also tested for impairment, with the effect of impairment loss accounted for against lease liability, on a regular basis.

The lease liability is initially measured at the present value of lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. In general, the Group adopts the interest rate for increase in borrowing as the discount rate.

The lease payments comprise as follows:

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

(2) variable lease payments that depend on an index or a rate and initially measured at the index or rate at the lease commencement date;

(3) amounts expected to be payable by the lessee under residual value guarantees;

(4) an option to purchase the underlying asset if it is reasonably certain to be exercised, and penalty payments for terminating the lease.

The lease liability is subsequently measured on an amortized cost basis, using an effective interest method, and remeasured to reflect the following conditions:

(1) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;

(2) changes in the amounts expected to be payable under a residual value guarantee;

(3) changes in the assessment of the purchase option;

(4) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or

(5) lease modifications of the underlying asset, scope, and other terms and conditions.

The remeasurements made under (i), (ii) and (iii) are treated as adjustments to the right-of-use asset. When the carrying amount is reduced to zero, any further reduction is recognized immediately in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial of full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Group records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the consolidated balance sheets.

The Group elects not to recognize short-term assets of office equipment and other low-value assets as right-of-use assets and lease liabilities, but instead recognizes payments of these leases as expenses on a straight-line basis over the lease term.

3. The Group as lessor

   For transactions where the Group is the lessor, the Group classify a lease as a finance lease if it transfers the substantial risks and rewards of an underlying asset on the date of the lease; otherwise, an operating lease. In the assessment of a lease's classification, the Group evaluates situations including whether the lease term is for the major part of the economic life of the asset.

   If the Group is the lessor of a sublease, the Group recognizes the original lease and the sublease separately. The sublease is classified by reference to the right-of-use asset of the original lease. If the original lease is a short-term lease, a practical expedient is applicable, and the sublease is classified as an operating lease.

   If the sublease includes lease and non-lease components, the consideration is allocated in accordance with IFRS 15.

Policy Applicable Before January 1, 2019

1. The Group as lessor

   Lease income from an operating lease was recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease were added to the carrying amount of the leased asset and recognized as an expense over the lease term on a straight-line basis. Incentives granted to the lessee to enter into the operating lease were recognized as a reduction of rental income over the lease term on a straight-line basis.

   Contingent rents were recognized as an income in the period when the lease adjustments were confirmed.

2. The Group as lessee

   All other lease are operating leases, which were not recognized as a leases asset in the Consolidated Balance Sheets.

   Rental payments made under operating leases (excluding insurance and maintenance expenses) were charged to expense over the lease term on a straight-line basis. Lease incentives received from the lessor were recognized as a reduction of rental expense over the lease term on a straight-line basis.

   Contingent rents were recognized as expenses in the period when the lease adjustments were confirmed.

(XIV) Intangible assets

1. Recognition and measurement
Intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.

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

3. Amortization
The amortizable amount is the cost of an asset, less, its residual value. Except for goodwill and intangible assets with indefinite useful lives, 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.
The estimated useful lives for the current and comparative periods are as follows:
(1) Patents and trademarks: 10 years
(2) Service concessions: 13~16 years
(3) Computer software: 2~10 years
The amortization method, amortization period, and residual value are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(XV) Long term prepaid lease
When the Group enters into a surface lease, both loyalties paid for the right to use the land (i.e. surface right) and acquisition costs (i.e. any necessary costs to get the land ready to use) are recognized as a prepaid lease, or other proper accounts according to the nature of the use, and also amortized in the effective time. For surface lease aimed for construction of buildings, the amortization of the loyalty is recorded as cost of construction, the balance of which is reclassified to PP&E held for sale, or other proper accounts, upon the completion of the construction.

(XVI) Impairment of non-financial assets
Non-financial assets (other than inventories, contract assets, and deferred income tax assets) are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. When there exists an indication of impairment for an asset, the recoverable amount of the asset is estimated.
For the purpose of impairment testing, a cash-generating unit (CGU) is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. Goodwill arising from a business combination is allocated to each of the Group's CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount for an individual asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at a pre-tax discount rate that reflects the current market assessments of the time values of money and the risks specific to the asset.

When the recoverable amount of an individual asset or a CGU is less than its carrying amount, an impairment loss is recognized .

The impairment loss is recognized immediately in profit or loss, firstly by reducing the carrying amount of any goodwill allocated to the CGU, and then proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

A subsequent reversal of the impairment loss on goodwill is prohibited. An impairment loss recognized in the prior year for an asset other than goodwill can be reversed only to the amount not exceeding its recoverable amount for the prior year, less amortization of the year.

(XVII) Provisions

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

A provision for warranties is recognized upon the completion of construction. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(XVIII) Revenue recognition

1. 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) Development of land and buildings

The Group develops and sells real estate, often before or during construction. The Group recognizes revenue when control over a piece of real estate is transferred. Due to contract restrictions, the Group usually does not apply the piece of real estate to other purposes. Consequently, revenue is recognized upon either transfer of legal ownership or delivery of the piece of real estate to customers, whichever occurs first in the reporting period, despite that the other occurs in the subsequent period.

Revenue is measured at transaction price per contract. When sales happen after construction is completed, in most cases, consideration is made upon transfer of legal ownership; however, in some cases, consideration is deferred for less than twelve months per contract terms. Consequently, no adjustment in the transaction price for the effect of financing component of the contract. When sales happen before construction is completed, consideration is payable in installments during the period from singing a contract to transfer of legal ownership of the real property. If a significant financing component is included in the contract, the installments are discounted at the interest rate of the construction loan to reflect the effect of time value of money. Prepayments are recognized as a contract liability in balance sheet, and discounts reflecting the effect of time value of money are recognized as interest expenses in profit or loss. The accumulated contract liabilities are reclassified as revenue upon the transfer of legal ownership.

(2) Customer loyalty program

The Group grants points to its customers in a customer loyalty program, and the points, accumulated through purchases, can be redeemed in the future for gifts or discounts on goods. The Group records the points as a performance obligation since they give customers a material right that the customer would not have received without entering into the program. The Group separately records the sales of goods and the points on the basis of stand-alone selling price. Applying historical data, the Group's management estimates each point's stand-alone selling price, based on the discount received by the customers and the expected redemption rate of the points, and allocates a part of transaction price to the points. When sales transactions are made, the points are recognized in performance obligations; when the points are redeemed or expired, they are reclassified in profit or loss.

(3) Consulting and management services

The Group provides business consultation and management to enterprise customers and recognizes in the accounting periods in which the services are rendered. Revenue is recognized based on the actual service provided by the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the portion of the work performed, the time passed by, or the milestone reached.

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 when the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the accumulated revenue due to rendering of services recognized by the Group exceed the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

(4) Construction contracts

The Group is engaged in the development of residential real estate and public construction. Because assets are controlled by customers at the time of construction, revenue is recognized on the basis of stage of completion of contract activity (i.e. cost of construction completed in proportion to total construction costs). Contracts include both fixed and variable considerations. Fixed considerations are paid based on a payment schedule. Variable considerations (i.e. penalty provisions for payment overdue and purchase price concessions) are estimated base d on the management's past experience. Revenue is only recognized to the extent that accumulated payments are highly unlikely to be reversed. When the recorded revenue is yet to be made payable, it is classified as a contract asset. When the Group has unconditional rights to the considerations, the contract asset is reclassified as an account payable.

When the Group is unable to measure the stage of completion of a contract's performance obligations, revenue is recognized only to the extent that contract costs incurred are expected to be recoverable.

When the Group estimates that the cost to complete a contract's performance obligations exceeds the expected economic benefits from the contract, a liability provision is recognized for the loss.

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 when the circumstances that give rise to the revision become known by the management.

The Group grants standard warranties on residential real estate and public construction according to contract agreements and recognizes this obligation as provisions - warranty. Refer to Note VI(16) for more details.

(5) Commission income

In the department store business, when the Group acts as agent and not principal in an transaction, it recognizes commission revenue, on a net basis.

(6) Rental income

Rental incomes from investment property are recognized in revenue on a straight-line basis during a lease term. Lease incentives, as a part of economic benefits from the lease, are recognized as a reduction to rental incomes on a straight-line basis during a lease term. Incomes from sublet properties are recognized as an operating income.

(7) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year, or where financing components have significant impact on individual contacts. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

2. Contract costs

(1) Incremental costs of obtaining a contract

The Group recognizes the incremental costs of obtaining a contract with a customer as an asset 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.

(2) Costs of fulfilling 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 fulfill a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

For general and administrative costs, costs of wasted materials, labor or other resources to fulfill 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.

(XIX) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

2. Defined benefit plans

The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation (i.e. the benefits that employees have earned in return for their service in the current and prior periods)) at the reporting date less the fair value of plan assets.

The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total amount of the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The minimum funding requirements of any plans applicable to the Group should be taken into consideration when determining the present value of the economic benefits.

The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest described below), and any change in the effect of the asset ceiling (excluding interest described below). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and accumulated in retained earnings. Net interest expense (income) on the net defined benefit liability (asset) is calculated using the discount rate determined at the beginning of the reporting period on the beginning balance of the net defined benefit liability (asset). The net interest expense and other expenses are recorded in profit or loss.

The Group recognizes losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The loss is measured as any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

3. Short-term employee benefits
   Short-term employee benefit obligations are expensed during the period in which employees render services. The amount expected to be paid for short-term employee benefits is recognized as a liability if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(XX) Income taxes

Income tax expenses include both current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business mergers or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or refundable on the taxable income or loss for the year and any adjustments to tax payable or refundable in the previous years. The best estimates is assessed using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognized for all taxable temporary differences, that is, temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes. Exceptions to the requirement to recognize a deferred tax asset or liability are:

1. Temporary arising from the initial recognition of an asset/liability other than in a business merger which, at the time of the transaction, does not affect either the accounting or the taxable profit;
2. Temporary differences arising from investments in subsidiaries, associates, and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future; and
3. Temporary differences arising from initial recognition of goodwill.
   Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The amounts of deferred tax assets and liabilities are:
   (1) Levied by the same taxing authority; or
   (2) Levied by different entities that intend to realize the asset and settle the liability at the same time.

A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(XXI) Earnings per share (the "EPS")

The basic and diluted EPS attributable to shareholders of the company are disclosed in the consolidated financial statements. Basic EPS is calculated by dividing net income attributable to shareholders of the company by the weighted-average number of common stocks outstanding during the year. In calculating diluted EPS, the net income attributable to shareholders of the company and weighted-average number of common stocks outstanding during the year are adjusted for the effects of dilutive potential common stocks. The Group's dilutive potential common stocks include employee stock option warrants.

(XXII) Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker, who decides on the allocation of resources to the segment and assesses its performance, for which discrete financial information is available.

V. Main Sources of Uncertainty in Material Accounting Judgments, Estimates, and Assumptions

The preparation of the consolidated financial statements, in conformity with the Regulations and IFRSs approved by 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 estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information on critical accounting judgments resulting in a material adjustment in the consolidated financial statements of this year: None.

Information on key estimation and assumption uncertainties that have significant risks of resulting in a material adjustment in the next reporting period is included as follows:

(I) Revenue recognition and accrual of contract cost

The Group recognized any profit or loss on construction contracts as a contract income or a contract cost, on the basis of stage of completion of contract activity, that is, the percentage of contract costs incurred for work performed to date in proportion to the estimated total contract costs. In the estimation of total contract costs, considered are characteristics of various construction programs including, among other, estimated construction period, number of projects, construction methodology and processes, and estimated outsourced projects. Changes in any aforementioned basis of estimation could result in significant adjustments to the provision made.

(II) Inventory valuation

Inventories are measured at the lower of cost or net realizable value. The Group estimates the net realizable value of inventory, taking unmarketable items into account at the reporting date, and then writes down the cost of inventories to net realizable value. The estimation of net realizable value is based on current market conditions. Changes in market conditions, such as political, economic and real estate tax reforms, may have a material impact on the estimation of the net realizable value. See Note VI(5) for details of inventory valuation.

Valuation method

In its accounting policy and disclosure, the Group adopts fair value to measure financial and non-financial assets as well as liabilities. To make valuation close to market conditions, the Group tests measurements with independent data sources and verifies that the data sources are independent, reliable, and consistent with other data as well as represents exercisable prices. To ensure valuation results are reasonable, the Group regularly calibrates valuation models, performs retrospective testing, updates valuation models with necessary inputs and data for fair value measurement. The valuation of investment property is in accordance with valuation methods and parameter assumptions published by FSC and is reassessed by the management or appraised by a third party on a regular basis.

In the fair value measurement of its assets and liabilities, the Group applies observable market inputs as much as possible. A fair value hierarchy categorizes the inputs used in valuation techniques into three levels:

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

Any transfers between the fair value hierarchy are recorded at the reporting date. Disclosures on assumptions applied in the fair value measurement are as below:

1. Refer to VI(10) Investment Property
2. Refer to VI(25) Financial Instruments

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

	2019.12.31	2018.12.31
Petty cash and cash on hand	$ 13,832	14,511
Bank deposits		
Checking deposits	925,405	2,069,815
Demand deposits	2,162,225	2,581,408
Cash equivalents	3,127,923	873,823
	$ 6,229,385	5,539,557

Maturity of these cash equivalents ranges from January to March 2020 with one on January 2019; interest rate of these cash equivalents ranges from 0.52% to 0.57% and from 0.60% to 0.61%.

Refer to note VI(25) for the details on interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(II) Financial assets at fair value through profit or loss (FVTPL)

		2019.12.31	2018.12.31
Financial assets mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Listed stocks	$	67,499	67,837
Funds		30,064	23,112
Total	$	97,563	90,949

As of December 31, 2019 and 2018, no financial assets were pledged as collateral.

(III) Financial assets measured at fair value through other comprehensive income (FVTOCI)

		2019.12.31	2018.12.31
Equity investments measured at FVTOCI			
Unlisted stock	$	8,579	7,596

1. Equity investments measured at FVTOCI
   The Group designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.
   For the years ended December 31, 2019 and 2018, the amounts of dividend income for these equity investments were NT$ 530 thousand and NT$ 360 thousand, respectively. For the year ended on December 31, 2018, because Clientron Corp. withdrawn investment and received capital return in the amount of NT$ 51 thousand, the Group recognized its proportion of capital reduction and reclassified the related profit or loss as retained earnings.
   For the years ended December 31, 2019 and 2018, no disposal of investments was conducted and hence no transfer of cumulative profit or loss was recognized.
2. Refer to Note VI(25) for details on credit risk (including impairment on debt instruments) and market risk.
3. No financial assets measured as FVTOCI were pledged as collateral.

(IV) Notes and accounts receivable

		2019.12.31	2018.12.31
Notes receivables - resulting from operation	$	3,201	1,229
Accounts receivables - measured at amortized cost		1,412,568	1,427,636
Less: loss allowance		-	-
	$	1,415,769	1,428,865

The Group applies the simplified approach on the estimation of expected credit losses, that is, a loss allowance is recognized based on lifetime of expected credit losses. To measure the expected credit losses, notes and accounts receivables were grouped based on shared characteristics of credit risk on remaining payments before due date, and forward looking information was incorporated as well. As of December 31, 2018, analysis of expected credit losses on notes and accounts receivable in Taiwan was as follows:

	2019.12.31		
	Carrying amount	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Current	$ 1,415,769	-	-

	2018.12.31		
	Carrying amount	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Current	$ 1,428,865	-	-

For the years ended December 31, 2019 and 2018, no loss allowance on doubtful accounts and reversal of receivables written down were recognized.
As of December 31, 2018, analysis of the Group's expected credit losses for notes and accounts receivable in mainland China was as follows:
Due to the rescission of the lease with the Lessors, Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd., lease agreements with retailers in the related shopping mall were also terminated. After a deduction of any resulting penalties, the loss allowance on the related accounts receivables, net of any related rights and obligations, was measured at NT$ 175,703 thousand. Refer to Note IX(1)g for related details.

(V) Inventory

	2019.12.31	2018.12.31
Inventory - trading	$ 15,105	19,343
Inventory - construction		
Prepayment for buildings and land	4,235	5,716
Land held for construction	1,239,027	4,683,217
Construction in progress	16,660,475	12,068,232
Buildings and land held for sale	14,502,566	15,481,001
Subtotal	32,406,303	32,238,166
Total	$ 32,421,408	32,257,509

For the years ended December 31, 2019 and 2018, the amounts of reversal of inventory written down to net realizable value were NT$ 30,262 thousand and 4,085 thousand, respectively, and those of loss on inventory written down to net realizable value were NT$ 0 and NT$ 26,934 thousand, respectively.
For the years ended December 31, 2019 and 2018, the capitalization rates applied in the calculation of construction in progress were 2.101% and 2.218%. Refer to Note VI(24) for details on the amounts of capitalization.
Refer to Note VIII for details on collateral pledged for inventory as of December 31, 2019 and 2018.
As of December 31, 2019 and 2018, the amounts of inventory of legal parking spaces trusted to third parties were NT$ 16,332 thousand and NT$ 17,905 thousand, respectively.

(VI) Non-current assets held for sale

Per the arbitration dated on June 28, 2019, the Lessor, Tianjin Chongbei Property Management Co., Ltd., agreed to buy back the leasehold improvements, electromechanical engineering projects and other assets and has begun to process the sales. Consequently, the Group recognized these PP&E as non-current assets held for sales and tested for impairment based on the carrying amount and the fair value of these assets, whichever is lower. No impairment is recognized.

The fair value of these non-current assets held for sales is based on the price agreed by both parties in the settlement agreement. The transaction was closed and the related payments were received on July 2019.

(VII) Subsidiary with material non-controlling interests

Subsidiaries with material non-controlling interests were as follows:

Name of subsidiary	Main operating location/ Country of registration	Proportion of ownership interest and voting right of non-controlling interests 2019.12.31	2018.12.31
Kedge Construction and its subsidiaries	Taiwan	65.82%	65.82%

The following combined financial information, prepared in conformity with the Regulations and IFRSs approved by FSC, reflects any adjustments to the fair value at the acquisition date and adjustments to accounting policy differences and includes inter-company transactions that are eliminated in consolidated financial statements.

Combined financial information of Kedge Construction and its subsidiaries:

	2019.12.31	2018.12.31
Current assets	$ 7,708,041	6,544,742
Non-current assets	568,807	439,041
Current liabilities	(5,427,525)	(4,368,826)
Non-current liabilities	(108,201)	(82,035)
Net assets	$ 2,741,122	2,532,922
Carrying amount of non-controlling interests	$ 1,055,980	1,064,226

	2019	2018
Operating revenue	$ 11,462,442	11,429,192
Net income for the year	$ 402,356	407,513
Other comprehensive income	123,918	(326)
Total comprehensive income	$ 526,274	407,187
Net income attributable to non-controlling interests	$ 199,541	219,375
Total comprehensive income attributable to non-controlling interests	$ 201,026	218,058
Net cash generated from (used in) operating activities	$ 1,360,312	(142,145)
Net cash generated from (used in) investing activities	1,287	2,907
Net cash generated from (used in) financing activities	(168,227)	(428,860)
Net increase (decrease) in cash and cash equivalents	$ 1,193,372	(568,098)
Dividends paid to non-controlling interests	$ 209,364	150,746

(VIII) Property, plant and equipment (PP&E)

	Land	Buildings and constructions	Leasehold improvements	Other equipment (including transportation equipment, office equipment, machinery, other equipment and leased assets)	Construction in progress	Total
Cost or identified cost:						
Balance as of January 1, 2019	$ 3,567,078	4,285,134	1,430,243	399,547	12,102	9,694,104
Additions	-	19,621	12,229	41,601	6,755	80,206
Reclassification from (to) incomplete construction projects	-	15,693	-	-	(15,693)	-
Leasehold improvement paid by retailers	-	(26,417)	(29,321)	-	(3,006)	(58,744)
Disposal and scrap	-	(3,356)	(415,992)	(155,387)	-	(574,735)
Effects of exchange rate changes	-	-	4,980	1,765	-	6,745
Balance as of December 31, 2019	$ 3,567,078	4,290,675	1,002,139	287,526	158	9,147,576
Balance as of January 1, 2018	$ 3,567,078	4,329,628	1,440,200	394,675	6,683	9,738,264
Additions	-	1,125	692	10,414	12,768	24,999
Reclassification from (to) incomplete construction projects	-	3,814	-	2,163	(5,977)	-
Disposal and scrap	-	-	(9)	(4,225)	-	(4,234)
Reclassification from prepayments for equipment	-	-	191	-	-	191
Leasehold improvement paid by retailers	-	(50,450)	-	-	(1,372)	(51,822)
Effects of exchange rate changes	-	-	(9,814)	(3,480)	-	(13,294)
Leasehold improvement paid by retailers	-	1,017	(1,017)	-	-	-
Balance as of December 31, 2018	$ 3,567,078	4,285,134	1,430,243	399,547	12,102	9,694,104
Depreciation and impairment loss						
Balance as of January 1, 2019	$ -	1,527,983	861,863	325,101	-	2,714,947
Depreciation for the year	-	101,747	72,470	23,259	-	197,476
Disposal and scrap	-	(3,356)	(304,024)	(154,036)	-	(461,416)
Effects of exchange rate changes	-	-	6,121	1,764	-	7,885
Impairment loss	-	-	98,000	-	-	98,000
Reversal of impairment loss	-	-	(113,110)	-	-	(113,110)
Balance as of December 31, 2019	$ -	1,626,374	621,320	196,088	-	2,443,782
Balance as of January 1, 2018	$ -	1,430,210	390,590	167,794	-	1,988,594
Depreciation for the year	-	97,773	101,296	54,360	-	253,429
Impairment loss	-	-	379,184	109,524	-	488,708
Disposal and scrap	-	-	(2)	(3,304)	-	(3,306)
Effects of exchange rate changes	-	-	(9,205)	(3,273)	-	(12,478)
Balance as of December 31, 2018	$ -	1,527,983	861,863	325,101	-	2,714,947
Carrying amount:						
December 31, 2019	$ 3,567,078	2,664,301	380,819	91,438	158	6,703,794
December 31, 2018	$ 3,567,078	2,757,151	568,380	74,446	12,102	6,979,157

1. Reversal of impairment loss

   The Group entered into a lease agreement of shopping malls under development by Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the "Lessors"). The Lessors failed to perform according to lease terms. Consequently, the Group mailed the Lessor on July 5, 2018 to exercise the option to rescind the lease and requested an arbitration from China International Economic and Trade Arbitration Commission ("CIETAC"). Judging from the first arbitration court dated on December 24, 2018, the Group evaluated that the probability of rescission was high and the carrying amount of the lease asset would exceed the recoverable amount, and hence, the Group recognized an impairment loss on PP&E amounting to NT$ 488,708 thousand for the year ended on December 31, 2018.

   Per the second arbitration court dated on June 28, 2019, the Lessors agreed to buy back the leasehold improvements, electromechanical engineering projects and other assets. Consequently, the Group adjusted the originally recognized recoverable amount and recognized a reversal of impairment loss amounting to NT$ 113,110 thousand for the year ended on December 31, 2018. Refer to Note VI(6) and (24) for details.

2. Impairment loss

   The Group recognized an impairment loss on leasehold improvement amounting to NT$ 98,000 thousand for the year ended on December 31, 2019. Refer to Note VI(24) for details on recognition of impairment loss.

3. Collateral

   Refer to Note VIII for details on collateral pledged for long-term borrowings and financing as of December 31, 2019 and 2018.

(IX) Right-of-use asset

The cost, depreciation, and impairment loss of leased land, buildings, constructions, and transportation equipment were as follows:

	Buildings and constructions	Transportation equipment	Total
Cost:			
Balance on January 1, 2019	-	-	-
Retroactive adjustments to adopt IFRS 16	$ 2,910,619	872	2,911,491
Addition	35,765	4,342	40,107
Leasehold improvement	(3,122)	-	(3,122)
Balance on December 31, 2019	**$ 2,943,262**	**5,214**	**2,948,476**
Depreciation and impairment loss:			
Balance on January 1, 2019	-	-	-
Depreciation for the year	$ 158,544	677	159,221
Balance on December 31, 2019	**$ 158,544**	**677**	**159,221**
Carrying amount:			
December 31, 2019	**$ 2,784,718**	**4,537**	**2,789,255**

Refer to Note VI(17) for details on operating lease for the year ended on December 31, 2018.

(X) Investment property

Details on Investment property were as follows:

	Land and improvements	Buildings and constructions	Total
Cost or deemed cost:			
Balance as of January 1, 2019	$ 335,287	216,663	551,950
Balance as of December 31, 2019	$ 335,287	216,663	551,950
Balance as of January 1, 2018	$ 433,764	256,787	690,551
Disposal	(98,477)	(40,124)	(138,601)
Balance as of December 31, 2018	$ 335,287	216,663	551,950
Depreciation and impairment loss			
Disposal	$ -	36,751	36,751
Depreciation for the year	-	4,512	4,512
Balance as of December 31, 2019	$ -	41,263	41,263
Balance as of January 1, 2018	$ 25,867	51,998	77,865
Depreciation for the year	-	4,829	4,829
Disposal	(25,867)	(20,076)	(45,943)
Balance as of December 31, 2018	$ -	36,751	36,751
Carrying amount:			
December 31, 2019	$ 335,287	175,400	510,687
December 31, 2018	$ 335,287	179,912	515,199
Fair value:			
December 31, 2019			$ 1,137,363
December 31, 2018			$ 1,141,555

Investment properties are commercial real estates leased to third parties. Refer to Note VI(17) for details.

Fair value of investment properties is determined by the valuation of an independent appraiser (licensed in related professions and currently experienced in appraising similar properties) or by the company's self-assessment (referring to the sales price of similar real estate transactions in the neighborhood). These inputs used in the fair value measurement were classified to Level 3.

The fair value measurement is assessed using the market approach and income approach. When quoted prices in an active market are not available, fair value of investment properties is determined by the present value of total future cash flows generate over the property's lifetime, discount at rates reflecting special risks of such cash flows. The discount rate applied for the years ended on December 31, 2019 and 2018 ranged from 1.19% to 1.95%.

Refer to Note VIII for details on collateral pledged for investment properties for the year ended on 2019 and 2018.

(XI) Intangible assets

Changes in intangible assets were as follows:

	Service concessions	Patents and trademarks	Computer software	Total
Cost:				
Balance as of January 1, 2019	$ 54,199	500	120,958	175,657
Capitalized R&D	-	-	3,726	3,726
Reclassification	-	-	1,531	1,531
Effect of exchange rate changes	-	-	(1,171)	(1,171)
Balance as of December 31, 2019	$ 54,199	500	125,044	179,743
Balance as of January 1, 2018	$ 54,199	500	115,959	170,658
Capitalized R&D	-	-	5,711	5,711
Effect of exchange rate changes	-	-	(712)	(712)
Balance as of December 31, 2018	$ 54,199	500	120,958	175,657
Amortization and impairment loss				
Balance as of January 1, 2019	$ 22,757	417	100,271	123,445
Amortization for the year	3,448	50	11,141	14,639
Effect of exchange rate changes	-	-	(1,171)	(1,171)
Balance as of December 31, 2019	$ 26,205	467	110,241	136,913
Balance as of January 1, 2018	$ 19,309	367	58,854	78,530
Amortization for the year	3,448	50	15,590	19,088
Impairment loss	-	-	26,496	26,496
Effect of exchange rate changes	-	-	(669)	(669)
Balance as of December 31, 2018	$ 22,757	417	100,271	123,445
Carrying amount:				
December 31, 2019	$ 27,994	33	14,803	42,830
December 31, 2018	$ 31,442	83	20,687	52,212

1. Amortization

For the years ended on December 31, 2019 and 2018, the amount of amortization of intangible assets was included in the following line items of the consolidated statements of comprehensive income:

	2019	2018
Operating expenses	$ 14,639	19,088

2. Impairment loss

The Group entered into a lease agreement of shopping malls under development by Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the "Lessors"). The Lessors failed to perform according to lease terms. Consequently, the Group mailed the Lessors on July 5, 2018 to exercise the option to rescind the lease and requested an arbitration from CIETAC. Judging from the first arbitration court dated on December 24, 2018, the Group evaluated that the probability of rescission was high and the carrying amount of the lease asset would exceed the recoverable amount, and hence, the Group recognized an impairment loss on intangible assets amounting to NT$ 26,496 thousand for the year ended on December 31, 2018. Refer to Note VI(24) for details on recognition of impairment loss.

3. Collateral

As of December 31, 2019 and 2018, no intangible assets were pledged as collateral.

(XII) Other financial assets - current and incremental costs of obtaining a contract

Details on other financial assets were as follows:

	2019.12.31	2018.12.31
Other financial assets - current	$ 3,530,868	2,330,035
Incremental costs of obtaining a contract	144,525	103,350
	$ 3,675,393	**2,433,385**

1. Other financial assets
   Refer to Note VIII for details on collateral pledged on restricted assets (reserve accounts and trust) and refundable deposits on constructions.
2. Incremental costs of obtaining a contract -current
   The Group expected to recover the commissions paid to third-party real estate agent and bonus paid to internal sales department and recognized these costs as assets. These costs are amortized upon revenue recognition of real estate sales. For the years ended on December 31, 2019 and 2018, the amount of incremental costs were NT$ 132,950 thousand and NT$ 213,168 thousand, respectively.

(XIII) Short and long-term borrowings due within one year or one operating cycle, and current portion of long-term borrowing

Details, conditions and terms of short and long-term borrowings as follows:

2019.12.31

	Currency	Range of effective rates	Range of maturities	Amount
Secured bank loans	NTD	1.75%~2.20%	109~115	$ 16,575,399
Unsecured bank loans	NTD	1.40%~2.55%	109~112	4,715,000
Total				**$ 21,290,399**
Current				$ 19,105,824
Non-current				2,184,575
Total				**$ 21,290,399**

2018.12.31

	Currency	Range of effective rates	Range of maturities	Amount
Secured bank loans	NTD	1.69%~4.02%	108~115	$ 19,039,325
Unsecured bank loans	NTD	1.45%~2.55%	108~112	3,370,000
Total				**$ 22,409,325**
Current				$ 19,408,658
Non-current				3,000,667
Total				**$ 22,409,325**

1. Issuance and redemption
   For the years ended on December 31, 2019 and 2018, the amounts of new issuance were NT$ 9,509,885 thousand and NT$ 12,225,860 thousand, respectively, and those of redemption were NT$ 10,629,560 thousand and NT$ 13,966,468 thousand, respectively.
2. Collateral
   Refer to Note VIII for details on collateral pledged on secured bank borrowings.
3. Syndicated loans
   - The company entered into a syndicated loan agreement with the Land

Bank of Taiwan (the lead bank of the syndicated loan) and three other banks in May 2011, in the amount of NT$ 4,500,000 thousand over fifteen years, divided into 15 terms, with one term being one year.

- According to the syndicated loan agreements: (1) for the long-term secured loan, revolving credits are disallowed; the first repayment starts a year from the date of initial withdrawal, and the subsequent repayments are scheduled every year for the next fifteen years; (2) for the middle-term secured loan of NT$ 500,000 thousand, revolving credits are permitted within a period of five years. The effective rate is benchmark interest rate announced by the Land Bank of Taiwan plus an annual interest rate of 0.90% and 1.00%. Payments are due monthly.
- Restricted by the syndicated loan agreement, subsidiaries are required to certain financial ratios, calculated based on its financial statements, as follows:
  (1) Total liabilities to total assets: not exceeding 150%
  (2) Interest coverage ratio: at or above 2.00
  (3) Shareholders' interest: more than NT$ 3 billion

Compliance with the syndicated loan agreement is audited by the borrower's CPA based on the financial audit report for the year. Any violations of the loan agreement terms or the financial ratios are to be corrected within a year starting on June 1 of the fiscal year following the year of the audit report. If corrections are not made within the allowed time, the remaining amount of the principal and the resulting interests are due to the lead bank of the syndicated loan.

As of December 31, 2018, violations of the financial ratios were discovered in the Group's subsidiaries, but the correction will be made by June 1, 2020, in accordance with the loan agreement. Therefore, the violation of the financial ratio was not considered as a breach of the loan agreement. As of December 31, 2019, the subsidiary who was in violation has improved its financial conditions and the correction in the financial ratios were made in compliance with the loan agreement.

(XIV) Bonds payable and convertible corporate bond due within one year or one operating cycle, and current portion of convertible corporate bond

Details on bonds payable were as follows:

	2019.12.31	2018.12.31
Secured ordinary bond	$ 4,500,000	4,500,000
Less: Expiring within one year	-	(1,000,000)
Bonds payable - non-current	$ 4,500,000	3,500,000

The Group issued a secured corporate bond on December 12, 2019, in the amount of NT$ 1,000,000 thousand, at the rate of 0.80%, for the duration of 5 years.

The Group issued a secured ordinary bond on January 15 and October 15, 2018, in the amount of NT$ 1,000,000 thousand, at the rate of 1.05% and 0.88%, for the duration of 5 years.

(XV) Lease liability

The carrying amount of lease liability is as follows:

	2019.12.31
Current	$ 129,914
Non-current	$ 2,714,817

Refer to Note VI(25) for the details on the analysis of maturity profile of the Group's lease liabilities.

The amount related to lease liability in the consolidated statements of comprehensive income is as follows:

	2019
Interest expense on lease liability	$ 51,678

The amount related to lease liability in the consolidated statements of cash flows is as follows:

	2019
Variable lease payments not accounted for in lease liability	$ 70,960
Total cash used in lease	$ 243,850

1. Lease of buildings and constructions
   (1) The land on Gongyuan Road in Pingtung City is leased from Pingtung Irrigation Association. The lease term was thirty years and the lease payment was 10% of the value of land assessed by the Government. In the second half of 2011, the lease was extended for another ten years. A loyalty fee of NT$ 16,000 thousand was paid to obtain the right of first refusal in the two years prior to the lease expiration date and to renew the lease with pre-negotiated terms and conditions.
   (2) The mall in Zuoying HSR station is leased from Taiwan Railways Administration of the Ministry of Transportation and Communications (MOTC) under a service concession contract. The term is thirteen years (including a year for leasehold improvement) and the operation will be handed over to Taiwan Railways Administration at the lease expiration date. The lease payment, or the annual concession fee, includes both a flat amount and a percentage of retail sales revenue.
   (3) The mall in Banqiao HSR station is leased from Taiwan Railways Administration, MOTC under a service concession contract. The lease term is sixteen years (including a year for leasehold improvement) and the lease payment, or the annual concession fee, is a fixed loyalty fee for the first four years with a 3% increment each year after.
   (4) The Group entered into a lease agreement of shopping malls under development by Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the "Lessors"). The lease term was twenty years after the transfer of the identified lease asset. When the rescission was probably, the related losses were recognized for the year ended on December 31, 2018. The lease was rescinded per the arbitration on June 28, 2019.
   (5) The mall in Nangang HSR station is leased from Taiwan Railways Administration, MOTC under a service concession contract. The lease term is sixteen years (including a year for leasehold improvement), and the lease payment, or the annual concession fee, includes both a flat

amount and a percentage of retail sales revenue.

(6) The mall in A9 Linkou Station of MRT Taoyuan Airport Line is leased from Railway Bureau, MOTC under a service concession contract. The lease term is twenty years starting from the contract commencement date, and the lease payment is the greater of the flat concession fee committed in the contract or a variable concession fee. The variable concession fee is a percentage of retail sales revenue and non-operating income of actual operation, plus lease payments on the land and buildings.

(7) The mall and parking lot in Linkou A8 Chang Gung Memorial Hospital Station of MRT Taoyuan Airport Line is leased from Asia Pacific Development Co. The lease term is twenty years starting from the first date of operation, and the lease payment on the mall is the greater of a flat fee or a percentage of retail sales revenue.

(8) The surface right of the land on Minzu Road in Songshan District of Taipei City was leased from Political Warfare Bureau of the Ministry of National Defense (MND) under a service concession contract. The lease payment was 3% of the value of land assessed by the Government. The contract was sold on November, 2018 and hence, the lease payment was carried by the buyer.

(XVI) Provisions

	Warranties
Balance as of January 1, 2019	$ 79,261
Additions	27,816
Used	(4,595)
Balance as of December 31, 2019	**$ 102,482**
Balance as of January 1, 2018	$ 59,085
Additions	33,316
Used	(13,140)
Balance as of December 31, 2018	**$ 79,261**

For the years ended on December 31, 2019 and 2018, provisions for warranties are mainly related to construction contracts and estimated based on the historical warranty claim data of various projects. These provisions are expected to be claimed within a year from the completion of construction projects.

(XVII) Operating Lease

1. The Group as lessee

As of December 31, 2019, future lease payable under non-cancellable operating leases were as follows:

	2018.12.31
Not later than 1 year	$ 185,371
Later than 1 year but not later than 5 years	700,553
Later than 5 years	1,289,841
	$ 2,175,765

As of December 31, 2018, the rental expenses of NT$ 388,298 thousand were recognized in profit or loss .

2. The Group as lessor

The Group leases its investment properties and recognizes the leases that do not transfer of the substantial risks and rewards incident to ownership of an underlying asset under as operating leases. Refer to Note VI(10) for details. The analysis of due dates and non-discounted future cash flows of lease receivable after December 31, 2019 is as follows:

		2019.12.31
Not later than 1 year	$	13,238
Later than 1 year but not later than 2 years		13,238
Later than 2 year but not later than 3 years		7,234
Later than 3 year but not later than 4 years		4,571
Later than 4 year but not later than 5 years		4,590
Later than 5 years		9,440
Non-discounted future cash flows of lease	**$**	**52,311**

As of December 31, 2018, future minimum lease receivables under non-cancellable operating leases were as follows:

		2018.12.31
Not later than 1 year	$	10,526
Later than 1 year but not later than 5 years		32,179
Later than 5 years		14,030
	$	**56,735**

For the years ended on December 31, 2019 and 2018, the rental income from investment property amounted to NT$ 10,823 thousand and NT$ 13,280 thousand, respectively; no significant repair and maintenance expenses were recognized.

(XVIII) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets for defined benefit plans was as follows:

		2019.12.31	**2018.12.31**
Present value of benefit obligations	$	35,266	42,190
Fair value of plan assets		(29,946)	(31,024)
Net defined benefit (assets) liabilities	**$**	**5,320**	**11,166**

Details on employee benefit liabilities were as follows:

		2019.12.31	**2018.12.31**
Short-term compensated absences liability	**$**	**21,533**	**18,516**

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

(1) Composition of plan assets

The company allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. The company's Bank of Taiwan labor pension reserve account balance amounted to NT$ 29,946 thousand as of December 31, 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Movements in present value of the defined benefit obligations

For the years ended on December 31, 2019 and 2018, the movements in present value of the defined benefit obligations of the Group were as follows:

	2019	2018
Defined benefit obligations at January 1	$ 42,190	46,182
Current service costs and interest cost (income)	463	533
Remeasurement on the net defined benefit liabilities (assets)		
- Return on plan assets (excluding amounts included in net interest expense)	-	117
- Actuarial loss (gain) arising from changes in financial assumption	588	1,039
- Experience adjustments	10	(2)
Benefits paid by the plan	(7,985)	(5,679)
Fair value of plan assets at December 31	**$ 35,266**	**42,190**

(3) Movements in fair value of plan assets

For the years ended on December 31, 2019 and 2018, the movements in the fair value of the defined benefit plan assets for the Group were as follows:

	2019	2018
Fair value of plan assets at January 1	$ 31,024	33,887
Interest income	339	379
Remeasurement on the net defined benefit liabilities (assets)		
- Return on plan assets (excluding amounts included in net interest expense)	1,220	1,115
Contributions paid by the employer	5,348	1,322
Benefits paid by the plan	(7,985)	(5,679)
Fair value of plan assets at December 31	**$ 29,946**	**31,024**

(4) For the years ended on December 31, 2019 and 2018, there was no effect of the asset ceiling.

(5) Expenses recognized in profit or loss

For the years ended on December 31, 2019 and 2018, the expenses recognized in profits or losses were as follows:

		2019	2018
Current service costs	$	147	150
Net interest of net defined benefit liabilities (assets)		(23)	4
	$	124	154
Operating cost	$	(2)	11
Administrative expenses		126	143
	$	124	154

(6) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

For the years ended December 31, 2019 and 2018, the Group's remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

		2019	2018
Cumulative amount at January 1	$	(8,156)	(8,118)
Recognized during the period		622	(38)
Cumulative amount at December 31	$	(7,534)	(8,156)

(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2019.12.31	2018.12.31
Discount rate	1.00 %	1.15 %
Future salary increases rate	1.75 %	1.75 %

The Group expects to make contribution of NT$ 636 thousand to the defined benefit plans in the year following December 31, 2019.

The weighted average lifetime of the defined benefit plans is 10 to 13 years.

(8) Sensitivity analysis

On December 31, 2019 and 2018, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	The impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2019		
Discount rate (change by 0.25%)	(972)	1,009
Future salary increases rate (change by 1%)	4,192	(3,701)
December 31, 2018		
Discount rate (change by 0.25%)	(1,199)	1,245

Future salary increases rate (change by 1%)	5,190	(4,571)

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. This analysis shows the isolated effect of changing one individual assumption, but in fact, many assumptions are correlated. There were no changes in the method and assumptions used in the preparation of sensitivity analysis for the current period and for the prior periods.

The method and assumptions used in the sensitivity analysis is consistent with those for the prior periods.

2. Defined contribution plans

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

For the years ended December 31,2019 and 2018, the pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to NT$ 35,252 thousand and NT$ 35,300 thousand, respectively.

(XIX) Income tax

1. Income tax expense

For the years ended on December 31, 2019 and 2018, the details of income tax expenses were as follows:

	2019	2018
Current tax expenses		
Current period	$ 170,690	302,475
Surtax on undistributed earnings	13,248	11,518
Adjustment for the prior periods	(8,688)	1,895
Land value increment tax	104,694	94,432
	279,944	410,320
Deferred tax expenses		
Reversal of tax loss recognized for the prior periods	6,560	-
Origination and reversal of temporary differences	(18,463)	2,043
Adjustment in tax rate	-	(5,258)
	(11,903)	(3,215)
Income tax expenses on units in continuing operation	**$ 268,041**	**407,105**

For the years ended on December 31, 2019 and 2018, no income tax expenses are recognized in equity or other comprehensive income.

For the years ended on December 31, 2019 and 2018, reconciliation of income tax and profit before tax is as follows:

	2019	2018
Net income before tax	$ 1,814,264	1,080,418
Income tax using the company's domestic tax rate	$ 362,853	216,084
Non-deductible expenses	-	33
Non-taxable incomes	(157,636)	(109,145)
Changes in unrecognized temporary differences	-	(102)

Deferred tax on interest expenses	(41,108)	(15,524)
Impairment losses on financial assets measured at FVTPL	66	369
Tax loss of permanent differences	-	103,041
Changes in recognized temporary differences	12,834	-
Timing differences	14,026	-
Tax loss of unrecognized deferred tax assets for the current period	2,238	11,432
Tax loss of recognized deferred tax assets for the prior periods	6,560	-
Loss carryforward	-	(6,683)
Under (over) provision for the prior periods	(8,688)	1,895
Land value increment tax	104,694	94,432
Surtax on undistributed earnings	13,248	11,518
Adjustment in tax rate	-	(5,258)
Realized investment loss	(79,364)	-
Others	38,318	105,013
	$ 268,041	**407,105**

2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were as follows:

	2019.12.31	**2018.12.31**
Deductible temporary differences	$ 6,469	3,274
Tax losses	136,014	25,265
	$ 142,483	**28,539**

Tax losses are permitted by Income Tax Act, according to which, operating losses for the prior ten periods can be deducted from operating profits for the respective period before the calculation of income tax, so long as the operating losses are assessed by tax collection agencies. Instead of recognized as a deferred income tax asset, the tax losses is recognized as temporary differences, for the Group expects sufficient future taxable profits to offset the tax losses.

As of December 31, 2019, the expiration of recognized and unrecognized deferred tax losses were as follows:

Year of operating loss	**Amount of deductible losses**	**Expiration year**
Assessed operating losses for fiscal year 2013	$ 39,908	2023
Assessed operating losses for fiscal year 2014	17,243	2024
Assessed operating losses for fiscal year 2015	34,098	2025
Assessed operating losses for fiscal year 2016	29,999	2026
Assessed operating losses for fiscal year 2017	20,447	2027
Assessed operating losses for fiscal year 2018	17,364	2028
Assessed operating losses for fiscal year 2019	521,011	2029
	$ 680,070	

(2) Recognized deferred tax assets

For the years ended on December 31, 2019 and 2018, the deferred tax assets were as follows:

Deferred tax assets

	Defined benefit plans	Provisions	Unrealized Construction losses	Loss carryforward	Others	Total
January 1, 2019	$ 782	15,847	2,160	8,059	12,694	39,542
Credit (debit) on income statements	(41)	4,644	(2,160)	(6,559)	16,020	11,904
December 31, 2019	**$ 741**	**20,491**		**1,500**	**28,714**	**51,446**
January 1, 2018	$ 565	10,040	6	14,596	11,120	36,327
Credit (debit) on income statements	217	5,807	2,154	(6,537)	1,574	3,215
December 31, 2018	**$ 782**	**15,847**	**2,160**	**8,059**	**12,694**	**39,542**

3. The tax fillings of Jiequn Investment and Jiayu International were assessed by the tax collecting agencies for the year ended on December 31, 2018; those of other entities of the Group were assessed for the years ended on December 31, 2017.

(XX) Capital and other equity

As of December 31, 2019 and 2018, the total value of nominal common stocks amounted to NT$ 6,500,000 thousand, with a par value of 10 per share, consisting of 650,000 thousand shares issued. There was 503,791 thousand shares of common stocks already issued.

1. Capital reserve

The balance of capital reserve was as following:

	2019.12.31	2018.12.31
Additional paid-in capital	$ 827,906	827,906
Premium on conversion of convertible bonds	236,408	236,408
Treasury stock transactions	254,535	243,911
Gains on disposal of assets	34,912	34,912
Others	26,112	25,728
	$ 1,379,873	**1,368,865**

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

2. Retained earnings

The company's Articles of Incorporation stipulates that the company's earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, if any, can be distributed to the shareholders as dividends, and bonus dividends according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

(1) Legal reserve

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

(2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2019, the remaining amount of special reserve is NT$ 25,546 thousand.

(3) Earnings distribution

For the years ended on December 31, 2019 and 2018, the earnings distribution resolved in the shareholders' meeting held on June 10, 2019 and June 27, 2018 were as follows:

	2018		2017	
	Dividend per share (in dollars)	**Amount**	**Dividend per share (in dollars)**	**Amount**
Dividends distributed to shareholders of common stocks:				
Cash	$ 1.00	503,791	0.50	251,896

3. Treasury stock

As of December 31, 2019 and 2018, the company's common stock held by the Group were as follows:

Unit: in thousands of shares

	2019.12.31			2018.12.31		
Subsidiary name	**Number of shares**	**Carrying amount**	**Market value**	**Number of shares**	**Carrying amount**	**Market value**
Kedge Construction	500	$ 1,222	15,950	500	1,222	10,225
Jiequn Investment	8,518	55,384	271,739	8,518	55,384	174,202
Guanqing Electromechanical	1,607	14,590	51,263	1,607	14,590	32,863
	10,625	$ 71,196	338,952	10,625	71,196	217,290

4. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gain (loss) from financial assets measured at FVTOCI	Non-controlling interests	Total
Balance as of January 1, 2019	$ (25,910)	364	(5,870)	(31,416)
Exchange differences on translation of net assets of foreign operations	(354)	-	(67)	(421)
Unrealized gain (loss) from financial assets measured at FVTOCI	-	96	888	984
Balance as of December 31, 2019	**$ (26,264)**	**460**	**(5,049)**	**(30,853)**
Balance as of January 1, 2018	$ (32,521)	-	(6,186)	(38,707)
Effects of retrospective application of new IFRSs	-	(1,538)	-	(1,538)
Adjusted balance at January 1,2018	(32,521)	(1,538)	(6,186)	(40,245)
Exchange differences on translation of net assets of foreign operations	6,611	-	1,258	7,869
Unrealized gain (loss) from financial assets measured at FVTOCI	-	1,902	(942)	960
Balance as of December 31, 2018	**$ (25,910)**	**364**	**(5,870)**	**(31,416)**

(XXI) Earnings per share

1. Basic earnings per share

(1) Net income attributable to the shareholders of common stocks of the company

	2019 Units in continuing operations	2018 Units in continuing operations
Net income attributable to the shareholders of common stocks of the company	**$ 1,283,526**	**507,248**

(2) Weighted-average number of common stocks outstanding

	2019	2018
Number of common stocks issued as of January 1	503,791	503,791
Effects of treasury stocks	(10,625)	(10,625)
Weighted-average number of outstanding common stocks as of December 31	**493,166**	**493,166**
Basic earnings per share	**$ 2.60**	**1.03**

2. Diluted earnings per share

(1) Net income attributable to the shareholders of common stocks of the company (diluted)

	2019 Units in continuing operations	2018 Units in continuing operations
Net income attributable to the shareholders of common stocks of the company (diluted)	$ 1,283,526	507,248

(2) Weighted-average number of outstanding common stocks (diluted)

	2019	2018
Weighted-average number of outstanding common stocks (basic) as of December 31	493,166	493,166
Effect of employee remuneration in stock	1,049	56
Weighted-average number of outstanding common stocks (diluted) as of December 31	494,215	493,222
Diluted earnings per share	$ 2.60	1.03

(XXII) Revenue from contracts with customers

1. Disaggregation of revenue

	2019			
	Development business group	Construction business unit	Shopping mall business unit	Total
Primary geographical markets:				
Taiwan	$ 8,115,011	5,829,910	1,381,978	15,326,899
Main products/services:				
Sales of real estate developments	$ 7,848,371	-	-	7,848,371
Sales of construction contracts	227,813	5,827,188	-	6,055,001
Sales commission from department store retailers	-	-	1,114,448	1,114,448
Revenue from services rendered	27,690	-	30,621	58,311
Rental income	11,137	2,722	121,132	134,991
Other income	-	-	115,777	115,777
	$ 8,115,011	5,829,910	1,381,978	15,326,899
Timing of revenue recognition:				
Upon transfer of products	$ 7,876,061	-	1,324,520	9,200,581
On the basis of time passed for services rendered	11,137	2,722	57,458	71,317
On the basis of stage of completion of contract activity	227,813	5,827,188	-	6,055,001
	$ 8,115,011	5,829,910	1,381,978	15,326,899

	2018			
	Development business group	Construction business unit	Shopping mall business unit	Total

Primary geographical markets:				
Taiwan	$ 7,500,347	5,543,003	1,344,245	14,387,595
China	-	-	48,085	48,085
	$ 7,500,347	5,543,003	1,392,330	14,435,680
Main products/services:				
Sales of real estate developments	$ 7,489,121	-	-	7,489,121
Sales of construction contracts	-	5,540,280	-	5,540,280
Sales commission from department store retailers	-	-	1,130,886	1,130,886
Revenue from services rendered	-	-	24,820	24,820
Rental income	11,226	2,723	127,615	141,564
Other income	-	-	109,009	109,009
	$ 7,500,347	5,543,003	1,392,330	14,435,680
Timing of revenue recognition:				
Upon transfer of products	$ 7,489,121	-	1,264,715	8,753,836
On the basis of time passed for services rendered	-	2,723	127,615	130,338
On the basis of stage of completion of contract activity	11,226	5,540,280	-	5,551,506
	$ 7,500,347	5,543,003	1,392,330	14,435,680

2. Contract balances

	2019.12.31	2018.12.31	2018.01.01
Accounts receivable	$ 1,412,568	1,427,636	2,034,499
Less: loss allowance	-	-	-
	$ 1,412,568	1,427,636	2,034,499
Contract assets - construction-	$ 1,349,793	1,028,330	-
Less: loss allowance	-	-	-
	$ 1,349,793	1,028,330	-
Contract liabilities - construction-	$ 930,947	633,903	-
Contract liabilities - buildings-	5,177,387	3,937,293	-
Contract liabilities - gym-	10,137	9,158	-
Contract liabilities - customer loyalty points-	16,828	9,676	-
Contract liabilities - vouchers-	52,039	-	-
Total	$ 6,187,338	4,590,030	-

Refer to Note VI(4) for details on accounts receivable and related loss allowance.

The beginning balance of contract liability on January 1, 2019 and 2018, were NT$ 397,232 thousand and NT$ 737,636 thousand, respectively.

Changes in contract assets and liabilities were mainly driven by the timing difference between when the transfer of products and services rendered were completed and when client's payments were received . For the years ended on December 31, 2019 and 2018, no material changes were recognized.

As of December 31, 2019, the prepayments of real estate pre-sales and the related interests were retained in trust accounts of identified banks and recognized as other financial assets - current in the amounts of NT$

1,454,941 thousand. Details on the trust accounts were as follows:

Project code	**2019.12.31**
103G	$ 656,526
105A	12,893
950B	93,521
101C	672,891
100C	5,700
980F	13,410
	$ 1,454,941

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

The company's Articles of Incorporation stipulates that, after annual earnings first offset against any deficit, a minimum of 0.5% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. However, if the company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2019 and 2018, the company accrued its employee compensation amounting to NT$ 30,433 thousand and NT$ 7,247 thousand, respectively, and its directors' remuneration of NT$ 30,433 thousand in 2019 and its directors' and supervisors' remuneration of NT$ 14,493 thousand in 2018. The aforementioned amounts are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as stipulated in the company's Articles of Incorporation. These remunerations were expensed under operating expenses for the years ended December 31, 2019 and 2018. When an issuance of common stocks for employee compensation is resolved by a Board meeting, the number of shares issued for the stock-based compensation is calculated based on the closing stock price at the date before the Board meeting. Related information is disclosed on Market Observation Post System of TWSE. The aforementioned amounts of employee compensation and directors' and supervisors' remuneration, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019 and 2018.

(XXIV) Non-operating income and loss

1. Other income

   The details of other income for the years 2019 and 2018 were as follows:

	2019	**2018**
Interest income		
Bank deposits (including short-term securities)	$ 12,842	7,724
Loans and receivables	5,971	2,577
Refundable deposit on constructions	1,431	2,444
Other interest income	56	10,514
Dividend income	3,456	3,674
	$ 23,756	26,933

2. Other gains and losses

   The details of other gains and losses for the years 2019 and 2018 were as follows:

		2019	2018
Foreign exchange loss	$	(3,895)	(26,970)
Gain (loss) on financial assets measured at FVTPL		6,699	(8,300)
Other income		34,938	141,671
Rental income		625	351
Others		(11,354)	(12,717)
Gain on disposal of assets		80	309
Impairment loss on disposal of PP&E		(98,000)	(515,204)
Reversal of impairment loss on disposal of PP&E		113,110	-
	$	42,203	(420,860)

For details on the Group's material change in other gains and losses associated with the reparation for the lease rescission filed on July 5, 2018, and the net loss resulting from the closure of business and the related reversal of "other payables" for the year ended on December 31, 2018, refer to Note VI(15).

3. Finance costs

Details of finance costs for the years ended on December 31, 2019 and 2018 were as follows:

		2019	2018
Interest expense			
Interests on bank loans	$	475,585	517,899
Interests on deposits in advance for public land development		225	265
Arranger fees in syndicated loan		750	750
Transaction fees and interests on corporate bonds		86,563	118,726
Other financing costs		51,678	-
Others		824	842
Loss: Capitalization of interest		(165,200)	(202,918)
	$	450,425	435,564

(XXV) Financial Instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(2) Concentration of credit risk

The Group's clientele is mainly public works and the vast majority of consumers. The accounts receivable of the Group's shopping mall business unit is receivables from financial institutions, generated by credit card transactions, that of the construction business unit receivables of construction projects under contracts, and that of the Development business unit receivables of real estate sales. The receivables from financial institutions are directly wired into the Group's bank accounts, and the receivables of real estate sales are paid by individual consumers through wire transfers, cashier's or certified checks and mortgage. Consequently, the credit risks in relations to these receivables are estimated to be minimal and hence can be effectively managed and controlled.

2. Liquidity risk

The following 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 a year (Inclusive) (Inclusive) Inclusive	1-3 years-	3-5 years-	Over 5 years
December 31, 2019						
Non-derivative financial liabilities						
Short and long-term borrowings (including current portion due within one year)	$ 21,290,399	22,176,874	7,161,146	9,937,097	4,094,208	984,423
Ordinary corporate bonds (including current portion due within one year)	4,500,000	4,627,523	-	1,522,568	3,104,955	-
Notes, accounts and other payables	5,725,854	5,725,854	4,233,389	1,492,465	-	-
Guarantee deposits	90,754	90,754	1,703	89,051	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	81,680	82,893	16,755	33,245	32,893	-
Lease liabilities	2,844,731	3,384,464	176,787	360,311	366,367	2,480,999
	$ 34,533,418	36,088,362	11,589,780	13,434,737	7,598,423	3,465,422
December 31, 2018						
Non-derivative financial liabilities						
Short and long-term borrowings (including current portion due within one year)	$ 22,409,325	23,269,873	10,981,226	8,282,717	2,472,428	1,533,502
Ordinary corporate bonds (including current portion due within one year)	4,500,000	4,633,138	1,010,192	1,538,318	2,084,628	-
Notes, accounts and other payables	5,054,382	5,054,382	3,926,114	1,128,268	-	-
Guarantee deposits	62,355	62,355	9,474	52,881	-	-
Long-term lease payable (including current portion due within one year)	2,941	2,983	1,989	994	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	98,015	99,736	16,843	33,422	33,069	16,402
	$ 32,127,018	33,122,467	15,945,838	11,036,600	4,590,125	1,549,904

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

3. Currency risk

(1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	2019.12.31			2018.12.31		
	Foreign currency	Exchange Rates	NTD	Foreign currency	Exchange rates	NTD
Financial Assets						
Monetary items						
CNY:NTD	$ 143	4.305	616	143	4.4720	637
JPY:NTD	7,888	0.276	2,177	10,566	0.2780	2,937
USD:NTD	7	29.980	221	1,128	30.7200	34,636
Financial Liabilities						
Monetary items						
USD:CNY (Note)	-	-	-	12,749	6.8632	-
CNY:JPY	-	-	-	-	4.472	391,639

Note: The functional currency of some of the Group's subsidiaries is not denominated in NTD but in CNY. The Group takes the risks of exposure to CNY into consideration and separately considers the portion denominated in USD.

(2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, long-term and short-term borrowings that are denominated in foreign currency. For the years ended on December 31, 2019 and 2018, a depreciation (appreciation) of 1% in NTD in relation to CNY, JPY, and USD is estimated, assuming all other variables remain constant, to cause increase (decrease) in the net profit before tax by NT$ 30 thousand and NT$ 3,534 thousand, respectively. The analysis is performed on the same basis for both periods.

(3) Foreign exchange gain and loss on monetary items

The exchange rates and (realized and unrealized) gains and losses on translation of monetary items to NTD (the Group's functional currency) were as follows:

	2019		2018	
	Foreign exchange gain and loss	**Average exchange rates**	**Foreign exchange gain and loss**	**Average exchange rates**
CNY	$ (79)	4.472	950	4.560
JPY	(52)	0.284	378	0.273
USD	(3,764)	30.192	(28,298)	30.149

4. Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments at 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 expected changes in interest rates at plus or minus 1% is reasonably assessed by the Group's management and also used in internal reporting.

For the years ended on December 31, 2019 and 2018, an increase (decrease) of 1% in interest rates is estimated, assuming all other variables remain constant, to cause decrease (increase) in the net profit before tax by NT$ 212,904 thousand and NT$ 224,093 thousand, respectively, and after considering capitalization of interest, to cause decrease (increase) by NT$ 155,772 thousand and NT$ 152,873 thousand, respectively. This change is mainly due to the Group's borrowings in variable rates.

5. Other market price risk

For the years ended December 31, 2019 and 2018, the sensitivity analyses for the changes in the price of equity securities, at the reporting date, were performed using the same basis for the profit or loss, with all other variable factors remaining constant, as illustrated below:

	2019		2018	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 10%	$ 858	9,756	760	9,095
Decreasing 10%	$ (858)	(9,756)	(760)	(9,095)

6. Fair value measurement of financial instruments

(1) Categories and fair value of financial instruments

The fair value of financial assets measured at FVTPL and FVTOCI is measured on a recurring basis. Shown below are the book value and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy, but excluding lease liabilities and financial instruments that are not measured at fair value but the book value of which is reasonably closely to its fair value (disclosure not required):

	2019.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	$ 97,563	97,563	-	-	97,563
Financial assets measured at FVTOCI	$ 8,579	656	-	7,923	8,579
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 6,229,385	-	-	-	-
Notes and accounts receivable	1,415,769	-	-	-	-
Other financial assets - current-	3,530,868	-	-	-	-
Other financial assets - non-current	72,968	-	-	-	-
Subtotal	11,248,990	-	-	-	-
Total	**$ 11,355,132**	**98,219**	**-**	**7,923**	**106,142**
Financial liabilities at amortized cost					
Short and long-term borrowings (including current portion due within one year)	$ 21,290,399	-	-	-	-
Notes, accounts and other payables	5,725,854	-	-	-	-
Bonds payable (including current portion due within one year)	4,500,000	-	-	-	-
Long-term payable (including current portion due within one year)	81,680	-	-	-	-
Long-term lease payable (including current portion due within one year)	2,844,731	-	-	-	-
Guarantee deposits	90,754	-	-	-	-
Total	**$ 34,533,418**	**-**	**-**	**-**	**-**

	2018.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	$ 90,949	90,949	-	-	90,949
Financial assets measured at FVTOCI	$ 7,596	351	-	7,245	7,596
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 5,539,557	-	-	-	-
Notes and accounts receivable	1,428,865	-	-	-	-
Other financial assets - current-	2,330,035	-	-	-	-
Other financial assets - non-current-	114,677	-	-	-	-
Subtotal	9,413,134	-	-	-	-
Total	**$ 9,511,679**	**91,300**	**-**	**7,245**	**98,545**
Financial liabilities at amortized cost					
Short and long-term borrowings (including current portion due within one year)	$ 22,409,325	-	-	-	-

	2018.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Notes, accounts and other payables	5,054,382	-	-	-	-
Bonds payable (including current portion due within one year)	4,500,000	-	-	-	-
Long-term payable (including current portion due within one year)	98,015	-	-	-	-
Long-term lease payable (including current portion due within one year)	2,941	-	-	-	-
Guarantee deposits	62,355	-	-	-	-
Total	$ 32,127,018	-	-	-	-

(2) Valuation techniques of financial instruments measured at fair value

(2.1) Non-derivative financial instruments

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

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing agencies, or governing authorities, and such price can actually reflect those traded frequently in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, low trading volumes and high or increasing bid-ask spreads are indications that a market is not active.

The categories and characteristics of fair value measurement for the financial instruments with active markets were as follows:

- The fair value of financial instruments that have active markets and standard terms and conditions are determined with reference to quoted market prices (e.g., publicly traded stocks).

The categories and characteristics of fair value measurement for the financial instruments without active markets were as follows:

- Equity instruments without active market quotes: the fair value is derived from comparable companies in the market and is determined by multiplying investee's EBITDA with P/E ratio of comparable companies listed in the market. The calculation is then discounted for lack of marketability.

(3) Movement in financial assets included in Level 3 fair value hierarchy

	Financial assets measured at FVTOCI		
	Equity instruments without active market quotes	**Debt instruments**	**Total**
January 1, 2019	$ 7,245	-	7,245
December 31, 2019	$ 7,923	-	7,923
January 1, 2018	$ 6,421	-	6,421
December 31, 2018	$ 7,245	-	7,245

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among those listed, the gains or losses attributable to the financial assets held on December 31, 2019 and 2018 were as follows:

	2019	**2018**
Total gains or losses		
Recognized in other comprehensive income (listed under "unrealized gain (loss) from financial assets measured at FVTOCI")	$ 678	824

(4) Significant unobservable inputs (Level 3) of fair value measurement

Some of the Group's financial assets at FVTOCI are categorized as measured in Level 3.

Among the financial assets categorized as measured in Level 3, the majority have only one significant unobservable input, except for equity instruments without active market quotes, which have several significant unobservable inputs. The significant unobservable inputs for the equity instruments without active market quotes are independent of each other and are not correlated.

Quantitative information of significant unobservable inputs is as follows:

Item	**Valuation technique**	**Significant unobservable inputs**	**Relationship of the inputs and fair value**
Financial assets measured at FVTOCI - equity instruments without active market quotes	Comparable company valuation	- Price/earnings ratio (10.6 for 2019, 9.3 for 2018) - Discount for lack of marketability (15% for 2019, 27.2% for 2018)	- The higher the ratio, the greater the fair value. - The higher the discount, the lower the fair value.

(5) Sensitivity analysis of reasonably possible alternative assumptions on fair value measurements in Level 3

The Group' s measurement on the fair value of financial instruments may change if different valuation models or inputs are used. For fair value measurements in Level 3, changes in one or more of the assumptions would have the following effects on profit or loss or other comprehensive income:

	Input	**Changes upwards or downwards**	**Changes of fair value in the current profit or loss**		**Changes of fair value in other comprehensive income**	
			Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
December 31, 2019						

Financial assets measured at FVTOCI						
Equity investments without active market quotes	Price/earnings ratio	10%	-	-	182	(182)
Equity investments without active market quotes	Discount for lack of marketability	10%	-	-	236	(236)
December 31, 2018						
Financial assets measured at FVTOCI						
Equity investments without active market quotes	Price/earnings ratio	10%	-	-	725	(725)
Equity investments without active market quotes	Discount for lack of marketability	10%	-	-	725	(725)

(6) Transfer between different levels of Fair value hierarchy

Some of equity instruments held by the Group have active market quotes, and therefore, those are classified in Level 1. For the years ended on December 31, 2019 and 2018, no changes in fair value hierarchy occurred, and therefore, no transfer were recognized.

(XXVI) Financial risk management

1. Overview

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

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The Group has disclosed the information on exposure to the aforementioned risks in the previous section; the information on objectives, policies and procedures of risk measurement and management of the aforementioned risks are disclosed below. For more details, please refer to the related notes to parent-company-only financial statements.

2. Structure of risk management

(1) Risk management policy

An enterprise often face many uncertainties in its operation that can be potential threats to its existence. A good risk management policy is required to enable early detection and timely control of risks that could cause damages to operations. Considering operation strategy, business environment and planning of each business units, the Group's Board of Directors established risk management policies in relation to business environment, to design and procedures of internal and external controls, and to strategy decision-making. In addition, the Board is expected to provide management reports on various resolutions, action items, monitoring, and on-going performance of risk control activities, so that when facing similar circumstances, the Group can propose better solutions based on past experiences.

(2) Organization structure of risk management

Every level in the organization structure or every department in the Group has responsibility for risk management. A discovery of any risk shall be reported to the internal audit and senior management, who then shall take related actions in the first place.

The organization structure of risk management is as follows:

Department	Responsibilities
Board of Directors	Establish risk management policy to ensure effective operation of and sufficient resources allocated to risk management
Senior Management	Execute risk management policy determined by Board of Directors Coordinate cross-functional risk control activities
Internal Audit	Perform routine audits on risk control Monitor risk control activities and report them to Board of Directors and Audit Committee
Others	Compiling results of risk control activities Perform routine activities on risk control Evaluate risk types based on circumstances and propose corresponding action plans

3. Credit risk

Credit risk is the risk of financial losses resulting, when the Group's customers or counter-parties of its financial instruments fail to meet their contractual obligations, principally from the Group's receivables from clients and investment securities.

(1) Accounts receivable and other receivables

The Group's exposure to credit risk varies among individual clients. Taken into considerations are client related information including, among others, the industry and nature of the client's business, country risks, and other factors that the management believes would affect the Group's exposure to credit risk. For the years ended on December 31, 2019 and 2018, the Group's revenue is mainly contributed by sales to domestic clients. The accounts receivable of the Group's shopping mall business unit is receivables from financial institutions, generated by credit card transactions, that of the construction business unit receivables of construction projects under contracts, and that of the development business unit receivables of real estate sales. The receivables from financial institutions are directly wired into the Group's bank accounts; the receivables of construction projects are secured with guarantee or collateral when necessary; and the receivables of real estate sales are paid by individual consumers through wire transfers, cashier's or certified checks and mortgage. Consequently, the credit risks in relations to these receivables are estimated to be minimal.

The Group also recognized losses allowance for bad debts to reflect the estimated losses of its accounts receivable, other receivables and investments. The allowance account consists of two components; the main component refers specific losses associated with individual significant exposure to credit risks; and the other component refers to a portfolio of already occurred but yet to have identified losses of a group of similar assets. The portfolio of loss allowance account is determined by historical statistics on payments eventually received for similar financial assets.

(2) Investments

The exposure to credit risk in relation to bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Group's finance department. Since the Group only deals with banks with good credit rating as well as financial institutions, corporations, and government agencies with investment-grade credit ratings, no concerns on the fulfillment of its counterparty's obligations and no significant exposure to credit risk were recognized.

(3) Guarantees

Policies of the Group stipulates that financial guarantee can be made available to counter-parties with whom the Group has business. As of December 31, 2019 and 2018, no endorsements/guarantees were recognized.

4. Liquidity risk

Liquidity risk is the risk of unfulfilled obligations occurring when the Group cannot settle its financial liabilities with cash or another financial asset. The Group's approach to managing liquidity is to always ensure that it has sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking its reputation.

5. Market risk

Market risk is the risk of changes in the Group's profits or value of its financial instruments resulting from changes in market factors, such as foreign exchange rates, interest rates, and prices of equity instruments. The Group's objective of market risk management is to control its market risk exposure within a bearable range while optimizing the investment return.

(1) Interest rate risk

The Group adopts the most cost-effective strategy in maintaining an appropriate portfolio of fixed and floating interest rates and conducting such assessment regularly.

(2) Other market price risk

The Group is exposed to the risk of market price fluctuation in its equity instruments held for sale with the intention to cover the unfunded portion of the defined benefit obligations. The Group's management adjusts the ratio of equity to debt in its investment portfolio according to fluctuation in market price index. Any material investment in the portfolio is managed separately.

(XXVII) Capital management

The Group's objectives of capital management is to ensure its capacity in operation continuity, to return profits to its shareholders and other stakeholders, and to optimize its capital structure to reduce cost of capital.

In maintaining or adjusting the capital structure, the Group may settle liabilities through adjustments in dividend payment or capital return to its shareholders, issuance of new shares, or disposal of assets.

The Group, like its peer companies, control capital management on the basis of debt-to-capital ratio, which is net debt divided by total capital. The net debt is the total liabilities less cash and cash equivalents. The total capital is total equity (including share capital, capital reserve, retained earnings, other equity, and non-controlling equity) plus net debt.

For the years ended on December 31, 2019 and 2018, the Group had the same policy on capital management and maintained the debt-to-capital ratio between 69% to 71% to ensure reasonable cost of capital. As of December 31, 2019 and 2018, the debt-to-capital ratio were as follows:

	2019.12.31	2018.12.31
Total liabilities	$ 41,412,056	37,595,745
Less: cash and cash equivalents	(6,229,385)	(5,539,557)
Net debt	35,182,671	32,056,188
Total equity	14,412,909	13,567,563
Capital after adjustment	**$ 49,595,580**	**45,623,751**
Debt-to-capital ratio	**70.94%**	**70.26%**

VII. Related Party Transactions

(I) Names of and relationship with related parties

Related parties that had transactions with the Group during the reporting periods were as follows:

Name of related party	Relationship with the Group
ReadyCom eServices	The Group's associate
Kindom Yu San Education Foundation	The entity's chairman is the second-degree relatives of the Group's chairman
Thousand Hundred Industrial Co. Ltd.	Other related party

(II) Transactions with related parties

1. Purchases of services from related parties

	Purchases	
	2019	2018
Associate	**$ -**	**1,318**

Outstanding balance of the related party' payables is settled with cash within three months after the reporting date. Ordinary expenses are settled in the same month. Sales prices for the related party were not significantly different from those for non-related parties.

2. Others

(1) For the years ended on December 31, 2019 and 2018, donations made to the related party in the amounts of NT$ 10,500 thousand and NT$ 13,500 thousand are for the purpose of promoting the Foundation's services.

(2) Part of the Group's office building was leased to the related parties in a lease term of five years with a rent in the amount of NT$ 57 thousand for both years ended on December 31, 2019 and 2018.

(3) For the year ended on December 31, 2019, sales of the Group's asset to

the related parties amounted to NT$ 1,429 thousand before tax, the related payables were settled as of December 31, 2019.

(III) Transactions with key management personnel

Compensations for key management personnel were as follows:

		2019	2018
Short-term employee benefits	$	103,326	104,155
Post-employment benefits		285	5,403
	$	103,611	109,558

VIII. Pledged Assets

Carrying values of pledged assets were as follow:

Assets	Collateral pledged	108.12.31	107.12.31
Buildings and land held for sale	Bank loans	$ 9,081,604	11,060,575
Land held for construction	Bank loans	211,953	3,318,550
Construction in progress	Bank loans	13,471,475	9,570,255
Investment properties and net PP&E	Bank loans and bonds payable	6,514,072	6,596,256
Other financial assets - current-	Bank loans, pre-sales payments in trust accounts, guarantees, and bonds payable	2,911,788	2,089,760
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	60,893	47,389
		$ 32,251,785	32,682,785

Note: The shares pledged as collateral for subsidiary's bank borrowings and payments received in advance for sales of land and buildings amounted to 293,414 thousand shares, as of December 31, 2019.

IX. Material Contingent Liabilities and Unrecognized Contract Commitments

(I) Significant unrecognized contract commitment

1. Total amount of significant construction contracts were as follows:

	2019.12.31	2018.12.31
Amount of construction contracts	$ 20,912,565	18,669,349
Amount of payments received	$ 6,728,027	10,442,117

2. Total amount of sales contracts signed before and after the completion of construction were as follows:

	2019.12.31	2018.12.31
Amount of sales contracts signed	$ 14,898,155	13,474,401
Amount of payments received per contracts	$ 5,177,387	3,937,293

3. Refer to Note VI(15) for details on lease agreements for the Group's business in shopping mall management as of December 31, 2019 and 2018. Details of the refundable deposits and notes in relation to obligations under these agreements were as follows:

	2019.12.31	2018.12.31
Refundable deposits	RMB 12,000	RMB 12,000

Refundable notes	$ 172,550	169,550

4. In September 2015, the Group entered into a lease agreement with Chang Xin Co., Ltd. for the building and parking lot on Jiankang Road in Zhonghe District of New Taipei City. The lease payments in relation to the shopping mall consist of both a monthly flat amount and a percentage of retail sales revenue.
5. In December, 2019 and 2018, the Group's Board of Directors approved the donation to Kindom Yu San Education Foundation in the amounts of NT$ 11,000 thousand in 2020 and NT$ 10,500 thousand in 2019, respectively, for the purpose of promoting the Foundation's services.
6. Details on refundable deposits and notes paid for co-developments with land owners and third party developers as follows:

	2019.12.31	2018.12.31
Refundable deposits	$ 538,675	217,759
Refundable notes	$ 982,599	1,040,477

7. The Group entered into a lease agreement of shopping malls under development by Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the "Lessors"). The lease started on December 2016 and would end in twenty years. The Lessor failed to perform according to lease terms. Consequently, in July, 2018, the Group filed for rescission of the lease and requested an arbitration from CIETAC. Upon the rescission, the Group requested return of the refundable deposits, refund of the book value of leasehold improvements, and liquidated damages in the total amount of CNY 230,299 thousand. On September 26, 2018, the Lessor, appealing to the arbitration court, requested the Group's returning the lease asset back to its original status, with no return of the refundable deposits, no liquidated damage, and no refund of depreciation losses on engineering projects upon the rescission. The Group expected total losses in the amount of CNY 248,299 thousand. Judging from the first arbitration court dated on December 24, 2018, the Group recognized related losses for the year ended on December 31, 2018.

   The case was settled and the lease was rescinded per the second arbitration court dated on June 28, 2019. In July 2019, the settlement processes were completed, and the Lessor returned the refundable deposit per the settlement agreement.
8. The Group applied for a Online-Merge-Offline (OMO) digital, intelligent retail service platform program funded under Taiwan Industry Innovation

Platform Programs by Industrial Development Bureau, MOES. The program started on May 1, 2019 and ends on December 31, 2020. The related subsidy in the amount of NT$ 10,500 was granted in exchange for the Group's bank note, in the same amount, pledged as collateral for obligations under the program. The note was refundable and would be returned within six months after the program ends.

(II) Contingent liability

1. In relation to the construction project under Project Code 041A, the neighbor manufacturer alleged that the structural damages on the manufacturer's plants and land was as a result of the Group's construction. Both parties were not able to settle the issue in mediation, so the Group was sued by the neighbor manufacturer, in the amount of NT$ 15,665 thousand. The Group has yet to assess any contingent liability for this litigation.
2. In relation to a construction project, the Group was sued for a loan payment in the amount of NT$ 2,032 thousand. The Group has yet to assess any contingent liability for this litigation.

X. Material Disaster Losses: None

XI. Material Post-period Matters: None

XII. Others:

(I) A summary of employee benefits, depreciation, depletion, and amortization expenses, by function, is as follows:

By function / By item	2019			2018		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Employee benefits:						
Salaries	430,607	531,778	962,385	412,082	460,260	872,342
Insurance	38,139	34,500	72,639	35,988	33,020	69,008
Pension	16,690	18,686	35,376	16,463	18,991	35,454
Others	232	32,916	33,148	584	32,053	32,637
Depreciation	4,512	356,697	361,209	5,394	252,864	258,258
Amortization	-	14,639	14,639	-	19,088	19,088

XIII. Supplementary Disclosures

(I) Information on Material Transactions

In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the Group discloses the information on significant transactions as follows:

1. Loaning of fund to other parties: none
2. Providing endorsements/guarantees to other parties:

Unit: Thousands of New Taiwan Dollars

No.	Endorsement /guarantee Provider	Endorsement/guarantee Receiver		Limits on Endorsement /guarantee Provided to A Single Entity	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Outgoing amount	Amount Collateralized with Property	Ratio of Cumulative Balance of Endorsement/guarantee to Net Equity as Stated in its Latest Financial Statement	Maximum Amount Allowable	Endorsement/ guarantee Provided by Parent Company to Subsidiary	Endorsement/ guarantee Provided by Subsidiary to Parent Company	Endorsement /guarantee Provided to Subsidiary in China
		Company Name	Nature of Relationship (Note 1)										
1	Kedge Construction	The company	Parent company and subsidiary	$ 5,481,922	14,192	14,192	14,192	-	0.52%	5,481,922	N	Y	N
2	Dingtian	The company	Parent company and subsidiary	53,430	14,192	14,192	14,192	-	26.56%	53,430	N	Y	N
2	Dingtian	Kedge Construction	Parent company and subsidiary	8,014,571	1,376,500	1,376,500	1,376,500	-	2,576.27%	16,029,141	N	Y	N
3	Global Mall	Guan You	3	2,738,260	200,000	200,000	20,000	-	4.38%	5,476,520	Y	N	N
3	Global Mall	Guan Hua	2	2,738,260	150,000	150,000	65,000	-	3.29%	5,476,520	Y	N	N
3	Global Mall	Global Mall (Tianjin) Co., Ltd.	3	2,738,260	646,500	-	-	-	- %	5,476,520	Y	N	Y

Note 1: Types of relationship that the endorsement/guarantee provider has with the guaranteed party:

(1) An entity with which it does business.

(2) An entity in which it directly and indirectly holds more than 50 percent of the voting shares.

(3) An entity that directly and indirectly holds more than 50 percent of its voting shares.

(4) An entity in which it holds, directly or indirectly, 90% or more of the voting shares.

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

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

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

Note 2: Taipei City Government requested the company to provide joint and several security, so Kedge Construction, approved by the Board on March 21, 2002 and March 25, 2010, provided endorsements/guarantees for the company.

Note 3: Per Kedge Construction's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 200% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 200% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statement.

Note 4: Per Dingtian's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 100% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 100% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 300 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statement.

Note 5: Per Global Mall's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 120% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 60% of its net equity as stated in its latest financial statement.

Note 6: The aforementioned transactions are netted in the compilation of the consolidated financial statements.

3. Marketable securities (excluding equity investments in subsidiaries, associates, and joint ventures) held at the reporting date:

Unit: Thousands of New Taiwan Dollars or Thousands of Shares

Investing Company	Category and Name of Security	Relationship with the Security Issuer	Financial Statement Account	Ending Balance				Highest Ownership Level or Capital Invested during the Period Contribution	Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note)		
The company	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	505	23,445	- %	23,445	- %	
The company	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	198	2,003	0.20 %	2,003	0.20%	
The company	Stock - Clientron Corp.	-	Financial assets measured at FVTOCI - non-current	29	656	0.05 %	656	0.05%	
Kedge Construction	Beneficiary certificate - Fuh Hwa Aegis	-	Financial assets measured at FVTPL - current	733	22,474	- %	22,474	- %	
Jiequn Investment	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	472	21,878	- %	21,878	- %	
Jiequn Investment	Stock - SinoPac Securities Corporation	-	Financial assets measured at FVTPL - current	211	2,744	- %	2,744	- %	
Jiequn Investment	Beneficiary certificate - Fuh Hwa China New Economy A Shares	-	Financial assets measured at FVTPL - current	766	7,590	- %	7,590	- %	
Jiequn Investment	Stock - Huei Ding Computer	-	Financial assets measured at FVTOCI - non-current	405	-	0.78 %	-	0.78%	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	419	19,432	- %	19,432	- %	
Guanqing Electromechanical	Stock - Commonwealth Publishing Group	-	Financial assets measured at FVTOCI - non-current	132	5,920	0.59 %	5,920	0.59%	

Note: If market price is not available, the carrying amount of the security at the reporting date is determined as the market price.

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$ 300 million or 20% of the paid-in capital:

Unit: Thousands of New Taiwan Dollars

Company Name	Category and Name of Security	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisitions		Disposal (note1)				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Sales Price	Book Value	Gain (Loss) on Disposal on Disposal	Number of Shares	Amount
Global Mall	Stock	Investment accounted for using equity method	KGM	Subsidiary	-	727,517 (HKD 180,263 thousand)	-	392,926	-	906,638	906,638	-	-	213,766 (HKD 54,435 thousand)
KGM	Stock	Investment accounted for using equity method	Global Mall (Tianjin) Co., Ltd.	Sub-subsidiary	-	727,478 (CNY 149,728 thousand)	-	392,926	-	906,638	906,638	-	-	213,766 (CNY 48,000 thousand)

Note 1: Capital reduction was made for the year ended on December 31, 2019 to mitigate losses in the amount of NT$ 906,638 thousand.
Note 2: Ending balance includes investment losses.
Note 3: The aforementioned transactions are netted in the compilation of the consolidated financial statements.

5. Acquisition of real estate at costs exceeding NT$ 300 million or 20% of the paid-in capital: None

6. Disposal of real estate at prices exceeding NT$ 300 million or 20% of the paid-in capital:

Unit: Thousands of New Taiwan Dollars

Company Name	Property Name	Transaction Date	Acquisition Date	Carrying Amount	Transaction Amount	Receivable Collection	Gains (Losses) on Disposal	Counterparty	Nature of Relationship	Purpose of Disposal	Basis in Determination of the Sales Price	Other Conditions
The company	Inventory - Buildings and land held for sale	2019.05	Not Applicable: inventory produced, not acquired	Not Applicable	704,747	704,747	Not Applicable	More than one third party	Not related	Selling inventory	Refer to Appraisal or Based on Market Price	None

Note: The amounts above are expressed before taxes.

7. Related-party transactions for purchases and sales with amounts exceeding NT$ 100 million or 20% of the paid-in capital:

Unit: Thousands of New Taiwan Dollars

Company Name	Name of Counterparty	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes or Accounts Receivable (Payable)		Note
			Purchases/sales	Amount (note 1)	% of Total Purchases (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes or Accounts Receivable (Payable)	
The company	Kedge Construction	Investee accounted for using equity method	Purchases for 101C and other project codes	5,000,015	88.84%	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	Equivalent to Other Transactions	Equivalent to Other Transactions	(1,929,699)	79.05%	Note 2
Kedge Construction	The company	Investor in which Kedge Construction is accounted for using equity method	Purchases for 041B and other project codes	(5,000,015)	(47.24)%	Per Payment Schedule in Contract or Equivalent to Other Transactions	Equivalent to Other Transactions	Equivalent to Other Transactions	1,929,699	63.56%	

Note 1: Amount as of December 31, 2019.
Note 2: The aforementioned transactions are netted in the compilation of the consolidated financial statements. The difference in receivables (payables) is recognized in contract assets.

8. Receivables from related parties with amounts exceeding NT$ 100 million or 20% of the paid-in capital:

Unit: Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Receivable Overdue		Amount Received in Subsequent Period	Loss Allowance
					Amount	Action Taken		
Kedge Construction	The company	Investor in which Kedge Construction is accounted for using equity method	1,929,699	2.47	-	-	445,601	-

Note: The aforementioned transactions are netted in the compilation of the consolidated financial statements.

9. Engaging in the trading in derivative instruments: none

10. Business relationships and significant intercompany transactions among parent and subsidiaries:

No.	Company Name	Related Party	Nature of Relationship	Intercompany Transaction Details			
				Account	Amount	Trading Terms	% of Consolidated Net Revenue or Total Assets
0	The company	Kedge Construction	**1**	Construction Cost	5,629,172	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	36.73%
0	The company	Kedge Construction	**1**	Buildings and Land Held for Sale	266,234	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	0.48%
0	The company	Kedge Construction	**1**	Construction in Progress	286,587	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	0.51%
0	The company	Kedge Construction	**1**	Notes and Accounts Payable - Related Party-	1,929,699	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	3.46%
1	Kedge Construction	The company	**2**	Operating Revenue	5,629,172	50% due immediately and 50% due in 90 day; or 100% due immediately or in 90 days	36.73%
1	Kedge Construction	The company	**2**	Operating Cost	552,821	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	3.61%
1	Kedge Construction	The company	**2**	Notes and Accounts Receivable - Related Party, Contract Asset-	1,929,699	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	3.46%
2	Global Mall	Guan Cheng	**3**	Accounts Receivable - Related Party-	46,423	Once a Year	0.08%
2	Global Mall	Guan Cheng	**3**	Operating Revenue	42,258	Once a Year	0.28%
2	Global Mall	Guan You	**3**	Operating Revenue	3,468	Once a Year	0.02%
3	Guan Cheng	Global Mall	**3**	Accounts Payable - Related Party	46,423	Once a Year	0.08%
3	Guan Cheng	Global Mall	**3**	Operating Expenses	42,258	Once a Year	0.28%
4	Guan You	Global Mall	**3**	Operating Expenses	3,468	Once a Year	0.02%

Note 1: The No. is labeled as follows:

1. 0 represents the company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: The nature of relationship is labeled as follows:

3. represents the transactions form parent company to subsidiaries.
4. represents the transactions from subsidiaries to parent company.
5. represents the transactions between subsidiaries.

Note 3: The aforementioned transactions are netted in the compilation of the consolidated financial statements.

(II) Information on Reinvestments

Investments of the company and its investees for the year ended on December 31, 2019 is as follows:

Unit: Thousands of New Taiwan Dollars or Thousands of Shares

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount: December 31, 2019	Original Investment Amount: December 31, 2018	Balances as of December 31, 2019: Number of Shares	Balances as of December 31, 2019: Percentage of Ownership	Balances as of December 31, 2019: Carrying Amount	Highest Percentage of Ownership or Capital Invested during 2019	Net Income (Loss) of the Investee	Share of Investee's Profit (Loss) Recognized	Note
The company	Kedge Construction	Taiwan	Comprehensive constructions	374,353	374,353	36,248	34.18%	558,791	34.18%	402,348	103,642	Subsidiary
The company	Global Mall	Taiwan	Supermarkets, department stores, international trading, and wholesales and retails of medical equipment	3,209,395	3,209,395	320,105	84.02%	3,859,352	84.02%	395,098	331,950	Subsidiary
The company	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	102,000	102,000	10,200	51.00%	135,741	51.00%	34,926	17,812	Subsidiary
Kedge Construction	Jiequn Investment	Taiwan	Investment	163,935	163,935	16,396	99.98%	369,801	99.98%	11,617	11,614	Sub-subsidiary
Kedge Construction	Guanqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	203,204	99.96%	11,976	11,972	Sub-subsidiary
Jiequn Investment	Dingtian	Taiwan	Comprehensive constructions	16,500	16,500	-	30.00%	16,029	30.00%	5,592	1,678	Sub-sub-subsidiary
Guanqing Electromechanical	Dingtian	Taiwan	Comprehensive constructions	11,105	11,105	-	70.00%	37,401	70.00%	5,592	3,914	Sub-sub-subsidiary
Dingtian	ReadyCom eServices	Taiwan	Information software services and business consultation	15,000	15,000	1,400	46.67%	20,506	46.67%	2	1	-

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount: December 31, 2019	Original Investment Amount: December 31, 2018	Balances as of December 31, 2019: Number of Shares	Balances as of December 31, 2019: Percentage of Ownership	Balances as of December 31, 2019: Carrying Amount	Highest Percentage of Ownership or Capital Invested during 2019	Net Income (Loss) of the Investee	Share of Investee's Profit (Loss) Recognized	Note
Global Mall	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	98,000	98,000	9,800	49.00%	130,418	49.00%	34,926	17,114	Subsidiary
Global Mall	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	5,000	5,000	500	3.70%	1,640	3.70%	(33,725)	(1,248)	Sub-subsidiary
Global Mall	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	137,359	100.00%	(3,201)	(3,201)	Sub-subsidiary
Global Mall	KGM	Hong Kong	Investment and operation of shopping mall in China, including master planning, supporting engineering consulting, and leasing planning and consulting	213,766 (HKD 54,435 thousand)	727,517 (HKD 180,263 thousand)	- (Co., Ltd.)	100.00%	29,975	100.00%	55,671	55,671	Sub-subsidiary
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	130,000	130,000	13,000	96.30%	42,680	96.30%	(33,725)	(32,477)	Sub-subsidiary

(III) Information on Investments in Mainland China

1. Names, main businesses and products, and other information of investees in mainland China:

Unit: Thousands of USD, HKD, CNY or NTD

Name of Investee	Main Business Items Item Item	Amount of Paid-in Capital	Investment Method	Cumulative Investment Outflow from Taiwan as of January 1, 2019	Investment Cash Flows Outflow	Investment Cash Flows Inflow	Cumulative Investment Outflow from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	Percentage of the Company's Direct or Indirect Ownership	Highest Percentage of Ownership Level or Capital Invested during 2019	Share of Investee's Profit (Loss) Recognized	Carrying Amount as of December 31, 2019	Cumulative Remittance of Earnings as of December 31, 2019
Global Mall (Tianjin) Co., Ltd.	Business management (including rentals of commercial facilities) in wholesales, retails and import/export of household items and appliances, sports goods, office supplies, watches, glasses, textiles, etc.; property management; business consulting; corporate marketing planning; conference services; exhibition services ; parking lot management	213,766 (CNY 48,000)	Note	727,478 (CNY 149,728)	392,926 (CNY 88,059)	906,638 CNY 189,787)	213,766 (CNY 48,000)	55,667 (HKD 14,111)	100.00%	100.00%	55,667 (HKD 14,111)	30,270 (HKD 7,864)	-

Note 1: Capital reduction was made for loss mitigation.
Note 2: The investment in mainland China is made through an investee outside of Taiwan and mainland China.

2. Limitation on investment in mainland China:

Cumulative Investment Outflow from Taiwan as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
CNY 48,000	USD 11,100	7,576,502

3. Significant transactions with investees in mainland China: none

XIV. Segment Information

(I) General information

The Group's reportable segments comprise development business unit, construction business unit, and shopping mall business unit. The market characteristics and marketing strategies each business unit are not identical and hence are explained as follows:

Development business unit: commission construction companies to develop residential and commercial real estate for the rental or sales businesses.

Construction business unit: comprehensively organize all works involved in constructions, including building and managing, as a general contractor.

Shopping mall business unit: manage operations of shopping malls, supermarkets, and businesses in international trading.

(II) Information on measurement basis and reconciliation of profit or loss, assets and liabilities of reportable segments

The Group's chief operating decision maker determines the resource allocation and assessment of segment performance on the basis of segment's profit or loss (excluding gains or losses on extraordinary activity and foreign exchange gains or losses) before tax on internal management report. Income tax expenses, gains or losses on extraordinary activity, and foreign exchange gains or losses are managed at the Group level and therefore not allocated to profit or loss of the reportable segments. In addition, the profit or loss of the reportable segments includes depreciation, amortization, and other material non-cash accounts. The amount on internal management report is consistent with that used by the Group's chief operating decision maker.

Except for pension expenses, of which the reportable segments recognized and measured on the basis of cash payments to pension fund, there was no material inconsistency between the accounting policies adopted for the operating segments and the "IV. Summary of Significant Accounting Policies" of the Group. Sales and transfers of properties between the reportable segments are treated as third-party transactions and measured at current market price.

Information and reconciliation of profit or loss, assets and liabilities of reportable segments are as follows:

	2019				
	Development	**Construction**	**Shopping Mall**	**Adjustment and elimination**	**Total**
Revenue					
Revenues from external customers	$ 8,115,011	5,829,910	1,381,978	-	15,326,899
Revenues from other business units ("intra-group revenue")	2,425	5,632,532	45,830	(5,680,787)	-
Interest income	9,510	6,289	4,501	-	20,300
Total revenue	$ 8,126,946	11,468,731	1,432,309	(5,680,787)	15,347,199
Interest expenses	$ 342,771	2,130	105,524	-	450,425
Depreciation and amortization	11,988	941	370,169	(7,250)	375,848
Share of profits (losses) of associates accounted for using equity method	453,404	1	15,866	(469,270)	1
Reportable segment profits (losses)	**$ 1,460,786**	**499,914**	**389,522**	**(535,958)**	**1,814,264**
Asset:					
Investment accounted for using equity method	$ 4,553,884	20,506	130,418	(4,684,302)	20,506
Capital expenditure on non-current asset	2,802	-	81,130	-	83,932
Reportable segment assets	**$ 43,828,824**	**8,276,848**	**11,645,381**	**(7,926,088)**	**55,824,965**
Reportable segment liabilities	**$ 31,201,320**	**5,535,726**	**6,771,135**	**(2,096,125)**	**41,412,056**

	2018				
	Development	**Construction**	**Shopping Mall**	**Adjustment and elimination**	**Total**
Revenue					
Revenues from external customers	$ 7,500,347	5,543,003	1,392,330	-	14,435,680
Revenues from other business units ("intra-group revenue")	2,425	5,886,189	44,060	(5,932,674)	-
Interest income	4,652	13,607	5,000	-	23,259

	2019				
	Development	**Construction**	**Shopping Mall**	**Adjustment and elimination**	**Total**
Total revenue	$ 7,507,424	11,442,799	1,441,390	(5,932,674)	14,458,939
Interest expenses	$ 358,821	2,002	74,741	-	435,564
Depreciation and amortization	12,795	829	270,817	(7,095)	277,346
Share of profits (losses) of associates accounted for using equity method	(139,512)	8	9,227	130,285	8
Reportable segment profits (losses)	**$ 702,919**	**517,199**	**(195,798)**	**56,098**	**1,080,418**
Asset:					
Investment accounted for using equity method	$ 4,222,649	20,505	214,869	(4,437,518)	20,505
Capital expenditure on non-current asset	943	-	29,767	-	30,710
Reportable segment assets	**$ 43,113,339**	**6,983,783**	**9,520,736**	**(8,454,550)**	**51,163,308**
Reportable segment liabilities	**$ 31,276,346**	**4,450,861**	**4,994,370**	**(3,125,832)**	**37,595,745**

Significant reconciliation items of reportable segments are as follows:
For the years ended on December 31, 2019 and 2018, the "intra-group revenue eliminated in consolidated financial statements" amounted to NT$ 5,680,787 thousand and NT$ 5,932,674 thousand, respectively.

(III) Product and service information

Refer to Note VI(22) for details on the Group's product and service information.

(IV) Geographic information

Except that the revenue in the amount of NT$ 48,085 thousand is generated in mainland China in 2018, all other revenue is generated in Taiwan and no other countries.

(V) Major customers

The Group is engaged in the development of real estate, comprehensive construction, and operation of shopping malls. Its clientele is mainly the vast majority of consumers and public works, no significant key accounts.

V. Individual Financial Report of 2019

Independent Auditors' Report

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

Opinion

We have audited the accompanying parent-company-only financial statements of Kindom Development Co., Ltd. (the "company"), which comprises the parent-company-only balance sheets as of December 31, 2019 and 2018, and the parent-company-only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of the company as of December 31, 2019 and 2018, and its parent-company-only financial performance and its parent-company-only 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 Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements" section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, key audit matters for the company's parent-company-only financial statements for the year ended December 31, 2019 are stated as follows:

I. Revenue recognition

Refer to Note IV(15) for the accounting policies on recognizing revenue and Note VI(21) for details of related disclosure.

Description of key audit matters:

The company engaged primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue from real estate sales amounts to 97% of the company's total revenue, which is material to the fair presentation of parent-company-only financial statements. Consequently, the company's revenue recognition has been identified as one of the key audit matters.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, understanding the design and effectiveness of the company's internal controls over the recognition of revenue and the accrual of receivables; performing sample testing to inspect the real estate sales contracts, tables of the receivables, bank transactions, transfers of property rights, closing checklists and others; performing data analysis on real estate prepayments in order to assess the completeness of the recognition of bank deposits and procedures of prepaid installments; and performing sample testing on sales transactions taking place before and after the balance sheet date as well as confirming relevant transaction records and documentations to ensure that revenue was fairly presented in the appropriate period.

II. Inventory valuation

Refer to Note IV(7) for the accounting policies on inventory valuation, Note V(1) for the uncertainty of accounting estimations and assumptions for inventory valuation, and Note VI(5) for details of inventory valuation.

Description of key audit matters:

As of December 31, 2019, the company's inventory amounts to NT$ 32,659,659 thousand and accounts for 75% of total assets. The valuation of inventory is at the lower of cost or cost or market price, that is the price of real estate market with highly subject to large capital investment and long payback period and greatly subject to political, economic and real estate tax reforms. Consequently, identified as one of the key audit matters, the company's cost of inventory might be higher than its market price.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including understanding the company's internal procedures and accounting processes over inventory valuation; obtaining the inventory valuation performed by the company as of the end of the reporting period; inspecting and performing sample testing on the comparable market data such as registered sales prices of real estate published by Ministry of the Interior, sales prices of the transactions in the neighborhood, and contract prices of recent sales of the company's developments, or confirming and recalculating the investment return analysis of each development, to evaluate if the net realizable value of inventory is fairly presented.

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

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

In preparing the parent-company-only financial statements, the management is responsible for assessing the company's ability to continue as a going concern, disclose matters related to going concern, and use the going concern basis of accounting unless the 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 Parent-Company-Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the 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 parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information on the investment in other entities accounted for using the equity method in order to express an opinion on this financial statement. 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 parent-company-only financial statements for the year ended December 31, 2019 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.

KPMG

Taipei, Taiwan

Republic of China

March 23, 2020

Notices to Readers

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

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

KINDOM DEVELOPMENT CO. LTD

Balance Sheets

December 31, 2019 and 2018

Unit: Thousands of New Taiwan Dollars

		2019.12.31		2018.12.31	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	CURRENT ASSETS:				
1100	Cash and cash equivalents (Note VI(1) and (24))	$ 2,012,378	5	2,293,783	5
1110	Financial assets at fair value through profit or loss - current (Notes VI(2) and (24))	23,445	-	23,773	-
1141	Contract assets - current (Note VI(21))	151,622	-	-	-
1150	Notes receivable, net (Notes VI(4) and (24))	2,157	-	-	-
1170	Accounts receivable, net (Notes VI(4), (21) and (24))	233,089	1	500,346	1
1220	Current tax assets	-	-	29,173	-
1320	Inventories – construction (Notes VI(5) and VIII)	32,659,659	75	32,884,522	76
1410	Prepayments	78,029	-	284,314	1
1476	Other financial assets - current (Notes VI(11), (21), (24) and VIII)	3,187,328	7	1,940,390	5
1479	Other current assets -others	12,688	-	18,696	-
1480	Incremental costs of obtaining a contract – current (Note VI(11))	144,525	-	103,350	-
		38,504,920	88	38,078,347	88
	Non-current Assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI(3) and (24))	2,659	-	3,025	-
1550	Investments accounted for using the equity method (Notes VI(6) and VIII)	4,553,884	10	4,222,649	10
1600	Property, plant and equipment (Notes VI(7) and VIII)	280,822	1	288,059	1
1755	Right-of-use assets (Note (VI(8))	4,101	-	-	-
1760	Investment property Notes VI(9), (16) and VIII)	474,942	1	479,135	1
1780	Intangible assets (Note VI(10))	2,274	-	162	-
1915	Prepayments for equipment	5,222	-	6,197	-
1985	Prepaid lease (Notes VI(12) and VII)	-	-	35,765	-
		5,323,904	12	5,034,992	12
	TOTAL ASSETS	$ 43,828,824	100	43,113,339	100

		2019.12.31		2018.12.31	
	LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term borrowings (Notes VI(13) and (24))	$ 18,745,374	43	19,184,508	44
2130	Contract liabilities – current (Note VI(21))	5,195,802	12	3,937,293	9
2150	Notes payable (Note VI(24))	36,026	-	8,950	-
2160	Notes payable - related parties	1,287,602	3	1,899,951	5
2170	Accounts payable (Note VI(24))	470,113	1	510,065	1
2181	Accounts payable - related parties	647,267	2	780,718	2
2200	Other payables (Note VI(24))	121,079	-	150,094	-
2230	Current tax liabilities	6,242	-	94,744	-
2251	Provisions for employee benefit – current (Note VI(17))	3,104	-	2,711	-
2280	Lease liabilities - current (Notes VI(15) and (24))	4,108	-	-	-
2321	Current portion of convertible corporate bond due within one year or one operating period (Notes VI(14) and (24))	-	-	1,000,000	2
2399	Other current liability - others	145,842	-	130,047	-
		26,662,559	61	27,699,081	63
	Non-current Liabilities:				
2530	Bonds payable (Notes VI(14) and (24))	4,500,000	10	3,500,000	9
2640	Defined benefit liabilities, net - non-current (Note VI(17))	6,681	-	11,111	-
2645	Guarantee deposits (Note VI(24))	3,418	-	1,811	-
2670	Other non-current liabilities - others	28,662	-	64,343	-
		4,538,761	10	3,577,265	9
	TOTAL LIABILITIES	31,201,320	71	31,276,346	72
	EQUITY (Note VI(19)):				
3100	Share capital	5,037,910	12	5,037,910	12
3200	Capital reserve	1,379,873	3	1,368,865	3
3300	Retained earnings	6,306,721	14	5,526,960	13
3400	Other equity	(25,804)	-	(25,546)	-
3500	Treasury stock	(71,196)	-	(71,196)	-
	TOTAL EQUITY	12,627,504	29	11,836,993	28
	TOTAL LIABILITIES AND EQUITY	$ 43,828,824	100	43,113,339	100

(Refer to the subsequent Notes to Parent-Company-Only Financial Statements)

KINDOM DEVELOPMENT CO., LTD.
Statements of Comprehensive Income
January 1 to December 31, 2019 and 2018
Unit: Thousands of New Taiwan Dollars

		2019 Amount	2019 %	2018 Amount	2018 %
4000	**Operating Revenue (Notes VI(16) and (21))**	$ 8,117,436	100	7,502,772	100
5000	**Operating Costs (Note VI(5))**	6,085,189	75	5,540,963	74
	Gross Profit	2,032,247	25	1,961,809	26
5920	Less: Realized profit or loss on sales	85	-	(401)	-
	Gross Profit	2,032,162	25	1,962,210	26
	Operating Expenses (Notes VI(22) and VII)				
6100	Selling and marketing expenses	390,095	5	470,935	6
6200	General and administrative expenses	312,309	4	311,960	4
		702,404	9	782,895	10
	Net Operating Profit	1,329,758	16	1,179,315	16
	Non-Operating Income and Expenses:				
7010	**Other income (Note VI(23))**	10,721	-	5,911	-
7020	Other interest income and expenses (Note VI(23))	9,674	-	16,026	-
7050	Finance costs (Note VI(23))	(342,771)	(4)	(358,821)	(5)
7070	Share of the profit of subsidiaries, associates, and joint ventures accounted for using the equity method	453,404	6	(139,512)	(2)
		131,028	2	(476,396)	(7)
	Income Before Tax of Continuing Operation	1,460,786	18	702,919	9
7950	**Less: Income tax expense (Note VI(18))**	177,260	2	195,671	3
	Net income (loss)	1,283,526	16	507,248	6
8300	**Other Comprehensive Income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(284)	-	(609)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(366)	-	1,902	-
8330	Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified subsequently to profit or loss	772	-	195	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8380	Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method - components of other comprehensive income that may be reclassified subsequently to profit or loss **(Notes VI(16) and (21))**	(354)	-	6,611	-
8300	**Other comprehensive income (net amount after tax) (Note VI(5))**	(232)	-	8,099	-
	Total comprehensive income (loss)	**$ 1,283,294**	**16**	**515,347**	**6**
	Earnings Per Share				
9750	**Basic Earnings Per Share (in NT$)**	**$**	**2.60**		**1.03**
9850	**Diluted Earnings Per Share (in NT$) (Notes VI(22) and VII)**	**$**	**2.60**		**1.03**

(Refer to the subsequent Notes to Parent-Company-Only Financial Statements)

KINDOM DEVELOPMENT CO., LTD.
Statements of Changes in Equity
January 1 to December 31, 2019 and 2018

Unit: Thousands of New Taiwan Dollars

	Share capital		Retained Earnings				Other Equity			
	Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappropriated Earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
Balance as of January 1, 2018	$ 5,037,910	1,363,148	1,603,070	25,004	3,421,550	5,049,624	(32,521)	-	(71,196)	11,346,965
Effects of retrospective application	-	-	-	-	222,398	222,398	-	(1,538)	-	220,860
Adjusted balance as of January 1, 2018	5,037,910	1,363,148	1,603,070	25,004	3,643,948	5,272,022	(32,521)	(1,538)	(71,196)	11,567,825
Net income for the year	-	-	-	-	507,248	507,248	-	-	-	507,248
Other comprehensive income (loss) for the year	-	-	-	-	(414)	(414)	6,611	1,902	-	8,099
Total comprehensive income (loss) for the year	-	-	-	-	506,834	506,834	6,611	1,902	-	515,347
Earnings appropriation and distribution:										
Provision for Legal reserve	-	-	34,629	-	(34,629)	-	-	-	-	-
Provision for Special reserve	-	-	-	7,517	(7,517)	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	(251,896)	(251,896)	-	-	-	(251,896)
Changes in equity of associates and joint ventures accounted for under the equity method	-	61	-	-	-	-	-	-	-	61
Changes in capital reserve from dividends paid to subsidiaries	-	5,313	-	-	-	-	-	-	-	5,313
Unclaimed dividends after effective period	-	343	-	-	-	-	-	-	-	343
Balance as of December 31, 2018	5,037,910	1,368,865	1,637,699	32,521	3,856,740	5,526,960	(25,910)	364	(71,196)	11,836,993
Net income (loss) for the year	-	-	-	-	1,283,526	1,283,526	-	-	-	1,283,526
Other comprehensive income (loss) for the year	-	-	-	-	26	26	(354)	96	-	(232)
Total comprehensive income (loss) for the year	-	-	-	-	1,283,552	1,283,552	(354)	96	-	1,283,294
Earnings appropriation and distribution:										
Provision for Legal reserve	-	-	50,724	-	(50,724)	-	-	-	-	-
Provision for Special reserve	-	-	-	(6,975)	6,975	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	(503,791)	(503,791)	-	-	-	(503,791)
Changes in equity of associates and joint ventures accounted for under the equity method	-	11	-	-	-	-	-	-	-	11
Changes in capital reserve from dividends paid to subsidiaries	-	10,626	-	-	-	-	-	-	-	10,626
Unclaimed dividends after effective period	-	371	-	-	-	-	-	-	-	371
Balance as of December 31, 2019	**$ 5,037,910**	**1,379,873**	**1,688,423**	**25,546**	**4,592,752**	**6,306,721**	**(26,264)**	**460**	**(71,196)**	**12,627,504**

KINDOM DEVELOPMENT CO., LTD.
Statements of Cash Flows
January 1 to December 31, 2019 and 2018
Unit: Thousands of New Taiwan Dollars

	2019	2018
Cash Flows from Operating Activities:		
Income before income tax	$ 1,460,786	702,919
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation	11,522	11,497
Amortization	466	1,298
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	328	1,845
Interest expense	342,771	358,821
Interest income	(9,510)	(4,652)
Dividend income	(1,211)	(1,259)
Share of losses (gains) of subsidiaries, associates and joint ventures accounted for under the equity method	(453,404)	139,512
Gains on disposal of property, plant and equipment	(81)	-
Gains on disposal of investment property	-	(365)
Total adjustments for profit and loss	(109,119)	506,697
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in contract assets	(151,622)	-
Decrease (increase) in notes receivable	(2,157)	11,219
Decrease (increase) in accounts receivable	267,257	(123,652)
Decrease (increase) in inventory	390,063	(2,936,748)
Decrease in prepayments	206,285	41,952
Increase in prepayments for equipment	-	(975)
Increase in other financial instruments - current	(1,246,938)	(753,473)
Decrease (increase) in other current assets	6,008	(13,609)
Decrease (increase) in incremental costs of obtaining a contract	(41,175)	117,510
Total changes in operating assets	(572,279)	(3,657,776)
Changes in operating liabilities:		
Increase in contract liabilities	1,258,509	2,808,820
Increase (decrease) in notes payable	27,076	(14,075)
Increase (decrease) in notes payable - related parties	(612,349)	1,393,022
Increase (decrease) in accounts payable	(39,952)	49,240
Decrease in accounts payable - related parties	(133,451)	(247,393)
Increase (decrease) in other payables	(23,793)	43,007
Increase in provisions for employee benefit - current	393	481
Increase (decrease) in guarantee deposits	1,607	(390)
Increase in other current liabilities	15,795	113,793
Decrease in net defined benefit liabilities	(4,714)	(592)
Increase (decrease) in other non-current liabilities	84	(401)
Total changes in operating liabilities	489,205	4,145,512
Total changes in operating assets and liabilities	(83,074)	487,736
Total adjustments	(192,193)	994,433
Cash generated from operations	1,268,593	1,697,352
Income taxes paid	(236,589)	(94,585)
Net Cash Generated from Operating Activities	1,032,004	1,602,767

KINDOM DEVELOPMENT CO. LTD
Statements of Cash Flows
January 1 to December 31, 2019 and 2018
Unit: Thousands of New Taiwan Dollars

	2019	2018
Cash Flows from Investing Activities:		
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	-	51
Acquisition of property, plant and equipment	(1,199)	(943)
Disposal of property, plant and equipment	1,429	-
Acquisition of intangible assets	(1,603)	-
Disposal of investment property	-	93,022
Interests received	9,510	4,652
Dividends received	134,434	101,995
Net Cash Generated from (Used in) Investing Activities	142,571	198,777
Cash Flows from Financing Activities:		
Increase in short-term borrowings	8,938,885	11,513,731
Decrease in short-term borrowings	(9,378,019)	(12,717,989)
Increase in short-term notes	479,000	1,474,000
Decrease in short-term notes	(479,000)	(1,984,000)
Issuance of convertible corporate bonds	1,000,000	2,000,000
Redemption of convertible corporate bonds	(1,000,000)	(2,000,000)
Repayments of lease principal	(234)	-
Cash dividends paid	(503,791)	(251,896)
Interests paid	(512,821)	(560,262)
Net Cash Generated from (Used in) Financing Activities	(1,455,980)	(2,526,416)
Net decrease in cash and cash equivalents	(281,405)	(724,872)
Cash and cash equivalents at beginning of year	2,293,783	3,018,655
Cash and cash equivalents at end of year	**$ 2,012,378**	**2,293,783**

KINDOM DEVELOPMENT CO., LTD.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Kindom Development Co., Ltd. (the "company") was incorporated on November of 1979, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The registered address is 2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.). The company primarily engages in the development of residential properties and the leases or sales of commercial buildings.

II. The Approval Date and Procedures of the Financial Report

The parent-company-only financial statements were authorized by the Board of Directors on March 23, 2020.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) mpact of adoption of new, revised, and amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

In preparing the accompanying parent-company-only financial statements, the company has adopted the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations that have been issued by the International Accounting Standards Board (" IASB") (collectively, " IFRSs") and endorsed by the FSC, with effective date from January 1, 2019. The new, revised, and amended standards and interpretations are listed below:

New, Revised, and Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9, "Prepayment Features with Negative Compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28, "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the initial application of the above IFRSs did not have any material impact on the parent-company-only financial statements. The extent and impact of changes are as follows:

IFRS 16 "Leases"

International Financial Reporting Standards 16 "Leases" ("IFRS 16") replaces the existing guidance, including IAS 17 "Leases" ("IAS 17"), IFRIC 4 "Determining Whether an Arrangement Contains a Lease" ("IFRIC 4"), SIC 15 "Operating Leases – Incentives," and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease."

The company applies IFRS 16 with modified retrospective approach and recognizes cumulative effect upon the initial application of this standard as an adjustment to the opening balance of its retained earnings on January 1, 2019. The following are the nature and impacts on the changes of accounting policies:

(1) Identifying a lease

Previously, at the contract commencement date, the company determined whether a contract is or contains a lease in accordance with IFRIC 4. Upon adopting the new standard, the company determined whether a contract is or contains a lease in accordance with IFRS 16 (refer to Note IV(11)).

On transition to the new standard of IFRS 16, the company elects the modified retrospective approach and applies a practical expedient that does not need any reassessment whether a contract is, or contains, a lease. IFRS 16 is applied directly to the contracts previously determined as lease. The contracts previously determined as not leases under IAS 17 and IFRIC 4 would not be reassessed. Consequently, IFRS 16 is applied to contracts signed or revised on or after the date of initial application.

(2) The company as a lessee

For transactions where the Group is the lessee, previously, the company's categorization of lease contracts depended on the transfer of the substantial risks and rewards incident to ownership of an underlying asset. Under the new standard of IFRS 16, the lessee recognizes a right-of-use asset and a lease liability in the balance sheets.

The company elects to apply a practical expedient on leases of office buildings and treats it as short-term leases.

- For contracts previously classified as operating leases under IAS 17

  In the transition, a lease liability is measured at the present value of the remaining lease payments payable with the company's incremental borrowing rate at the date of initial application. The right-of-use asset is measured at the amount of the lease liability plus adjustments of any relevant prepayments or payables by the lessee. The company applies this valuation to all other leases besides aforementioned leases.

  The company chooses to elect the following practical expedients upon transition to IFRS 16:

  a. apply a single discount rate to a portfolio of leases with similar characteristics.

  b. apply the exemption, and not to recognize the right-of-use assets and lease liabilities with any lease term that ends within 12 months after the date of initial application.

  c. exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.

  d. use hindsight to determine the lease term while the contract contains options to extend or terminate the lease

(3) The company as lessor

Except for sublease, as a lessor, the company does not need to make adjustments in the transition to the new standard, and at the date of initial application, the company applies IFRS 16 to all rental transactions.

Under IFRS 16, a sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

(4) Impacts on financial statements

In transition to IFRS 16, the company does not need to recognize any right-of-use assets or lease liabilities at the date of initial application.

(II) Impact of IFRSs endorsed by the FSC but yet to come into effect

According to Order No. 1080323028 issued by the FSC on July 29, 2019, commencing from 2020, public companies are required to adopt the IFRSs that have been endorsed by the FSC with effective date from January 1, 2020. The related new, revised, and amended standards and interpretations are listed below:

New, Revised, and Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The company assessed that the adoption of the aforementioned new standards will not have significant impacts on its parent-company-only financial statements.

(III) Impact of IFRSs issued by the IASB but yet to be endorsed by the FSC

A summary of new, revised, and amended standards and interpretations issued by the IASB but yet to be endorsed by the FSC is listed below:

New, Revised, and Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2022

The company is currently evaluating the impact on its parent-company-only financial position and parent-company-only financial performance upon the initial adoption of the aforementioned standards and interpretations. The results thereof will be disclosed when the company completes its evaluation.

IV. Summary of Material Accounting Policies

The significant accounting policies presented in the parent-company-only financial statements are summarized as the following and have been applied consistently to all periods presented in these financial statements, except for the changes in accounting standards disclosed in Note III.

(I) Statement of compliance

The company's financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations").

(II) Basis of preparation

1. Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following significant accounts:

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

(2) Financial assets measured at fair value through other comprehensive income; and

(3) Net defined benefit liability measured at the fair value of plan assets less present value of defined benefit obligation, and the limits disclosed in Note VI(16).

2. Functional and presentation currency

The functional currency of the company is determined based on the primary economic environment in which the entity operates. The company's financial statements are presented in New Taiwan Dollars (the "NT$"), which is the company's functional currency. All financial information presented in NT$ has been rounded to the nearest thousand.

(III) Foreign currency

1. Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the period (the "reporting date") are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into NT$ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NT$ at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation which involves a loss of control over a subsidiary or loss of significant influence over an associate that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are entirely reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

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

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
2. It is held primarily for the purpose of trading;

3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a 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 when one of the following criteria is met; all other liabilities are classified as non-current liabilities:"

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The settlement of such a liability that the company does not have an unconditional right to defer for at least twelve months after the reporting period. However, terms of such a liability that, at the option of the counterparty, could be settled by issuing equity instruments do not affect its classification.

(V) Cash and cash equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents consist of short-term and 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 that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(VI) Financial instruments

Accounts receivables are initially recognized upon revenue generation, and debt securities are initially recognized upon issuance. All other financial assets and financial liabilities are initially recognized and measured at fair value through profit or loss when the company becomes a party to the contractual provisions of the instruments. Financial assets (except for accounts receivables without significant financing component) and financial liabilities that are not measured at fair value through profit or loss are initially recognized and measured at fair value plus transaction costs that are directly attributable to their acquisition or issuance. Accounts receivables without significant financing component is measured at its transaction price.

1. Financial assets

   All financial assets that are purchased or sold in ordinary business transactions are recognized and derecognized on a trade-date basis.

   Upon initial recognition, financial assets are classified following categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). Only upon changes in the company's management of financial assets, the affected assets are reclassified at the beginning of the next reporting period.

   (1) Financial assets measured at amortized cost

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

   - It is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
   - 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 using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

Equity investments are subsequently measured at fair value. Dividend income derived from equity investments (except those represent the cost recovery) is recognized in profit or loss; other net gains and losses are recognized in OCI and will not be reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the company's right to receive the dividends is established (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or at FVTOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVTOCI, 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, and net gains and losses (including dividend and interest incomes) are recognized in profit or loss.

(4) Impairment of financial assets

The company recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposit, and other financial assets), debt investments measured at FVTOCI and contract assets.

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

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

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

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

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, that is, the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income, instead of reducing the carrying amount of the asset, and the amount of expected credit losses is recognized in profit or loss, as an impairment gain or loss.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognized in other comprehensive income, instead of reducing the carrying amount of the asset, and the amount of expected credit losses is recognized in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is reduced or written off, either partially or in full, to the extent where recovery is not reasonably expected. The company analyzes the timing and amount of individual write-offs on the basis of reasonable expectation of recovery, and the write-off cannot be reversed significantly. However, financial assets with write-off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

(5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, when the company transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the company neither retain nor transfer substantial risks and rewards of the ownership, and does not retain control of the asset. Even when it transfers the financial assets, if it retains all or some the risks and rewards of ownership of the assets, the company continues to recognize the assets in the balance sheets.

2. Financial liabilities and equity instruments

   (1) Classification of debt or equity

   Debt and equity instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements.

   (2) Equity instruments

   An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issue costs.

   (3) Treasury stock

   Equity instruments repurchased by the company are recognized as reduction of equity at the amount of repurchase price (including direct costs). Shares repurchased are recorded as treasury stocks. The amount of any subsequent sales or reissuance of treasury stocks is recognized as addition to equity. Any gain (loss) realized is accounted for as an addition (reduction) of the remaining balance of capital reserve; if the remaining balance of capital reserve is insufficient to cover the deficiency, the remainder is recorded as a reduction of as retained earnings .

   (4) Financial liabilities

   Upon initial recognition, financial liabilities are classified following categories: measured at amortized cost and fair value through profit or loss ("FVTPL"). Financial liabilities that are held for trading, derivatives or designated upon initial recognition are recognized as FVTPL and measured at fair value, and related net gain or loss, including interest expenses, are recognized in profit or loss.

   Other financial liabilities are measured at amortized cost using the effective interest method. Interest expenses and exchange gains and losses are recognized in profit or loss. Any gain or loss upon disposal are also recognized in profit or loss.

   (5) Derecognition of financial liabilities

   The company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The company also derecognizes a financial liability when its modifications and restructurings result in significant changes in cash flows, and the liability is reclassified as financial liabilities are measured at FVTPL.

   The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and included in non-operating income and loss.

   (6) Offsetting of financial assets and liabilities

   Financial assets and liabilities are presented on a net basis only when the company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(7) Financial guarantee contract

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

Upon the issuance, a FGC that is not designated as measured at FVTPL is initially recognized at fair value less any direct issue cost and subsequently measured as the greater of (a) the IFRS 9 Expected Credit Loss allowance, and (b) the amount initially recognized, when appropriate, less any cumulative amount of income recognized.

(VII) Inventories

Inventory is measured by the lower of cost and net realizable value ("NRV"). The cost includes all necessary expenditures and capitalized borrowing costs to get an asset in place and in conditions ready for use.

The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale. The measurement of NRV is as follows:

1. Construction land

   The NRV is calculated on the basis of the expected selling price judged by the management based on the current market conditions, less cost of construction completion and selling expenses, or the most recent estimated market value (based on land development analysis approach or comparison approach).

2. Construction in progress

   The NRV is calculated on the basis of the expected selling price (based on the current market conditions) less cost of construction completion and selling costs.

3. Buildings and land held for sale

   The NRV is calculated on the basis of the expected selling price (based on the current market conditions) less the estimated selling costs.

(VIII) Investment in subsidiaries

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

If change of ownership in the company's subsidiaries does not lead to loss of control, the change is considered equity transaction between shareholders.

(IX) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for use in the ordinary course of business (sale, production, provision of goods or services) or for administrative purposes. Investment property is initially recognized at acquisition cost and subsequently at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

Gain or loss on disposal of investment property (i.e. the difference between net proceed and the carrying amount) is recognized in profit or loss.

In the leasing period, the rental income of investment property is recognized as rental income on a straight-line basis. Lease incentives given is recognized as a part of rental income.

(X) Property, plant and equipment

1. Recognition and measurement

   Property, plant and equipment are measured at cost (including the capitalized borrowing costs) less accumulated depreciation and accumulated impairment losses.

   Each part of an item of property, plant, and equipment with a useful life that is different in relation to the total useful life of the item shall be depreciated separately.

   The gain or loss arising from the disposal of an item of property, plant, and equipment is recognized as non-operating income and loss.

2. Subsequent costs

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

3. Depreciation

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

   Land is not depreciable.

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

(1) Buildings	3～55 years
(2) Transportation, office and others	3～15 years
(3) Leasehold improvement	2～3 years

   Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(XI) Leases

Policy applicable commencing January 1, 2019

1. Identifying a lease

   At the contract commencement date, the company determines whether it is or contains a lease. A sublease containing the right to direct the use of an identified asset for a period of time in exchange for consideration is also identified as a lease. Determining whether an arrangement contains a lease, the company applies of the following assessment:

   (1) A lease contains an identified asset. An asset is identified by being explicitly specified in a contract or being implicitly specified at the time it is made available for use. A capacity portion of an asset is an identified asset only if it is physically distinct or it represents substantially all of the capacity of the asset. However, where a supplier has a substantive right of substitution throughout the period of use, then the asset is not an identified asset; and

   (2) the customer has the right to obtain substantially all of the economic benefits from use of an identified asset; and

   (3) the customer has the right to direct the use of an identified asset under one

of the following conditions:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- regarding how and for what purpose the asset is used is 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 designs the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At that lease commencement date or when reassessing a contract, the company allocates consideration to separate components. The consideration in the contract is allocated to each lease component on the basis of the relative stand-alone price of the lease components. Only in leases of land and buildings, the company elects not to separate non-lease components from lease components and instead account for all components as a lease.

2. The Company as lessee

At the lease commencement date, the company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured, using a cost model, at the original amount of the lease liability, plus lease payments at or before lease commencement, any initial direct costs, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, and less lease incentives.

The right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of the asset's useful life or end of lease, whichever is earlier. In addition, the right-of-use asset is also tested for impairment, with the effect of impairment loss accounted for against lease liability, on a regular basis.

The lease liability is initially measured at the present value of lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the company uses its incremental borrowing rate. In general, the company adopts the interest rate for increase in borrowing as the discount rate.

The lease payments comprise as follows:

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

(2) variable lease payments that depend on an index or a rate and initially measured at the index or rate at the lease commencement date;

(3) amounts expected to be payable by the lessee under residual value guarantees;

(4) an option to purchase the underlying asset if it is reasonably certain to be exercised, and penalty payments for terminating the lease.

The lease liability is subsequently measured on an amortized cost basis, using an effective interest method, and remeasured to reflect the following conditions:

(1) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;

(2) changes in the amounts expected to be payable under a residual value guarantee;

(3) changes in the assessment of the purchase option;

(4) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or

(5) lease modifications of the underlying asset, scope, and other terms and conditions.

The remeasurements made under (i), (ii) and (iii) are treated as adjustments to the right-of-use asset. When the carrying amount is reduced to zero, any further reduction is recognized immediately in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial of full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the parent-company-only balance sheets.

The company elects not to recognize short-term assets of office equipment and other low-value assets as right-of-use assets and lease liabilities, but instead recognizes payments of these leases as expenses on a straight-line basis over the lease term.

3. The Company as lessor

For transactions where the company is the lessor, the company classify a lease as a finance lease if it transfers the substantial risks and rewards of an underlying asset on the date of the lease; otherwise, an operating lease. In the assessment of a lease's classification, the company evaluates situations including whether the lease term is for the major part of the economic life of the asset.

If the company is the lessor of a sublease, the company recognizes the original lease and the sublease separately. The sublease is classified by reference to the right-of-use asset of the original lease. If the original lease is a short-term lease, a practical expedient is applicable, and the sublease is classified as an operating lease.

If the sublease includes lease and non-lease components, the consideration is allocated in accordance with IFRS 15.

Policy Applicable Before January 1, 2019

1. The Company as lessor

Lease income from an operating lease was recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease were added to the carrying amount of the leased asset and recognized as an expense over the lease term on a straight-line basis. Incentives granted to the lessee to enter into the operating lease were recognized as a reduction of rental income over the lease term on a straight-line basis.

Contingent rents were recognized as an income in the period when the lease adjustments were confirmed.

2. The Company as lessee
   All other lease are operating leases, which were not recognized as a leases asset in the Parent-Company-Only Balance Sheets.
   Rental payments made under operating leases (excluding insurance and maintenance expenses) were charged to expense over the lease term on a straight-line basis. Lease incentives received from the lessor were recognized as a reduction of rental expense over the lease term on a straight-line basis.
   Contingent rents were recognized as expenses in the period when the lease adjustments were confirmed.

(XII) Intangible assets

1. Intangible assets
   Intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.
2. Subsequent expenses
   Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.
3. Amortization
   The amortizable amount is the cost of an asset, less, its residual value. Except for goodwill and intangible assets with indefinite useful lives, 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.
   The estimated useful lives for the current and comparative periods are as follows:
   Computer software: 3 years
   The amortization method, amortization period, and residual value are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(XIII) Long term prepaid lease

When the company enters into a surface lease, both loyalties paid for the right to use the land (i.e. surface right) and acquisition costs (i.e. any necessary costs to get the land ready to use) are recognized as a prepaid lease, or other proper accounts according to the nature of the use, and also amortized in the effective time. For surface lease aimed for construction of buildings, the amortization of the loyalty is recorded as cost of construction, the balance of which is reclassified to PP&E held for sale, or other proper accounts, upon the completion of the construction.

(XIV) Impairment of non-financial assets

Non-financial assets (other than inventories, contract assets, and deferred income tax assets) are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. When there exists an indication of impairment for an asset, the recoverable amount of the asset is estimated.
For the purpose of impairment testing, a cash-generating unit (CGU) is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. Goodwill arising from a business combination is allocated to each of the company's CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount for an individual asset or a CGU is the higher of its fair

value, less costs to sell, and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at a pre-tax discount rate that reflects the current market assessments of the time values of money and the risks specific to the asset.

When the recoverable amount of an individual asset or a CGU is less than its carrying amount, an impairment loss is recognized .

The impairment loss is recognized immediately in profit or loss, firstly by reducing the carrying amount of any goodwill allocated to the CGU, and then proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

The impairment loss is recognized immediately in profit or loss, firstly by reducing the carrying amount of any goodwill allocated to the CGU, and then proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

(XV) Revenue recognition

1. Revenue from contracts with customers

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

(1) Development of land and buildings

The company develops and sells real estate, often before or during construction. The company recognizes revenue when control over a piece of real estate is transferred. Due to contract restrictions, the company usually does not apply the piece of real estate to other purposes. Consequently, revenue is recognized upon either transfer of legal ownership or delivery of the piece of real estate to customers, whichever occurs first in the reporting period, despite that the other occurs in the subsequent period.

Revenue is measured at transaction price per contract. When sales happen after construction is completed, in most cases, consideration is made upon transfer of legal ownership; however, in some cases, consideration is deferred for less than twelve months per contract terms. Consequently, no adjustment in the transaction price for the effect of financing component of the contract. When sales happen before construction is completed, consideration is payable in installments during the period from singing a contract to transfer of legal ownership of the real property. If a significant financing component is included in the contract, the installments are discounted at the interest rate of the construction loan to reflect the effect of time value of money. Prepayments are recognized as a contract liability in balance sheet, and discounts reflecting the effect of time value of money are recognized as interest expenses in profit or loss. The accumulated contract liabilities are reclassified as revenue upon the transfer of legal ownership.

(2) Construction contracts

The company is engaged in the development of residential real estate and public construction. Because assets are controlled by customers at the time of construction, revenue is recognized on the basis of stage of completion of contract activity (i.e. cost of construction completed in proportion to total construction costs). Contracts include both fixed and variable considerations. Fixed considerations are paid based on a payment schedule. Variable considerations (i.e. penalty provisions for payment overdue and purchase price concessions) are estimated base d on the management's past experience. Revenue is only recognized to the extent that accumulated payments are highly unlikely to be reversed. When the recorded revenue is yet to be made payable, it is classified as a contract asset. When the company has unconditional rights to the considerations, the contract asset is reclassified as an account payable.

When the company is unable to measure the stage of completion of a contract's performance obligations, revenue is recognized only to the extent that contract costs incurred are expected to be recoverable.

When the company estimates that the cost to complete a contract's performance obligations exceeds the expected economic benefits from the contract, a liability provision is recognized for the loss.

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 when the circumstances that give rise to the revision become known by the management.

(3) Rental income

Rental incomes from investment property are recognized in revenue on a straight-line basis during a lease term. Lease incentives, as a part of economic benefits from the lease, are recognized as a reduction to rental incomes on a straight-line basis during a lease term. Incomes from sublet properties are recognized as an operating income.

(4) Financing components

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year, or where financing components have significant impact on individual contacts. Consequently, the company does not adjust any of the transaction prices for the time value of money.

2. Contract costs

Incremental costs of obtaining a contract

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

(XVI) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

2. Defined benefit plans

   The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation (i.e. the benefits that employees have earned in return for their service in the current and prior periods) at the reporting date less the fair value of plan assets.

   The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to the company, the recognized asset is limited to the total amount of the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The minimum funding requirements of any plans applicable to the company should be taken into consideration when determining the present value of the economic benefits.

   The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest described below), and any change in the effect of the asset ceiling (excluding interest described below). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and accumulated in retained earnings. Net interest expense (income) on the net defined benefit liability (asset) is calculated using the discount rate determined at the beginning of the reporting period on the beginning balance of the net defined benefit liability (asset). The net interest expense and other expenses are recorded in profit or loss.

   The company recognizes losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The loss is measured as any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

3. Short-term employee benefits

   Short-term employee benefit obligations are expensed during the period in which employees render services. The amount expected to be paid for short-term employee benefits is recognized as a liability if the company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(XVII) Income taxes

Income tax expenses include both current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business mergers or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or refundable on the taxable income or loss for the year and any adjustments to tax payable or refundable in the previous years. The best estimates is assessed using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognized for all taxable temporary differences, that is, temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes. Exceptions to the requirement to recognize a deferred tax asset or liability are:

1. Temporary arising from the initial recognition of an asset/liability other than in a business merger which, at the time of the transaction, does not affect either the accounting or the taxable profit;
2. Temporary differences arising from investments in subsidiaries, associates and joint ventures to the extent that the company is able to control the timing of the

reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future; and

3. Temporary differences arising from initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The amounts of deferred tax assets and liabilities are:
   (1) Levied by the same taxing authority; or
   (2) Levied by different entities that intend to realize the asset and settle the liability at the same time.

   A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(XVIII) Earnings per share (the "EPS")

The basic and diluted EPS attributable to shareholders of the company are disclosed in the consolidated financial statements. Basic EPS is calculated by dividing net income attributable to shareholders of the company by the weighted-average number of common stocks outstanding during the year. In calculating diluted EPS, the net income attributable to shareholders of the company and weighted-average number of common stocks outstanding during the year are adjusted for the effects of dilutive potential common stocks. The company's dilutive potential common stocks include employee stock option warrants.

(XIX) Segment information

The company has disclosed information on operating segments in its consolidated financial statements; hence, no further information is disclosed in the parent-company-only financial statements.

V. Main Sources of Uncertainty in Material Accounting Judgments, Estimates, and Assumptions

The preparation of the parent-company-only financial statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" 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 estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information on critical accounting judgments resulting in a material adjustment in the consolidated financial statements of this year: None.
Information on key estimation and assumption uncertainties that have significant risks of resulting in a material adjustment in the next reporting period is included as follows:
Inventory valuation
Inventories are measured at the lower of cost or net realizable value. The company estimates the net realizable value of inventory, taking unmarketable items into account at the reporting date, and then writes down the cost of inventories to net realizable value. The estimation of net realizable value is based on current market conditions. Changes in market conditions, such as political, economic and real estate tax reforms, may have a material impact on the estimation of the net realizable value. See Note VI(5) for details of inventory valuation.
Valuation method
In its accounting policy and disclosure, the company adopts fair value to measure financial and non-financial assets as well as liabilities. To make valuation close to market conditions, the company tests measurements with independent data sources and verifies that the data sources are independent, reliable, and consistent with other data as well as represents exercisable prices. To ensure valuation results are reasonable, the company regularly calibrates valuation models, performs retrospective testing, updates valuation models with necessary inputs and data for fair value measurement. The valuation of investment property is in accordance with valuation methods and parameter assumptions published by FSC and is reassessed by the management or appraised by a third party on a regular basis.
In the fair value measurement of its assets and liabilities, the company applies observable market inputs as much as possible. A fair value hierarchy categorizes the inputs used in valuation techniques into three levels:

(I) Level 1 inputs: (unadjusted) quoted prices in active markets for identical assets or liabilities.

(II) Level 2 inputs: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. quoted prices of similar assets or liabilities) or indirectly (derived from such prices).

(III) Level 3 inputs: inputs for assets or liabilities not based on readily observable inputs on the market (unobservable inputs)
Any transfers between the fair value hierarchy are recorded at the reporting date.
Disclosures on assumptions applied in the fair value measurement are as below:

1. Refer to VI(9) Investment Property
2. Refer to VI(24) Financial Instruments

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

		2019.12.31	2018.12.31
Petty cash and cash on hand	$	252	305
Bank deposits			
Checking deposits		670,405	1,396,808
Demand deposits		13,781	317,646
Cash equivalents		1,327,940	579,024
Cash and cash equivalents in the parent-company-only statement of cash flows	$	2,012,378	2,293,783

These cash equivalents are short-term notes expiring on March 2020 and January 2019, respectively; interest rate of these cash equivalents ranges from 0.52% to 0.55% and from 0.60% to 0.61%.
Refer to Note VI(24) for the details on interest rate risk and sensitivity analysis of the financial assets and liabilities of the company.

(II) Financial assets at fair value through profit or loss (FVTPL)

	2019.12.31	2018.12.31
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 23,445	23,773

Fair value remeasurement was recognized in profit or loss. Refer to Note VI(23) for details.
As of December 31, 2019 and 2018, no financial assets were pledged as collateral.

(III) Financial assets measured at fair value through other comprehensive income (FVTOCI)

	2019.12.31	2018.12.31
Equity investments measured at FVTOCI		
Listed stock - Clientron Corp.	$ 656	351
Unlisted stock - Everterminal Co. Ltd.	2,003	2,674
Total	$ 2,659	3,025

1. Equity investments measured at FVTOCI
   The company designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.
   For the years ended December 31, 2019 and 2018, the amounts of dividend income for these equity investments were NT$ 200 thousand and NT$ 96 thousand, respectively. For the year ended on December 31, 2018, because Clientron Corp. withdrawn investment and received capital return in the amount of NT$ 51 thousand, the company recognized its proportion of capital reduction and reclassified the related profit or loss as retained earnings.
   For the years ended December 31, 2019 and 2018, no disposal of investments was conducted and hence no transfer of cumulative profit or loss was recognized.
2. Refer to Note VI(24) for details on credit risk (including impairment on debt instruments) and market risk.
3. No financial assets measured as FVTOCI were pledged as collateral.

(IV) Notes and accounts receivable

	2019.12.31	2018.12.31
Notes receivables - resulting from non-operating income	$ 2,157	-
Accounts receivables - measured at amortized cost	233,089	500,346
	$ 235,246	500,346

The company applies the simplified approach on the estimation of expected credit losses, that is, a loss allowance is recognized based on lifetime of expected credit losses. To measure the expected credit losses, notes and accounts receivables were grouped based on shared characteristics of credit risk on remaining payments before due date, and forward looking information was incorporated as well. As of December 31, 2018, analysis of expected credit losses on notes and accounts receivable in Taiwan was as follows:

	2019.12.31		
	Carrying amount	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Current	$ 235,246	-	-

	2018.12.31		
	Carrying amount	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Current	$ 500,346	-	-

For the years ended December 31, 2019 and 2018, no loss allowance on doubtful accounts and reversal of receivables written down were recognized.

(V) Inventory

	2019.12.31	**2018.12.31**
Prepayment for buildings and land	$ 4,235	5,716
Land held for construction	1,239,027	4,683,217
Construction in progress	16,647,598	12,482,269
Buildings and land held for sale	14,768,799	15,713,320
Total	$ 32,659,659	32,884,522

For the years ended December 31, 2019 and 2018, the amounts of reversal of inventory written down to net realizable value were NT$ 30,262 thousand and NT$ 4,085 thousand, respectively, and those of loss on inventory written down to net realizable value were NT$ 0 and NT$ 26,934 thousand, respectively.

For the years ended December 31, 2019 and 2018, the capitalization rates applied in the calculation of construction in progress were 2.101% and 2.218%. Refer to Note VI(23) for details on the amounts of capitalization.

Refer to Note VIII for details on collateral pledged for inventory as of December 31, 2019 and 2018.

As of December 31, 2019 and 2018, the amounts of inventory of legal parking spaces trusted to third parties were NT$ 16,332 thousand and NT$ 17,905 thousand, respectively.

(VI) Investments accounted for using equity method

Investments of the company under equity method at reporting date are listed below:

	2019.12.31	**2018.12.31**
Subsidiary	$ 4,553,884	4,222,649

1. Subsidiaries

   Refer to the Consolidated Financial Statements for the year ended on December 31, 2019.

2. Collateral

   Refer to Note VIII for details on the investments accounted for using equity method and pledged as collateral as of December 31, 2019 and 2018.

3. Jiayu International Co. Ltd. (the "Jiayu International") was a subsidiary of Global Mall, the company's investment accounted for using equity method. Jiayu International suffered losses from failure in business development and filed for termination of its Build-Operate-Transfer (BOT) investment contract with Hsinchu City Government on June 30, 2016. The contract was rescinded with approval of Hsinchu City Government on July 11, 2016, and the termination was completed in September 2018.
4. Global Mall (Tianjin) Co., Ltd. (the "Global Mall Tianjin") is a subsidiary of Global Mall, the company's investments accounted for using the equity method. On May 31, 2019, Global Mall Tianjin singed with Tianjin Chongbei Property Management Co., Ltd. (Lessor) an agreement in which the lease was terminated on the same date, and the termination was to be completed by July 2019. Gains and losses in relation to this rescission were recognized in investment profit or loss according to its percentage of ownership.

(VII) Property, plant and equipment (PP&E)

The cost, depreciation, and impairment loss of PP&E of the company for the years ended on December 31, 2019 and 2018 were as follows:

	Land	Building and constructions	Leasehold improvement	Other equipment (including transportation and other equipment)	Total
Cost or identified cost:					
Balance as of January 1, 2019	$ 138,488	266,478	1,178	12,359	418,503
Additions	-	725	-	474	1,199
Disposal	-	-	-	(5,390)	(5,390)
Balance as of December 31, 2019	**$ 138,488**	**267,203**	**1,178**	**7,443**	**414,312**
Balance as of January 1, 2018	$ 138,488	265,322	2,195	11,555	417,560
Additions	-	139	-	804	943
Reclassifications	-	1,017	(1,017)	-	-
Balance as of December 31, 2018	**$ 138,488**	**266,478**	**1,178**	**12,359**	**418,503**
Depreciation and impairment loss:					
Balance as of January 1, 2019	$ -	121,504	773	8,167	130,444
Depreciation for the year	-	5,318	203	1,567	7,088
Disposal	-	-	-	(4,042)	(4,042)
Balance as of December 31, 2019	**$ -**	**126,822**	**976**	**5,692**	**133,490**
Balance as of January	$ -	116,244	570	6,642	123,456

	Land	Building and constructions	Leasehold improvement	Other equipment (including transportation and other equipment)	Total
1, 2018					
Depreciation for the year	-	5,260	203	1,525	6,988
Balance as of December 31, 2018	$ -	121,504	773	8,167	130,444
Carrying amount:					
December 31, 2019	$ 138,488	140,381	202	1,751	280,822
December 31, 2018	$ 138,488	144,974	405	4,192	288,059

Refer to Not VIII for details on collateral pledged for financings as of December 31, 2019 and 2018.

(VIII) Right-of-use asset

The cost and depreciation of leased transportation equipment were as follows:

	Transportation equipment
Cost:	
Balance on January 1, 2019	$ -
Additions	4,342
Balance on December 31, 2019	$ 4,342
Depreciation and impairment loss:	
Balance on January 1, 2019	$ -
Depreciation	241
Balance on December 31, 2019	$ 241
Carrying amount:	
December 31, 2019	$ 4,101

(IX) Investment property

	Land and improvements	Building and construction	Total
Cost or deemed cost:			
Balance as of January 1, 2019	$ 282,087	213,814	495,901
Balance as of December 31, 2019	$ 282,087	213,814	495,901
Balance as of January 1, 2018	$ 380,564	253,938	634,502
Disposal	(98,477)	(40,124)	(138,601)
Balance as of December 31, 2018	$ 282,087	213,814	495,901
Depreciation and impairment loss:			
Balance as of January 1, 2019	$ -	16,766	16,766
Depreciation for the year	-	4,193	4,193
Balance as of December 31, 2019	$ -	20,959	20,959
Balance as of January 1, 2018	$ 25,867	32,333	58,200
Depreciation for the year	-	4,509	4,509
Disposal	(25,867)	(20,076)	(45,943)

	Land and improvements	Building and construction	Total
Balance as of December 31, 2018	$ -	16,766	16,766
Carrying amount:			
December 31, 2019	$ 282,087	192,855	474,942
December 31, 2018	$ 282,087	197,048	479,135
Fair value:			
December 31, 2019			$ 1,057,839
December 31, 2018			$ 1,062,031

Investment properties are commercial real estates leased to third parties. Refer to Note VI(16) for details.

Fair value of investment properties is determined by the valuation of an independent appraiser (licensed in related professions and currently experienced in appraising similar properties) or by the company's self-assessment (referring to the sales price of similar real estate transactions in the neighborhood). These inputs used in the fair value measurement were classified to Level 3.

The fair value measurement is assessed using the market approach and income approach. When quoted prices in an active market are not available, fair value of investment properties is determined by the present value of total future cash flows generate over the property's lifetime, discount at rates reflecting special risks of such cash flows. The discount rate applied for the years ended on December 31, 2019 and 2018 were both 1.95%.

Refer to Note VIII for details on investment properties pledged as collateral as of December 31, 2019 and 2018.

(X) Intangible assets

The cost, depreciation, and impairment loss of intangible assets of the company for the years ended on December 31, 2019 and 2018 were as follows:

	Computer software
Cost:	
Balance as of January 1, 2019	$ 8,520
Capitalized R&D	1,603
Reclassification of prepayments	975
Balance as of December 31, 2019	$ 11,098
Balance as of January 1, 2018	$ 8,520
Balance as of December 31, 2018	$ 8,520
Amortization and impairment loss:	
Balance as of January 1, 2019	$ 8,358
Amortization for the year	466
Balance as of December 31, 2019	$ 8,824
Balance as of January 1, 2018	$ 7,060
Amortization for the year	1,298
Balance as of December 31, 2018	$ 8,358

	Computer software
Carrying amount:	
Balance as of December 31, 2019	$ 2,274
Balance as of December 31, 2018	$ 162

Amortization

For the years ended on December 31, 2019 and 2018, the amounts of amortization expenses of intangible assets were included in the following line items of the parent-company-only statements of comprehensive income:

	2019	2018
Operating expense	$ 466	1,298

(XI) Other financial assets - current and incremental costs of obtaining a contract

	2019.12.31	2018.12.31
Other financial assets - current	$ 3,187,328	1,940,390
Incremental costs of obtaining a contract	144,525	103,350
	$ 3,331,853	2,043,740

1. Other financial assets
   Refer to Note VIII for details on collateral pledged on restricted assets (reserve accounts and trust) and refundable deposits on constructions.
2. Incremental costs of obtaining a contract - current
   The company expected to recover the commissions paid to third-party real estate agent and bonus paid to internal sales department and recognized these costs as assets. These costs are amortized upon revenue recognition of real estate sales. For the years ended on December 31, 2019 and 2018, the amount of incremental costs were NT$ 132,950 thousand and NT$ 213,168 thousand, respectively.

(XII) Prepaid lease

The cost, depreciation, and impairment loss of prepaid lease of the company for the years ended on December 31, 2018 were as follows:

	Surface right to a land in Pingtung
Cost or identified cost:	
Balance as of December 31, 2018	$ 63,000
Amortization:	
Balance as of January 1, 2018	$ 25,657
Amortization for the year	1,578
Balance as of December 31, 2018	$ 27,235
Carrying amount:	
December 31, 2018	$ 35,765

As of December 31, 2018, no prepaid lease was pledged as collateral.

(XIII) Short-term borrowings

Details of the company's short-term borrowings were as follows:

	2019.12.31	2018.12.31
Unsecured bank loans	$ 4,500,000	3,250,000
Secured bank loans	14,245,374	15,934,508
Total	$ 18,745,374	19,184,508
Range of effective rates	1.40%~2.55%	1.45%~2.64%

Refer to Note VIII for details on assets pledged as collateral for secured bank borrowings.

(XIV) Bonds payable and convertible corporate bond due within one year or one operating cycle, and current portion of convertible corporate bond

Details on bonds payable were as follows:

	2019.12.31	2018.12.31
Secured ordinary bond	$ 4,500,000	4,500,000
Less: Expiring within one year	-	(1,000,000)
Bonds payable - non-current	$ 4,500,000	3,500,000

The company issued a secured corporate bond on December 12, 2019, in the amount of NT$ 1,000,000 thousand, at the rate of 0.80%, for the duration of 5 years.
The company issued a secured ordinary bond on January 15 and October 15, 2018, in the amount of NT$ 1,000,000 thousand, at the rate of 1.05% and 0.88%, for the duration of 5 years.

(XV) Lease liability

The carrying amount of lease liability is as follows:

	2019.12.31
Current	$ 4,108

Refer to Note VI(24) for the details on the analysis of maturity profile of the company's lease liabilities.

The amount of lease liability recognized in the parent-company-only statements of comprehensive income was as follows:

	2019
Interest expense on lease liability	$ 15

The amount of lease liability recognized in the parent-company-only statements of cash flows was as follows:

	2019
Total cash used in lease	$ 249

(XVI) Operating Lease

1. The company as lessee

   As of December 31, 2019, future lease payables under non-cancellable operating leases were as follows:

	2018.12.31
Not later than 1 year	$ 15,213
Later than 1 year but not later than 5 years	19,916
Later than 5 years	-
	$ 35,129

   The surface right of the land on Minzu Road in Songshan District of Taipei City was leased from Political Warfare Bureau of the Ministry of National Defense (MND) under a service concession contract. The lease payment was 3% of the value of land assessed by the Government. The contract was sold on November, 2018 and hence, the lease payment was carried by the buyer.

   As of December 31, 2018, the rental expenses of NT$ 21,260 thousand were recognized in profit or loss .

2. The company as lessor

   The company leased its investment properties and recognizes the leases that do not transfer of the substantial risks and rewards incident to ownership of an underlying asset under as operating leases. Refer to Note VI(9) for details.

The analysis of due dates and non-discounted future cash flows of lease receivable after December 31, 2019 is as follows:

		2019.12.31
Not later than 1 year	$	10,526
Later than 1 year but not later than 2 years		10,526
Later than 2 years but not later than 3 years		6,556
Later than 3 years but not later than 4 years		4,571
Later than 4 years but not later than 5 years		4,590
Later than 5 years		9,440
Non-discounted future cash flows of lease	$	46,209

As of December 31, 2018, future minimum lease receivables under non-cancellable operating leases were as follows:

		2018.12.31
Not later than 1 year	$	10,526
Later than 1 year but not later than 5 years		32,179
Later than 5 years		14,030
	$	56,735

For the years ended on December 31, 2019 and 2018, the rental income from investment property amounted to NT$ 10,526 thousand and 10,558 thousand, respectively; no significant repair and maintenance expenses were recognized.

(XVII) Employee benefits

1. Defined benefit plan

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets for defined benefit plans was as follows:

		2019.12.31	2018.12.31
Present value of defined benefit obligations	$	12,949	12,805
Fair value of plan assets		(6,268)	(1,694)
Net defined benefit (assets) liabilities	$	6,681	11,111

Details on employee benefit liabilities were as follows:

		2019.12.31		2019.12.31
Short-term compensated absences liability	$	3,104	$	3,104

The company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans covered by the Labor Standards Act entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(1) Composition of plan assets

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

The company's Bank of Taiwan labor pension reserve account balance amounted to NT$ 6,268 thousand as of December 31, 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Movements in present value of the defined benefit obligations

For the years ended on December 31, 2019 and 2018, the movements in present value of the defined benefit obligations of the company were as follows:

	2019	2018
Defined benefit obligations as of January 1	$ 12,805	12,461
Current service cost and interest	147	150
Remeasurement on the net defined benefit liabilities (assets)		
- Actuarial loss (gain) arising from changes in financial assumption	197	284
- Experience adjustments	172	487
Benefits paid by the plan	(372)	(577)
Defined benefit obligations as of December 31	**$ 12,949**	**12,805**

(3) Movements in fair value of plan assets

For the years ended on December 31, 2019 and 2018, the movements in the fair value of the defined benefit plan assets for the company were as follows:

	2019	2018
Fair value of plan assets as of January 1	$ 1,694	1,368
Interest income	21	7
Remeasurement on the net defined benefit liabilities (assets)		
- Return on plan assets (excluding amounts included in net interest expense)	84	162
Contributions paid by the employer	4,841	734
Benefits paid by the plan	(372)	(577)
Fair value of plan assets as of December 31	**$ 6,268**	**1,694**

(4) For the years ended on December 31, 2019 and 2018, there was no effect of the asset ceiling.

(5) Expenses recognized in profit or loss

For the years ended on December 31, 2019 and 2018, the expenses recognized in profits or losses were as follows:

	2019	2018
Interest costs of defined benefit obligations	$ 147	150
Net interest from net defined benefit assets (liabilities)	(21)	(7)
	$ 126	**143**

(6) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

The company's remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

		2019	2018
Cumulative balance as of January 1	$	(9,884)	(9,275)
Recognized for the year		(285)	(609)
Cumulative balance on December 31	$	**(10,169)**	**(9,884)**

(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2019.12.31	2018.12.31
Discount rate	1.00%	1.15%
Future salary increase rate	1.75%	1.75%

The company expects to make contribution of NT$ 200 thousand to the defined benefit plans in the year following December 31, 2019.

The weighted average lifetime of the defined benefit plans is 10.5 years.

(8) Sensitivity analysis

On December 31, 2019 and 2018, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2019		
Discount rate (change by 0.25%)	(326)	337
Future salary increases rate (change by 1%)	1,394	(1,246)
December 31, 2018		
Discount rate (change by 0.25%)	(337)	350
Future salary increases rate (change by 1%)	1,454	(1,288)

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

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2018 and 2017.

2. Defined contribution plans

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

For the years ended December 31,2019 and 2018, the pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to NT$ 4,260 thousand and NT$ 4,321 thousand, respectively.

(XVIII) Income tax

1. Income tax expense

For the years ended on December 31, 2019 and 2018, the details of income tax expenses were as follows:

	2019	2018
Current tax expenses		
Current period	$ 49,998	89,680
Surtax on undistributed earnings	8,777	5,064
Adjustment for the prior periods	13,791	(42)
Land value increment tax	104,694	94,432
	177,260	189,134
Deferred tax expenses		
Origination and reversal of temporary differences	-	6,537
Deferred tax income	-	6,537
Income tax expense	**$ 177,260**	**195,671**

For the years ended on December 31, 2019 and 2018, no income tax expenses are recognized in equity or other comprehensive income.

For the years ended on December 31, 2019 and 2018, reconciliation of income tax and profit before tax is as follows:

	2019	2018
Net income before tax	$ 1,460,786	702,919
Income tax using the company's domestic tax rate	$ 292,157	140,584
Non-taxable incomes on land	(155,448)	(107,925)
Timing differences on recognition of income and cost	14,026	-
Deferred tax on interest expenses	(41,108)	(15,524)
Loss (gain) on investments accounted for using equity method	(90,681)	27,902
Impairment losses on financial assets measured at FVTPL	66	369
Changes in unrecognized temporary differences	-	6,537
Under (over) provision for the prior periods	13,791	(42)
Land value increment tax	104,694	94,432
Surtax on undistributed earnings	8,777	5,064
Others	30,986	44,274
	$ 177,260	**195,671**

2. Deferred tax assets

(1) Unrecognized deferred tax assets

	2019.12.31	2018.12.31
Deductible temporary difference	**$ -**	**27,337**

(2) Recognized deferred income tax assets

The deferred changes in tax assets were as follows:

	Deductible losses
Balance on January 1, 2018	$ 6,537
Debit on income statements	(6,537)
Balance on December 31, 2018	$ -

(3) The company's tax fillings was assessed for the years ended on December 31, 2017.

(XIX) Capital and other equity

As of December 31, 2019 and 2018, the total value of nominal ordinary shares amounted to NT$ 6,500,000 thousand, with a par value of 10 per share, consisting of 650,000 thousand shares issued. There was 503,791 thousand shares of ordinary shares already issued.

1. Capital reserve

The balance of capital reserve was as following:

	2019.12.31	2018.12.31
Additional paid-in capital	$ 827,906	827,906
Premium on conversion of convertible bonds	236,408	236,408
Treasury stock transactions	254,535	243,911
Gains on disposal of assets	34,912	34,912
Others	26,112	25,728
	$ 1,379,873	1,368,865

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

2. Retained earnings

The company's Articles of Incorporation stipulates that the company's earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, if any, can be distributed to the shareholders as dividends, and bonus dividends according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

(1) Legal reserve

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

(2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2019, the remaining amount of special reserve is NT$ 25,546 thousand.

(3) Earnings distribution

For the years ended on December 31, 2019 and 2018, the earnings distribution resolved in the shareholders meeting held on June 10, 2019 and June 27, 2018 were as follows:

	2018		**2017**	
	Dividend per share (in dollars)	**Amount**	**Dividend per share (in dollars)**	**Amount**
Dividends distributed to shareholders of common stocks:				
Cash	$ 1.00	503,791	0.50	251,896

3. Treasury stock

As of December 31, 2019 and 2018, the company's common stock held by the Group were as follows:

Unit in thousands of shares

	2019.12.31			**2018.12.31**		
Subsidiary name	**Number of shares**	**Carrying amount**	**Market value**	**Number of shares**	**Carrying amount**	**Market value**
Kedge Construction	500	$ 1,222	15,950	500	1,222	10,225
Jiequn Investment	8,518	55,384	271,739	8,518	55,384	174,202
Guanqing Electromechanical	1,607	14,590	51,263	1,607	14,590	32,863
	10,625	$ 71,196	338,952	10,625	71,196	217,290

4. Other equity items (net of tax)

	Exchange differences on translation of financial statements of foreign operations	**Unrealized gain (loss) from financial assets measured at FVTOCI**	**Total**
Balance as of January 1, 2019	$ (25,910)	364	(25,546)
Exchange differences on translation of net assets of foreign operations	(354)	-	(354)
Shares of unrealized gain (loss) from financial assets measured at FVTOCI	-	96	96
Balance as of December 31, 2019	$ (26,264)	460	(25,804)
Balance as of January 1, 2018	$ (32,521)	-	(32,521)
Effects of retrospective application of new IFRSs	-	(1,538)	(1,538)
Adjusted balance as of January 1, 2018	(32,521)	(1,538)	(34,059)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gain (loss) from financial assets measured at FVTOCI	Total
Foreign currency translation differences	6,611	-	6,611
Shares of unrealized gain (loss) from financial assets measured at FVTOCI	-	1,902	1,902
Balance as of December 31, 2018	$ (25,910)	364	(25,546)

(XX) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for years ended on December 31, 2019 and 2018 were as follows:

1. Basic earnings per share

(1) Net income attributable to the shareholders of common stocks of the company

	2019	2018
	Operating units	Operating units
Net income attributable to the shareholders of common stocks of the company	$ 1,283,526	507,248

(2) Weighted-average number of ordinary shares outstanding

	2019	2018
Number of ordinary shares issued as of January 1	503,791	503,791
Effects of treasury stocks	(10,625)	(10,625)
Weighted-average number of outstanding ordinary shares as of December 31	493,166	493,166
Basic earnings per share	$ 2.60	1.03

2. Diluted earnings per share

(1) Net income attributable to the shareholders of common stocks of the company (diluted)

	2019	2018
	Units in continuing operations	Units in continuing operations
Net income attributable to the shareholders of common stocks of the company (diluted)	$ 1,283,526	507,248

(2) Weighted-average number of outstanding ordinary shares (diluted)

	2019	2018
Weighted-average number of outstanding common stocks (basic) as of December 31	493,166	493,166
Effect of employee remuneration in stock	1,049	56
Weighted-average number of outstanding common stocks (diluted) as of December 31	494,215	493,222
Diluted earnings per share	$ 2.60	1.03

(XXI) Revenue from contracts with customers

1. Disaggregation of revenue

   isaggregation of revenue for years ended on December 31, 2019 and 2018 were as follows:

		2019	2018
Revenue from contracts with customers	$	8,103,874	7,489,121
Revenue from investment properties		13,562	13,651
	$	8,117,436	7,502,772

2. Disaggregation of revenue from contracts with customers

		2019	2018
Primary geographical markets:			
Taiwan	$	8,117,436	7,502,772
Main products/services:			
Sales of real estate developments	$	7,848,371	7,489,121
Sales of construction contracts		227,813	-
Revenue from services rendered		27,690	-
Other income		13,562	13,651
	$	8,117,436	7,502,772
Timing of revenue recognition:			
Upon transfer of products	$	7,876,061	7,489,121
On the basis of stage of completion of contract activity		227,813	-
On the basis of time passed for services rendered		13,562	13,651
Total	$	8,117,436	7,502,772

3. Contract balances

		2019.12.31	2018.12.31	2018.1.1
Accounts receivable	$	233,089	500,346	376,694
Less: Loss allowance		-	-	-
Total	$	233,089	500,346	376,694
Contract assets - construction	$	151,622	-	-
Less: Loss allowance		-	-	-
Total	$	151,622	-	-
Contract liabilities - construction	$	18,415	-	-
Contract liabilities - buildings		5,177,387	3,937,293	1,128,473
Total	$	5,195,802	3,937,293	1,128,473

Refer to Note VI(4) for details on accounts receivable and related loss allowance.

The beginning balance of contract liability on January 1, 2019 and 2018, were NT$ 397,232 thousand and NT$ 737,636 thousand, respectively.

Changes in contract assets and liabilities were mainly driven by the timing difference between when the transfer of products and services rendered were completed and when client's payments were received. For the years ended on December 31, 2019 and 2018, no material changes were recognized.

As of December 31, 2019, the prepayments of real estate pre-sales and the related interests were retained in trust accounts of identified banks and recognized as other financial assets - current in the amounts of NT$ 1,454,941 thousand. Details on the trust accounts were as follows:

Project code	2019.12.31
103G	$ 656,526
105A	12,893
950B	93,521
101C	672,891
100C	5,700
980F	13,410
	$ 1,454,941

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

The company’s Articles of Incorporation stipulates that, after annual earnings first offset against any deficit, a minimum of 0.5% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. However, if the company has accumulated deficits, the profit should be reserved to offset the deficit. For the years ended December 31, 2019 and 2018, the company accrued its employee compensation amounting to NT$ 30,433 thousand and NT$ 7,247 thousand, respectively, and its directors' remuneration of NT$ 30,433 thousand in 2019 and its directors' and supervisors' remuneration of NT$ 14,493 thousand in 2018. The aforementioned amounts are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as stipulated in the company's Articles of Incorporation. These remunerations were expensed under operating expenses for the years ended December 31, 2019 and 2018. When an issuance of common stocks for employee compensation is resolved by a Board meeting, the number of shares issued for the stock-based compensation is calculated based on the closing stock price at the date before the Board meeting. Related information is disclosed on Market Observation Post System of TWSE. The aforementioned amounts of employee compensation and directors' and supervisors' remuneration, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2019 and 2018

(XXIII) Non-operating income and loss

1. Other incomes

   Details on other incomes for the years 2019 and 2018 were as follows:

	2019	2018
Interest income		
Bank deposits, including interests on repurchasable bond and its deposit	$ 8,079	2,197
Refundable deposit on constructions	1,431	2,444
Others	-	11
Dividend income	1,211	1,259
	$ 10,721	5,911

2. Other gains and losses

Details on other gains and losses for the years 2019 and 2018 were as follows:

	2019	2018
Net losses on financial assets measured at FVTPL	$ (328)	(1,845)
Gain on disposal of assets	81	365
Foreign exchange losses	(4)	-
Other incomes	20,018	24,784
Other expenses	(10,093)	(7,278)
	$ 9,674	16,026

3. Financing cost

Details of financing costs for the years ended on December 31, 2019 and 2018 were as follows:

	2019	2018
Interest expense		
Interests on bank loans and deposits	$ 421,393	442,843
Transaction fees and interests on corporate bonds	86,563	118,726
Other financing costs	15	-
Others	-	170
Loss: Capitalization of interest	(165,200)	(202,918)
	$ 342,771	358,821

(XXIV) Financial Instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(2) Concentration of credit risk

The company is engaged in the development and sales of real estate. Its clientele is primarily the vast majority of individual consumers and is not concentrated on single key accounts or in particular regions. Consequently, the credit risks in relations to these receivables are determined to have no significant concentration concerns.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-3 years-	3-5 years-
December 31, 2019					
Non-derivative financial liabilities					
Secured bank loans	$ 14,245,374	14,723,203	5,666,754	6,676,625	2,379,824
Unsecured bank loans	4,500,000	4,719,330	1,090,143	2,614,946	1,014,241
Notes , accounts and other payables	2,473,266	2,473,266	2,473,266	-	-
Ordinary corporate bonds (including current portion due within one year)	4,500,000	4,627,523	-	1,522,568	3,104,955
Lease liabilities	4,108	4,235	1,495	2,740	-
Guarantee deposits	3,418	3,418	-	3,418	-

	Carrying amount	Contractual cash flows	Within a year	1-3 years-	3-5 years-
	$ 25,726,166	26,550,975	9,231,658	10,820,297	6,499,020
December 31, 2018					
Non-derivative financial liabilities					
Secured bank loans	$ 15,934,508	16,317,017	10,343,765	5,973,252	-
Unsecured bank loans	3,250,000	3,485,681	323,622	1,616,754	1,545,305
Notes, accounts and other payables	3,292,055	3,292,055	3,292,055	-	-
Ordinary corporate bonds (including current portion due within one year)	4,500,000	4,633,138	1,010,192	1,538,318	2,084,628
Guarantee deposits	1,811	1,811	1,811	-	-
	$ 26,978,374	27,729,702	14,971,445	9,128,324	3,629,933

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

3. Interest rate analysis

Refer to the note on liquidity risk management and the interest rate exposure of the company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments at 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 expected changes in interest rates at plus or minus 1% is reasonably assessed by the company's management and also used in internal reporting.

For the years ended on December 31, 2019 and 2018, an increase (decrease) of 1% in interest rates is estimated, assuming all other variables remain constant, to cause decrease (increase) in the net profit before tax by NT$ 187,454 thousand and NT$ 191,845 thousand, respectively, and after considering capitalization of interest, to cause decrease (increase) by NT$ 126,491 thousand and 103,586 thousand, respectively. This change is mainly due to the company's borrowings in variable rates.

4. Other market price risk

For the years ended December 31, 2019 and 2018, the sensitivity analyses for the changes in the price of equity securities, at the reporting date, were performed using the same basis for the profit or loss, with all other variable factors remaining constant, as illustrated below:

	2019		**2018**	
	Other comprehensive income after tax	**Net income after tax**	**Other comprehensive income after tax**	**Net income after tax**
Prices of securities at the reporting date				
Increasing 10%	**$ 266**	**2,345**	**303**	**2,377**
Decreasing 10%	**$ (266)**	**(2,345)**	**(303)**	**(2,377)**

5. Fair value measurement
   (1) Categories and fair value of financial instruments
   The fair value of financial assets measured at FVTPL and FVTOCI is measured on a recurring basis. Shown below are the book value and fair value of the company's financial assets and liabilities, including the information on fair value hierarchy, but excluding lease liabilities and financial instruments that are not measured at fair value but the book value of which is reasonably closely to its fair value (disclosure not required):

	2019.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	$ 23,445	23,445	-	-	23,445
Financial assets measured at FVTOCI - non-current	$ 2,659	656	-	2,003	2,659
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,012,378	-	-	-	-
Notes and accounts receivables (including receivables from related parties)	235,246	-	-	-	-
Other financial assets - current	3,178,328	-	-	-	-
Subtotal	5,425,952	-	-	-	-
Total	$ 5,452,056	24,101	-	2,003	26,104
Financial liabilities measured at amortized costs					
Short-term borrowing	$ 18,745,374	-	-	-	-
Notes, accounts and other payables	2,473,266	-	-	-	-
Bonds payable (including current portion)	4,500,000	-	-	-	-
Lease liabilities	4,108	-	-	-	-
Guarantee deposits	3,418	-	-	-	-
Total	$ 25,726,166	-	-	-	-

	2018.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	$ 23,773	23,773	-	-	23,773
Financial assets measured at FVTOCI - non-current	$ 3,025	351	-	2,674	3,025
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,293,783	-	-	-	-

Notes and accounts receivables (including receivables from related parties)	500,346	-	-	-	-
Other financial assets - current	1,940,390	-	-	-	-
Subtotal	4,734,519	-	-	-	-
Total	$ 4,761,317	24,124	-	2,674	26,798
Financial liabilities measured at amortized cost					
Short-term borrowing	$ 19,184,508	-	-	-	-
Notes, accounts and other payables	3,292,055	-	-	-	-
Bonds payable (including current portion)	4,500,000	-	-	-	-
Guarantee deposits	1,811	-	-	-	-
Total	$ 26,978,374	-	-	-	-

(2) Valuation techniques of financial instruments measured at fair value

(2.1) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. A quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity and debt instruments, as it is a quoted price in an active market. If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing agencies, or governing authorities, and such price can actually reflect those traded frequently in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accordance with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, low trading volumes and high or increasing bid-ask spreads are indications that a market is not active.

The categories and characteristics of fair value measurement for the financial instruments with active markets were as follows:

- The fair value of financial instruments that have active markets and standard terms and conditions are determined with reference to quoted market prices (e.g., publicly traded stocks).

The categories and characteristics of fair value measurement for the financial instruments without active markets were as follows:

- Equity instruments without active market quotes: the fair value is derived from comparable companies in the market and is determined by multiplying investee's EBITDA with P/E ratio of comparable companies listed in the market. The calculation is then discounted for lack of marketability.

(3) Movement in financial assets included in Level 3 fair value hierarchy

	Financial assets measured at FVTOCI		
	Equity instruments without active market quotes	Debt instruments	Total
January 1, 2019	$ 2,674	-	2,674
December 31, 2019	$ 2,003	-	2,003
January 1, 2018	$ 421	-	421
December 31, 2018	$ 2,674	-	2,674

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among those listed, the gains or losses attributable to the financial assets held on December 31, 2019 and 2018 were as follows:

	2019	2018
Total gains or losses		
Recognized in other comprehensive income (listed under "unrealized gain (loss) from financial assets measured at FVTOCI")	$ (671)	2,253

(4) Significant unobservable inputs (Level 3) of fair value measurement

Some of the company's financial assets at FVTOCI are classified as measured in Level 3.

Among the financial assets classified as measured in Level 3 the majority have only one significant unobservable input, except for equity instruments without active market quotes, which have several significant unobservable inputs. The significant unobservable inputs for the equity instruments without active market quotes are independent of each other and are not correlated.

Quantitative information of significant unobservable inputs is as follows:

Item	Valuation technique	Significant unobservable inputs	Relationship of the inputs and fair value
Financial assets measured at FVTOCI - equity instruments without active market quotes	Comparable company valuation	• Price/earnings ratio (10.6 for 2019, 9.3 for 2018) • Discount for lack of marketability (15% for 2019, 27.2% for 2018)	• The higher the ratio, the greater the fair value. • The higher the discount, the lower the fair value.

(5) Sensitivity analysis of reasonably possible alternative assumptions on fair value measurements in Level 3

The company's measurement on the fair value of financial instruments may change if different valuation models or inputs are used. For fair value measurements in Level 3, changes in one or more of the assumptions would have the following effects on profit or loss or other comprehensive income:

	Input	Changes upwards or downwards	Changes of fair value in the current profit or loss		Changes of fair value in other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2019						
Financial assets measured at FVTOCI						
Equity investments without active market quotes	Price/earnings ratio	10%	-	-	182	(182)
Equity investments without active market quotes	Discount for lack of marketability	10%	-	-	236	(236)
December 31, 2018						
Financial assets measured at FVTOCI						
Equity investments without active market quotes	Price/earnings ratio	10%	-	-	267	(267)
Equity investments without active market quotes	Discount for lack of marketability	10%	-	-	267	(267)

(6) Transfer between different levels of Fair value hierarchy

Some of equity instruments held by the company have active market quotes, and therefore, those are classified in Level 1. For the years ended on December 31, 2019 and 2018, no changes in fair value hierarchy occurred, and therefore, no transfer were recognized.

(XXV) Financial risk management

1. Overview

The company has exposure to the following risks arising from financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The company has disclosed the information on exposure to the aforementioned risks in the previous section; the information on objectives, policies and procedures of risk measurement and management of the aforementioned risks are disclosed below. For more details, please refer to the related notes to parent-company-only financial statements.

2. Structure of risk management

(1) Risk management policy

An enterprise often face many uncertainties in its operation that can be potential threats to its existence. A good risk management policy is required to enable early detection and timely control of risks that could cause damages to operations. Considering operation strategy, business environment and planning of each business units, the company's Board of Directors established risk management policies in relation to business environment, to design and procedures of internal and external controls, and to strategy decision-making. In addition, the Board is expected to provide management reports on various resolutions, action items, monitoring and on-going performance of risk control activities, so that when facing similar circumstances, the company can propose better solutions based on past experiences.

(2) Organization structure of risk management

Every level in the organization structure or every department in the company has responsibility for risk management. A discovery of any risk shall be reported to the internal audit and senior management, who then shall take related actions in the first place.

The organization structure of risk management is as follows:

Department	Responsibilities
Board of Directors	Establish risk management policy Ensure effective operation of and sufficient resources allocated to risk management
Senior Management	Execute risk management policy determined by Board of Directors Coordinate cross-functional risk control activities
Internal Audit	Perform routine audits on risk control Monitor risk control activities and report them to Board of Directors and Audit Committee
Others	Compiling results of risk control activities Perform routine activities on risk control Evaluate risk types based on circumstances and propose corresponding action plans

3. Credit risk

Credit risk is the risk of financial losses resulting, when the company's customers or counter-parties of its financial instruments fail to meet their contractual obligations, principally from the company’s receivables from clients and investment securities.

(1) Accounts receivable and other receivables

The company's exposure to credit risk varies among individual clients. Taken into considerations are client related information including, among others, the industry and nature of the client's business, country risks, and other factors that the management believes would affect the company's exposure to credit risk. The company's revenue for the years ended on December 31, 2019 and 2018, were solely from domestic consumers. The company is engaged in the development and sales of real estate. The receivables arisen from real estate sales are paid by individual consumers through wire transfers, cashier’s or certified checks and mortgages. Consequently, the credit risks in relations to these receivables are estimated to be minimal.

The company also recognized losses allowance for bad debts to reflect the estimated losses of its accounts receivable, other receivables and investments. The allowance account consists of two components; the main component refers specific losses associated with individual significant exposure to credit risks; and the other component refers to a portfolio of already occurred but yet to have identified losses of a group of similar assets. The portfolio of loss allowance account is determined by historical statistics on payments eventually received for similar financial assets.

(2) Investments

The exposure to credit risk in relation to bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the company’s finance department. Since the company only deals with banks with good credit rating as well as financial institutions, corporations, and government agencies with investment-grade credit ratings, no concerns on the fulfillment of its counterparty's obligations and no significant exposure to credit risk were recognized.

(3) Guarantees

Policies of the company stipulates that guarantees can be made available to subsidiaries and counterparties of whom the company owns more than 50% of shares. As of December 31, 2019 and 2018, no endorsements/guarantees were recognized.

4. Liquidity risk

   Liquidity risk is the risk of unfulfilled obligations occurring when the company cannot settle its financial liabilities with cash or another financial asset. The company's approach to managing liquidity is to monitor its capital demands through cash flow forecasting, maintain sufficient non-disbursable loan commitments at all times, and always ensure that it has sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking its reputation.

5. Market risk

   Market risk is the risk of changes in the company's profits or value of its financial instruments resulting from changes in market factors, such as foreign exchange rates, interest rates, and prices of equity instruments. The company's objective of market risk management is to control its market risk exposure within a bearable range while optimizing the investment return.

   (1) Interest rate risk

   The company adopts the most cost-effective strategy in maintaining an appropriate portfolio of fixed and floating interest rates and conducting such assessment regularly.

   (2) Other market price risk

   The company is exposed to the risk of market price fluctuation in its equity instruments held for sale with the intention to cover the unfunded portion of its defined benefit obligations. The company's management adjusts the ratio of equity to debt in its investment portfolio according to fluctuation in market price index. Any material investment in the portfolio is managed separately.

(XXVI) Capital management

The company’s objectives of capital management is to ensure its capacity in operation continuity, to return profits to its shareholders and other stakeholders, and to optimize its capital structure to reduce cost of capital.

In maintaining or adjusting the capital structure, the company may settle liabilities through adjustments in dividend payment or capital return to its shareholders, issuance of new shares, or disposal of assets.

The company, like its peer companies, control capital management on the basis of debt-to-capital ratio, which is net debt divided by total capital. The net debt is the total liabilities less cash and cash equivalents. The total capital is total equity (including share capital, capital reserve, retained earnings, other equity and non-controlling equity) plus net debt.

For the years ended on December 31, 2019 and 2018, the company had the same policy on capital management and maintained the debt-to-capital ratio between 69% to 71% to ensure reasonable cost of capital. As of December 31, 2019 and 2018, the debt-to-capital ratio were as follows:

	2019.12.31	**2018.12.31**
Total liabilities	$ 31,201,320	31,276,346
Less: Cash and cash equivalents	(2,012,378)	(2,293,783)
Net liability	29,188,942	28,982,563
Total equity	12,627,504	11,836,993
Capital after adjustment	**$ 41,816,446**	**40,819,556**
Debt-to-capital ratio	**70%**	**71%**

(XXVII) Non-cash investing and financing activities

The company's non-cash investing and financing activities for the year ended on December 31, 2019, are to acquire right-of-use assets through leases. Refer to Note VI(8) for details.

VII. Related Party Transactions

(I) Names of and relationship with related parties

Related parties that had transactions with the company during the reporting periods were as follows:

Name of related party	Relations with the Company
Kedge Construction Co., Ltd (the "Kedge Construction")	Subsidiary
Global Mall Co., Ltd. (the "Global Mall")	Subsidiary
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE) (the "Guan Cheng")	Subsidiary
Jiequn Investment Co., Ltd. (the "Jiequn Investment")	Subsidiary
Dingtian Co., Ltd. (the "Dingtian")	Subsidiary
Guanqing Electromechanical Co., Ltd. (the "Guanqing Electromechanical")	Subsidiary
KGM International Investment Co., Ltd. (HK) (the "KGM")	Subsidiary
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE) (the "Guan Hua")	Subsidiary
Global Mall (Tianjin) Co., Ltd. (Note)	Subsidiary
	Subsidiary
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (the "Guan You")	Associate
ReadyCom eServices Co. Ltd.	The entity's chairman is the second-degree relatives of the company's chairman
Retrieving data. Wait a few seconds and try to cut or copy again.	Other related party

(II) Significant related-party transactions

1. Purchases of goods from related parties

   Detail of the company's significant purchases with its related parties were as follows:

2019	Total Contract Amount (before tax)	Purchase (Current Price)	Cumulative Amount
Subsidiary - Kedge Construction	$ 20,037,538	5,000,015	10,158,533

2018			
Subsidiary - Kedge Construction	$ 25,156,833	6,858,591	12,753,510

The construction projects contracted to the related parties by the company was in accordance with related party's contracting regulations, according to which, the contract price is calculated on the basis of construction budgets plus reasonable management expenses and profits and, after price comparison and negotiation processes, approved by the management.

The payment term of related-party transactions is either 95% due immediately and 5% due in 90 day or 100% due immediately or in 90 days.

2. Purchases of services from related parties

	Purchase 2019	Purchase 2018
Associates	$ -	975

3. Payables to related parties

Detail of the company's significant accounts payable with its related parties were as follows:

Accounting subject	Category and Name of Related Party	2019.12.31	2018.12.31
Notes payable - related parties	Subsidiary - Kedge Construction	$ 1,287,602	1,899,951
Accounts payable - related parties	Subsidiary - Kedge Construction	642,097	770,072
Accounts payable - related parties	Subsidiary - Dingtian	5,170	10,339
Accounts payable - related parties	Associates	-	307
		$ 1,934,869	2,680,669

4. Endorsements/guarantees

Detail of the company's endorsements/guarantees provided to its related parties were as follows:

Category of related party	2019.12.31	2018.12.31
Subsidiaries	$ 28,384	28,384

5. Lease

(1) Leasing from related parties

The company leased office buildings and parking lots from subsidiaries in a lease term of one year. The rental incomes for the years ended on December 31, 2019 and 2018 were both NT$ 3,360 thousand.

(2) Leasing to related parties

Part of the company's office building was leased to subsidiaries and other related parties in a lease term of one year. The rental incomes for the years ended on December 31, 2019 and 2018 were both NT$ 2,482 thousand.

6. Others

(1) The company signed an agreement for the surface right to a land in Pingtung in the second half of the year 2011. According to the agreement, the payments for the surface right to be received before the end of the agreement and when the agreement is extended were in the amount of NT$ 31,464 thousand and NT$ 16,000 thousand, respectively. The total amount was NT$ 47,464 thousand over a period of thirty years. As of December 31, 2018, the remaining balance after amortization was NT$ 35,765 thousand and was recognized as long-term prepaid leases. For the year ended on December 31, 2019, all rights and obligations related to the identified lease asset were transferred to the subsidiary.

(2) For the years ended on December 31, 2019 and 2018, the amounts of donation made to Kindom Yu San Education Foundation were NT$ 4,000 thousand and NT$ 5,500 thousand, respectively, for the purpose of promoting the foundation's services.

(3) For the year ended on December 31, 2019, sales of the company's assets to

the related parties amounted to NT$ 1,429 thousand before tax, and the related payables were settled as of December 31, 2019.

(III) Transactions with key management personnel

Compensations for key management personnel were as follows:

	2019	2018
Short-term employee benefits	$ 30,500	39,366
Post-employment benefits	117	83
	$ 30,617	39,449

VIII. Pledged Assets

Carrying values of pledged assets were as follow:

Assets	Collaterals Pledged	2019.12.31	2018.12.31
buildings and land held for sale	Bank loans	$ 9,347,838	11,257,912
Land held for construction	Bank loans	211,953	3,318,550
Construction in progress	Bank loans	13,458,598	10,085,022
Investment properties and net PP&E	Bank loans	753,810	762,597
Other financial assets - current	Bank loans, pre-sales payments in trust accounts, guarantees, and bonds payable	2,639,130	1,724,615
Long-term equity instruments accounted for using equity method	Bank loans and guarantees	3,515,098	3,201,147
		$ 29,926,427	30,349,843

IX. Material Contingent Liabilities and Unrecognized Contract Commitments

Significant unrecognized contract commitment:

1. Total amount of sales contracts signed before and after the completion of construction were as follows:

	2019.12.31	2018.12.31
Amount of sales contracts signed	$ 14,898,155	13,474,401
Amount of payments received per contracts	$ 5,177,387	3,937,293

2. Details on refundable deposits and notes paid for co-developments with land owners and third-party developers as follows:

	2019.12.31	2018.12.31
Refundable deposit	$ 538,675	217,759
Refundable notes	$ 982,599	1,040,477

3. In December, 2019 and 2018, the company's Board of Directors approved the donation to Kindom Yu San Education Foundation in the amounts of NT$ 5,500 thousand in 2020 and 4,000 thousand in 2019 for the purpose of promoting the Foundation's services.

X. Material Disaster Losses None

XI. Material Post-period Matters: None

XII. Others:

A summary of employee benefits, depreciation, depletion, and amortization expenses, by function, is as follows:

By function / By item	2019			2018		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Employee benefits						
Salaries	-	131,527	131,527	-	119,392	119,392
Insurance	-	8,109	8,109	-	8,472	8,472
Pension	-	4,386	4,386	-	4,455	4,455
Directors' remuneration	-	32,398	32,398	-	15,645	15,645
Others	-	7,510	7,510	-	8,624	8,624
Depreciation	4,610	6,912	11,522	4,927	6,570	11,497
Amortization	-	466	466	-	1,298	1,298

Additional information of employee head counts and benefit expenses for the years ended on December 31, 2019 and 2018 were as follows:

	2019	2018
Employee head count	100	101
Number of Board members who are not employee	5	5
Average employee benefit expense	$ 1,595	1,468
Average salary expense	$ 1,384	1,244
Average salary adjustment	11.25%	

XIII. Supplementary Disclosures

(I) Information on Material Transactions

In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the company discloses the information on significant transactions as follows:

1. Loaning of fund to other parties: none
2. Providing endorsements/guarantees to other parties:

No.	Endorsement/ guarantee Provider	Endorsement/guarantee Receiver		Limits on Endorsement/guarantee Provided to A Single Entity	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Amount Collateralized with Property	Ratio of Cumulative Balance of Endorsement/guarantee to Net Equity as Stated in its Latest Financial Statement	Maximum Amount Allowable	Endorsement/ guarantee Provided by Parent Company to Subsidiary	Endorsement/ guarantee Provided by Subsidiary to Parent Company	Endorsement/ guarantee Provided to Subsidiary in China
		Company Name	Nature of Relationship (Note 1)										
1	Kedge Construction	The Company	Parent company and subsidiary	$ 5,481,922	14,192	14,192	14,192	-	0.52%	5,481,922	N	Y	N
2	Dingtian	The Company	Parent company and subsidiary	53,430	14,192	14,192	14,192	-	26.56%	53,430	N	Y	N
2	Dingtian	Kedge Construction	Parent company and subsidiary	8,014,571	1,376,500	1,376,500	1,376,500	-	2,576.27%	16,029,141	N	Y	N
3	Global Mall	Guan Yo	3	2,738,260	200,000	200,000	20,000	-	4.38%	5,476,520	Y	N	N
3	Global Mall	Guan Hu	2	2,738,260	150,000	150,000	65,000	-	3.29%	5,476,520	Y	N	N
3	Global Mall	Global Mall (Tianjin) Co., Ltd.	3	2,738,260	646,500	-	-	-	- %	5,476,520	Y	N	Y

Note 1: Types of relationship that the endorsement/guarantee provider has with the guaranteed party:

(1) An entity with which it does business.

(2) An entity in which it directly and indirectly holds more than 50 percent of the voting shares.

(3) An entity that directly and indirectly holds more than 50 percent of its voting shares.

(4) An entity in which it holds, directly or indirectly, 90% or more of the voting shares.

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

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

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

Note 2: Taipei City Government requested the company to provide joint and several security, so Kedge Construction, approved by the Board on March 21, 2002 and March 25, 2010, provided endorsements/guarantees for the company.

Note 3: Per Kedge Construction's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 200% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 200% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statement.

Note 4: Per Dingtian's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 100% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 100% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 300 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statement.

Note 5: Per Global Mall's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 120% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 60% of its net equity as stated in its latest financial statement..

3. Marketable securities (excluding equity investments in subsidiaries, associates, and joint ventures) held at the reporting date:

Unit: Thousands of New Taiwan Dollars or Thousands of Shares

Investing Company	Category and Name of Security	Relationship with the Security Issuer	Financial Statement Account	Ending Balance: Number of Shares	Ending Balance: Carrying Amount	Ending Balance: Percentage of Ownership	Ending Balance: Fair Value (Note)	Number of Shares
The company	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	505	23,445	- %	23,445	
The company	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	198	2,003	0.20 %	2,003	
The company	Stock - Clientron Corp.	-		29	656	0.05 %	656	
Kedge Construction	Beneficiary certificate - Fuh Hwa Aegis	-	Financial assets measured at FVTPL - current	733	22,474	- %	22,474	
Jiequn Investment	Stock - Fubon Financial Holding Co Ltd.	-		472	21,878	- %	21,878	
Jiequn Investment	Stock - SinoPac Securities Corporation	-		211	2,744	- %	2,744	
Jiequn Investment	Beneficiary certificate - Fuh Hwa China New Economy A Shares	-		766	7,590	- %	7,590	
Jiequn Investment	Stock - Huei Ding Computer	-	Financial assets measured at FVTOCI - non-current	405	-	0.78 %	-	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	419	19,432	- %	19,432	
Guanqing Electromechanical	Stock - Commonwealth Publishing Group	-	Financial assets measured at FVTOCI - non-current	132	5,920	0.59 %	5,920	

Note: If market price is not available, the carrying amount of the security at the reporting date is determined as the market price.

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$ 300 million or 20% of the paid-in capital:

Unit: Thousands of New Taiwan Dollars

Company Name	Category and name of security	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance: Number of Shares	Beginning Balance: Amount	Acquisitions: Number of Shares	Acquisitions: Amount	Disposals (note1): Number of Shares	Disposals (note1): Sales Price	Disposals (note1): Book Value	Disposals (note1): Gain (Loss) on Disposal on Disposal	Ending Balance: Number of Shares	Ending Balance: Amount
Global Mall	Stock	Investment accounted for using equity method	KGM	Sub-subsidiary	-	727,517 (HKD 180,263K)	-	392,926	-	906,638	906,638	-	-	213,766 (HKD 54,435K)
KGM	Stock	Investment accounted for using equity method	Global Mall (Tianjin) Co., Ltd.	Sub-sub-subsidiary	-	727,478 (CNY 149,728K)	-	392,926	-	906,638	906,638	-	-	213,766 (CNY 48,000K)

Note 1: Capital reduction was made for the year ended on December 31, 2019 to mitigate losses in the amount of NT$ 906,638 thousand.

Note 2: Ending balance includes investment losses.Acquisition of real estate at costs exceeding NTD 300 million or 20% of the paid-in capital: None

5. Acquisition of real estate at costs exceeding NT$ 300 million or 20% of the paid-in capital: None

6. Disposal of real estate at prices exceeding NT$ 300 million or 20% of the paid-in capital:

Unit: Thousands of New Taiwan Dollars

Company Name	Property Name	Transaction Date	Acquisition Date	Carrying Amount	Transaction Amount	Receivable Collection	Gains (Losses) on Disposal	Counterparty	Nature of Relationship	Purpose of Disposal	Basis in Determination of the Sales Price	Other Conditions
The company	Inventory - buildings and land held for sale	108.05	Not applicable: inventory produced, not acquired	Not applicable	704,747	704,747	Not applicable	More than one third party	Not related	Selling inventory	Refer to Appraisal or Based on Market Price	None

Note: The amounts above are expressed before taxes.

7. Receivables from related parties with amounts exceeding NTD 100 million or 20% of the paid-in capital:

Unit: Thousands of New Taiwan Dollars

Company Name	Name of Counterparty	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes or Accounts Receivable (Payable)		Note
			Purchases/sales	Amount (note 1)	% of Total Purchases (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes or Accounts Receivable (Payable)	
The Company	Kedge Construction	Investee accounted for using equity method	Purchases for 101C and other project codes	5000,015	88.84 %	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	Equivalent to Other Transactions	Equivalent to Other Transactions	(1,929,699)	79.05%	Note 2
Kedge Construction	The company	Investor in which Kedge Construction is accounted for using equity method	Purchases for 041B and other project codes	(5,000,015)	(47.24) %	Per Payment Schedule in Contract or Equivalent to Other Transactions	Equivalent to Other Transactions	Equivalent to Other Transactions	1,929,699	63.56%	

Note 1: Amount as of December 31, 2019.

Note 2: The difference in receivables (payables) is recognized in contract assets.

8. Receivables from related parties with amounts exceeding NT$ 100 million or 20% of the paid-in capital:

Unit: Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Receivable Overdue		Amount Received in Subsequent Period	Loss Allowance
					Amount	Action Taken		
Kedge Construction	The company	Investor in which Kedge Construction is accounted for using equity method	1,929,699	2.47	-	-	445,601	-

9. Engaging in the trading in derivative instruments: none

(II) Information on Reinvestment

Investments of the company and its investees for the year ended on December 31, 2019 is as follows:

Unit: Thousands of New Taiwan Dollars or Thousands of Shares

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Investee's Profit (Loss) Recognized	Note
				December 31, 2019	December 31, 2018	Number of Shares	Percentage of Ownership	Carrying Amount			
The company	Kedge Construction	Taiwan	Comprehensive constructions	374,353	374,353	36,248	34.18%	558,791	402,348	103,642	Subsidiary
The company	Global Mall	Taiwan	Supermarkets, department stores, international trading, and wholesales and retails of medical equipment	3,209,395	3,209,395	320,105	84.02%	3,859,352	395,098	331,950	Subsidiary
The company	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	102,000	102,000	10,200	51.00%	135,741	34,926	17,812	Subsidiary
Kedge Construction	Jiequn Investment	Taiwan	Investment	163,935	163,935	16,396	99.98%	369,801	11,617	11,614	Second-tier subsidiary
Kedge Construction	Guanqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	203,204	11,976	11,972	Second-tier subsidiary
Jiequn Investment	Dingtian	Taiwan	Comprehensive constructions	16,500	16,500	-	30.00%	16,029	5,592	1,678	Third-tier subsidiary
Guanqing Electromechanical	Dingtian	Taiwan	Comprehensive constructions	11,105	11,105	-	70.00%	37,401	5,592	3,914	Third-tier subsidiary
Dingtian	ReadyCom eServices Co. Ltd.	Taiwan	Information software services and business consultation	15,000	15,000	1,400	46.67%	20,506	2	1	-
Global Mall	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	98,000	98,000	9,800	49.00%	130,418	34,926	17,114	Subsidiary
Global Mall	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	5,000	5,000	500	3.70%	1,640	(33,725)	(1,248)	Second-tier subsidiary

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Investee's Profit (Loss) Recognized	Note
				December 31, 2019	December 31, 2018	Number of Shares	Percentage of Ownership	Carrying Amount			
Global Mall	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	137,359	(3,201)	(3,201)	Second-tier subsidiary
Global Mall	KGM	Hong Kong	Investment and operation of shopping mall in China, including master planning, supporting engineering consulting, and leasing planning and consulting	213,766 (HKD 54,435K)	727,517 (HKD 180,263K)	- (Co. Ltd.)	100.00%	29,975	55,671	55,671	Second-tier subsidiary
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	130,000	130,000	13,000	96.30%	42,680	(33,725)	(32,477)	Second-tier subsidiary

(III) Information on Investments in Mainland China:

1. Names, main businesses and products, and other information of investees in mainland China:

Unit: Thousands of USD, HKD, CNY or NTD

Name of Investee	Main Business Items	Amount of Paid-in Capital	Investment Method	Cumulative Investment Outflow from Taiwan as of January 1, 2019	Investment Cash Flows		Cumulative Investment Outflow from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	Percentage of the Company's Direct or Indirect Ownership	Share of Investee's Profit (Loss) Recognized	Carrying Amount as of December 31, 2019	Cumulative Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Global Mall (Tianjin) Co., Ltd.	Business management (including rentals of commercial facilities) in wholesales, retails and import/export of household items and appliances, sports goods, office supplies, watches, glasses, textiles, etc.; property management; business consulting; corporate marketing planning; conference services; exhibition services ; parking lot management	213,766 (CNY 48,000)	Note 2	727,478 (CNY 149,728)	392,926 (CNY 88,059)	906,638 (CNY 189,787)	213,766 (CNY 48,000)	55,667 (HKD 14,111)	100.00%	55,667 (HKD 14,111)	30,270 (HKD 7,864)	-

Note 1: Capital reduction was made for loss mitigation.

Note 2: The investment in mainland China is made through an investee outside of Taiwan and mainland China.Limitation on investment in mainland China:

2. Limitation on investment in mainland China:

Cumulative Investment Outflow from Taiwan as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
CNY 48,000	USD 11,100	7,576,502

Note: The limited amount is capped at 60% of the company's net equity.

3. Significant transactions with investees in mainland China: none

XIV. Segment Information

Please refer to the Consolidated Financial Statements for the year ended on December 31, 2019.

VI. Any Financial Difficulties Experienced by the Company or its Affiliated Enterprises during the Most Recent Fiscal Year as of the Date of this Annual Report: None.

Chapter 7. Review and Analysis of Financial Position and Operating Results, and Risk Management

I. Financial position:

Comparative analysis on the Consolidated Financial Position

Unit: NT$ Thousands

Item \ Year	2018	2019	Difference	
			Amount	%
Current assets	43,341,299	45,563,542	2,222,243	5.13
Property, plant and equipment	6,979,157	6,703,794	(275,363)	(3.95)
Other assets	842,852	3,557,629	2,714,777	322.09
Total assets	51,163,308	55,824,965	4,661,657	9.11
Current liabilities	30,898,165	31,849,885	951,720	3.08
Non-current liabilities	6,697,580	9,562,171	2,864,591	42.77
Total liabilities	37,595,745	41,412,056	3,816,311	10.15
Equity capital	5,037,910	5,037,910	-	-
Capital reserves	1,368,865	1,379,873	11,008	0.80
Retained earnings	5,526,960	6,306,721	779,761	14.11
Other equity interest	(25,546)	(25,804)	(258)	1.01
Treasury stock	(71,196)	(71,196)	-	-
Non-controlling equity interest	1,730,570	1,785,405	54,835	3.17
Total shareholder's equity	13,567,563	14,412,909	845,346	6.23
Cause of an increase or decrease of 20% or more: Other assets and non-current liabilities: Mainly from the transition to IFRS 16, recognition of right-to-use assets and lease liabilities on the date of initial application.				

II. Financial performance:

(I) Comparative analysis on the consolidated income statement:

Unit: NT$ Thousands

Item \ Year	2018	2019	Increase (decrease)	Change as percentage
Operating revenue	14,435,680	15,326,899	891,219	6.17
Operating costs	10,436,554	11,298,605	862,051	8.26
Gross operating profit	3,999,126	4,028,294	29,168	0.73
Operating expenses	2,089,225	1,829,565	(259,660)	(12.43)
Operating benefits	1,909,901	2,198,729	288,828	15.12
Non-operating income and expenditure	(829,483)	(384,465)	445,018	(53.65)
Pre-tax net profit of continuing operations	1,080,418	1,814,264	733,846	67.92
Less: Income tax expenses	407,105	268,041	(139,064)	(34.16)
Add: Cumulative implications of changes to GAAP	-	-	-	-
After-tax net profit of continuing operations	673,313	1,546,223	872,910	129.64
Cause of an increase or decrease of 20% or more: 1. Non-operating income and expenditure: Mainly from impairment losses caused by reversal disposal of real estate, plant and equipment. 2. Pre-tax net income of continuing operations: Mainly from the decrease of non-operating expenses. 3. Income tax expense: Mainly from recognition of realized investment losses. 4. Net income after tax of continuing operations: Mainly from reduction of operating expenses and non-operating expenses.				

(II) Analysis on the change in gross operating profit

Unit: NT$ Thousands

	Variation from the previous period	Cause of the difference			
		Selling price difference	Cost difference	Sales portfolio variance	Quantity variance
Gross operating profit	29,168	-	-	-	-
Analysis shows that such a variance was resulted from an increase in the operating income of the building operation segment, the construction and operation segment and the department store segment.					

(III) Estimated sales volume in the coming year and its basis:

There are more than 10 projects including 980K, 980L, 980M, 102B, 830I, 950B, 103G, 105A, 103B, 980F, 100C, 101C and 101B completed in the construction operation segment, under construction or on pre-sale, with a total number of saleable households exceeding 1,200. The building operation segment has implemented nearly 20 projects from external customers, with a total contract value over NT$25 billion. With the sale, progress in construction and completion of the aforesaid projects, revenue and profits will be generated in the coming years. The department store segment can still maintain the momentum of operation and growth due to its ownership in seven shopping malls, the establishment of shopping malls in excellent areas of transportation hubs, the convenience of providing consumers with ONE-STOP SHOPPING, and the establishment of a full-customer shopping center in the sub-capital to meet customers' all-round needs such as shopping, feasting, entertainment and leisure, as well as various competitive niches such as spacious and elegant shopping environment, convenient parking, commodities meeting local consumption needs and rapid adjustment of the configuration of counter-based businesses.

III. Cash Flows:

(I) Analysis of liquidity for the last two years:

Item \ Year	2018	2019	Increase (decrease) as percentage
Cash flow ratio (%)	6.3	10.04	59.37
Cash flow sufficiency ratio (%)	58.26	88.96	52.69
Cash re-investment ratio (%)	7.4	10.23	38.24
Cause of a material increase or decrease: 1. Cash flow ratio: Mainly due to increased net cash inflow from operating activities. 2. Cash flow sufficiency ratio: Mainly due to the increase in net cash inflow from operating activities in the last five years. 3. Cash reinvestment ratio: Mainly due to the increase of net cash inflow from operating activities.			

(II) Improvement Plans for Insufficient Liquidity:

In 2019，the cash inflow for the year was NT$689,828 thousand, and the cash balance at the end of the period was NT$6,229,385 thousand yuan, liquidity is normal.

(III) Analysis of cash liquidity for the last year:

Unit: NT$ Thousands

Opening cash balance (1)	Estimated Net Cash Flow from Operating Activities for the Year (2)	Estimated annual cash outflows (3)	Estimated cash surplus (shortage) (1)+(2)-(3)	Remedies for estimated cash shortage	
				Investment plans	Wealth management plans
6,229,385	6,461,761	4,803,892	7,887,254	-	-

Analysis of changes in cash flow in the coming year:

1. Operating activities: It is expected that the new completion, construction or pre-sale cases will be completed one after another in the next year, resulting in a net cash inflow from operating activities.
2. Cash outflows for the year: Taken into consideration of the impact of investment activities and financing activities, including the payment of cash dividends

IV. The Implications of Major Capital Expenditures to Finance and Business in the Most Recent Year:

(I) Application of the Major Capital Expenditures and Capital Source:

In 2019, the department store segment needed more than NT$95,156 thousand to carry out the decoration project of the store, which was provided with bank loans and funds generated from the operation.

(II) Estimated potential benefits:

After a shopping mall renovation and introduction of new brands, the department store segment will provide consumers with more diversified goods, services and visual experience, and their operating income and profit growth can be expected.

V. The Latest Annual Reinvestment Policies, the Main Reasons for a Profit or Loss, Improvement Plans and Investment Plans for the Coming Year:

(I) The Company's reinvestments include an investment in Global Mall Co., Ltd., Guan Cheng Co., Ltd. and Kedge Construction Co., Ltd.. In 2019, for which the Company recognized the investment benefits respectively in the amount of NT$331,950,000, NT$17,812,000 and NT$103,642,000 in proportion to the Company's shareholding therein.

(II) Global Mall Co., Ltd. set up Global Mall(Tianjin)Co., Ltd. in Tianjin, mainland China through KGM International Investment Co., Ltd. to lease the planned shopping mall from real estate developers Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (Lessors). As the lessor failed to fulfill the commitment on the original lease conditions, it exercised the right to rescind the contract in July of 2018 and filed to the China International Economic and Trade Arbitration Commission for arbitration. The first arbitration tribunal was held on Dec. 24th, 2018. According to the assessment, the possibility of rescinding the contract was high, so the relevant losses arising from the termination was recognized in 2018. The arbitration mediation was completed on Jun. 28th, 2019. Both parties rescinded the lease contract and completed the shopping mall handover in July of 2019. The lessor will return the deposit in accordance with the settlement agreement.

VI. Risk Issues in the Most Recent Year as of the Date of this Annual Report and an Analysis and Evaluation thereof:

(I) The impact of interest rate, exchange rate changes and inflation on the company's profits and losses and future countermeasures:

The short-term and long-term borrowings of the Consolidated Company are debts with interests at "benchmark interest rate" plus a "fixed overcharge". At present, the benchmark interest rate of financial institutions is slowly declining, and the Consolidated Company will actively strive for preferential interest rates from financing banks in the future to reduce interest costs for customers as the Consolidated Company is a customer wanted by financial institutions. In addition, the exchange rate risk to the Consolidated Company mainly comes from cash denominated in foreign currency and approximate cash, which generate foreign currency exchange gains or losses during conversion, so exchange rate changes have no significant impact on the consolidated gains or losses. The domestic inflation is still moderate, and the extent to which the profits and losses of the Consolidated Company are affected by it is not evident.

(II) Policies for engaging in high-risk, high-leverage investments, loan of funds to others, endorsement and guarantee, and derivatives trading, main reasons for profits or losses, and future countermeasures:

The Consolidated Company is committed to the development of the industry and has not engaged in high-risk, highly leveraged investments, loan of funds to others and derivatives transactions. In addition, the Consolidated Company shall, depending on the business needs, handle external endorsement and guarantee in accordance with the "Endorsement and Guarantee Procedures" and the regulations of the competent authority. The target mainly includes related companies, joint partners and companies with business contacts. Its operation and financial conditions are normal, and its performance capacity and solvency is not at risk.

(III) Future R&D plans and estimated R&D expenditures:

The Consolidated Company does not have a dedicated research and development department, but the technical research department or planning and design department is responsible for the planning and design of construction products, and the planning department and development department are responsible for the collection and development of market information.

In recent years, the building operation segment of the Consolidated Company has not only introduced the public works management system for site management, but also actively developed or introduced new construction methods and improved construction technologies to achieve the goals of shortening construction period, reducing pollution and improving efficiency. In order to improve competitiveness, it is estimated that

NT$1,500,000 will be invested in the following projects in the coming year:

Item No.	Research planning
1	Application and development for project information system integration.
2	BIS-BIM certification and promotion of BIM projects according to international standards
3	Research and development on quantity output of BIM-aided engineering
4	Application of BIM in implementing safety and health measures
5	Research and introduction of the FIM maintenance platform
6	Introduction of conversion of UAV aerial images into numerical terrain data into research on BIM mapping data
7	Research and introduction of civil engineering CIM (Civil 3D / Infraworks)
8	Development of IoT control system for construction personnel positioning.
9	Introduction of BIM mapping data in researches on loT technology application platform.

In addition, since the construction industry and department store industry do not require R&D and design of new products for general manufacturing or high-tech industries, there is no related research and development cost incurred.

(IV) The impact of major policies and legal changes at home and abroad on the Company's finance and business and the countermeasures :

The management department of the Consolidated Company attaches great importance to information on political and economic developments and legal changes at home and abroad, and has a proper response capability. It has always abided by the relevant laws and regulations promulgated by the government and adheres to the principle of prudent operation to maintain sustainable development. Significant policy and legal changes at home and abroad in the recent year have not had a significant impact on the finance and business of the Consolidated Company.

(V) The impact of technological and industrial changes on the company's finance and business and countermeasures:

In response to technological and industrial changes, the Consolidated Company keeps abreast of market changes and actively obtains industrial information through various means to expand its business. At present, the Consolidated Company has not experienced any significant impact on the company's finance and business due to technological or industrial changes.

(VI) Impact of Corporate Image Change on Corporate Crisis Management and Countermeasures:

Since its establishment, the Consolidated Company has been committed to the business philosophy of "integrity, service, innovation and sustainability" to create a high-quality corporate image. The Consolidated Company has witnessed no change in its corporate image.

(VII) Expected benefit and possible risks from M&A and countermeasures: None.

(VIII) Expected benefit and possible risks from plant expansion and countermeasures: None.

(IX) Risks from centralized purchase and sale and countermeasures:

Due to the industrial characteristics and the need to control the quality of new construction projects, the construction operation segment appoints related company to undertake construction projects. Its construction technology level and financial condition are good. The construction and construction segment only needs to strengthen the control on its construction quality to avoid the risk of centralized purchase In addition, the sales target of construction projects is the general public and firms, so there is no centralized sales.

The building operation segment carefully evaluates the reputation, technical level and financial status of contractors and building materials suppliers. When necessary, it also contracts or supplies relatively large quantities of projects or building materials to several manufacturers to ensure the smooth progress of the project. In addition, the building operation segment will conduct a credit investigation on the owners before undertaking the project, and the owners are mainly government agencies, well-known electronic technology manufacturers and the parent company Guande Construction. There is no risk of centralized sales.

The department store segment rents stores to hundreds of manufacturers to operate general merchandise , catering and entertainment. There is no centralized purchase and sales.

(X) Effect upon and risk to the Company associated with transfer or change in the equity held by directors, supervisors or substantial shareholders holding more than 10% of the shares and countermeasures being or to be taken: None.

(XI) Effect upon and risk to the Company associated with any change in the right of management, and countermeasures being or to be taken: None.

(XII) In case of a litigation or non-litigation event, if there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case up to the publication date of this annual report shall be disclosed: None.

1. Major pending litigation, non-litigation or administrative proceedings involved the Consolidated Company:

Subject matter	Cause and current status	Implications to financial business
Global Mall(Tianjin)Co., Ltd.	The Consolidated Company leased the shopping mall planned and under development by Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the "Lessors") for 20 years from December of 2016. Due to the lessor's failure to fulfill the commitment on the original lease conditions, the Consolidated Company exercised the right to terminate the contract in July of 2018, and at the same time filed to the China International Economic and Trade Arbitration Commission for arbitration, requesting to terminate the lease contract and return the performance bond, compensate for	There should be no significant implications.

	the book losses of decoration and liquidated damages, etc. totaling CNY 230,057,000. The lessor filed a counterclaim for arbitration on Sep.26th, 2018, requesting cancellation of the lease contract, restoration of the leased property to its original state, without return the security deposit, and payment of liquidated damages, depreciation loss of the project and loss of expected benefits totaling CNY 248,299,000. The first arbitration tribunal was held on Dec. 24th, 2018 and the Consolidated Company estimated and presented the relevant losses in 2018. Upon completion of arbitration and mediation on Jun. 28th, 2019, both parties rescinded the lease contract and completed the shopping mall handover in July of 2019, the lessor will return the deposit in accordance with the settlement agreement.	
041A Project	In 041A project contracted by the Consolidated Company, the construction firm of the neighboring factory owner claimed that damages were caused to the structure and floor of the factory building due to improper construction of the Consolidated Company. Both parties tried mediation for times but failed. So the construction firm of the neighboring factory owner sued the Consolidated Company for damages totaling NT$15,665,000. The Consolidated Company will continue to deal with the issue depending on the judgement.	There should be no significant implications.
031C Project	The Consolidated Company is sued for repayment of loans in an amount of NT$2,032,000 due to the project undertaken. The consolidated Company will continue to deal with the issue depending on the judgement.	There should be no significant implications.

2. If a director, supervisor, general manager, substantive person-in-charge, major shareholders holding more than 10% of the shares and affiliated companies involves a major decided or pending litigation, non-litigation or administrative proceeding, and the results may have a significant impact on shareholders' rights or securities prices, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the major parties involved in the litigation, and the handling status up to the date of publication of this Annual Report shall be disclosed: None.

(XIII) Other significant Risks and Countermeasures:

1. Risk management policies:

   Enterprises often encounter many uncertainties that may threaten their operations. In order to find and control them as early as possible and reduce the losses caused by risks, good risk management policies are required. The Board of Directors of the Consolidated Company formulates the overall risk management policy in accordance with the operating strategy, operating environment and departmental plans, the main contents of which include the environmental aspect, internal and external operation process aspect and strategic decision-making aspect, etc. In addition, the Board of Directors shall submit risk management reports on various risk management resolutions, delivery matters, supervision and follow-up implementation, so that when future operation and management face similar or identical problems, they can refer to past experience and propose better solutions.

2. Organizational structure for risk management:

   Every level or department of the Consolidated Company is responsible for risk management. Once any risk is discovered, it shall be promptly reported the audit office or senior management and seek solutions as soon as possible. The decision makers shall also take actions in the shortest possible time.

   The organizational structure for risk management of the Consolidated Company is as follows:

Organization name	**Authority**
Board of Directors	To develop risk management policies. To ensure the effective operation of the risk management mechanism and the allocation of resources.
Senior management	To implement the risk management decision of the Board of Directors. To coordinate in cross-departmental risk management.
Auditing Office	To conduct inspect the day-to-day risk management. To supervise risk management activities and report the implementation to the Board of Directors and supervisors.
Other departments	To sort out the results of risk management activities. To perform day-to-day risk management. To determine the risk categories and draw up a commitment plan based on the changes in the environment.

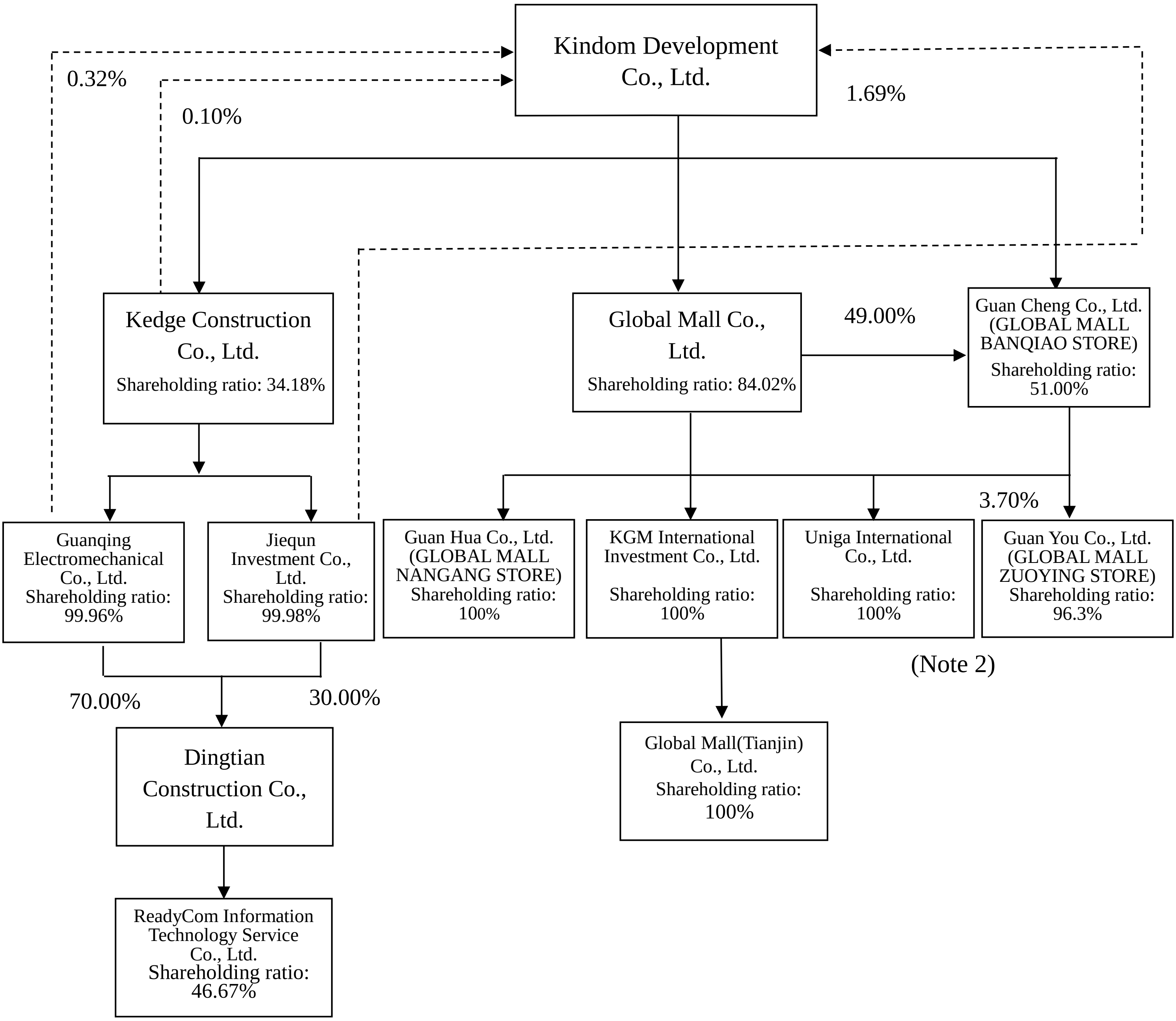
VII. Other important matters: None.

Chapter 8. Special Disclosure

I. Information of Affiliated Companies:

(I) Organization Chart of Related Companies (Note 1):

Dec. 31st, 2019



Note 1. In accordance with Article 369-2 of the Company Act, it is presumed that a company holding the majority of the total number of the outstanding voting shares or the total amount of the capital stock of another company is considered the controlling company, while the other company is considered a subordinate company.

Note 2. Uniga International Co., Ltd. completed liquidation on Nov. 5th, 2018.

(II) Basic information of affiliated companies:

Dec. 31st, 2019 (Unit: NT$ Thousands)

Company name	Date of incorporation	Address	Paid-in capital	Main businesses
Kindom Development Co., Ltd.	1979.11	2F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	5,037,910	1. Housing and building development, lease and sale. 2. Investment in public construction. 3. Section acquisition and rezoning of municipal land. 4. Sale of immovable property. 5. Lease of immovable property.
Kedge Construction Co., Ltd.	1982.04	6F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	1,060,357	comprehensive construction etc.
Guanqing Electromechanical Co., Ltd.	1997.12	3F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	77,500	electrical equipment installation and fire safety equipment installation, etc.
Jiequn Investment Co., Ltd.	1998.01	3F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	164,000	general investment etc.
Dingtian Construction Co., Ltd.	1983.07	8F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	23,000	comprehensive construction etc.
ReadyCom Information Technology Service Co., Ltd.	2008.05	6F.-1, No. 207, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	30,000	information, software services and management consulting etc.
Global Mall Co., Ltd.	2002.11	8F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	3,810,000	Supermarket, department store, international trade, wholesale and retails of medical equipment, etc.
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	2009.03	-1F, 1F, 2F, 24F and 25F, No. 7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	200,000	Department stores, supermarkets and retail without stores, etc.
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE)	2011.10	F24, No. 7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	135,000	Department stores, supermarkets and retail without stores, etc.
Uniga International Co., Ltd.	2012.09	No.6, Sec. 3, Guangfuli Highway No.5 Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	175,000	The liquidation was completed on Nov. 5th, 2018.
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	2015.07	8F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	140,000	Department stores, supermarkets and retail without stores, etc.
KGM International Investment Co., Ltd.	2011.10	Unit 1502,15/F,Jubilee Centre,46 GloucesterRoad,Wan Chai,Hong Kong	213,766	Overall planning for investment in and operation of shopping malls in mainland China, supporting project consulting, shopping mall rental planning and consulting, etc.
Global Mall(Tianjin)Co., Ltd.	2014.02	101, Zone A, 1F, BLD 2, Zhonglian Industrial Park, Xiqing District, Tianjin City, P.R.China.	213,766	Commercial management (including renting commercial facilities), wholesale, retail, import and export of daily necessities, sporting goods, household appliances, office supplies, clocks, glasses, textiles, etc. Property management; Business consultation; Enterprise marketing planning; Meeting services; Exhibition service; Parking lot management.

(III) Information of shareholders determined to be in controlling and subordinating relations with the Company:

Unit: NT$ Thousands

Presumed reason	Name	Shareholding		Date of incorporation	Address	Paid-in capital	Main businesses
		Number of shares	Shareholding ratio				
None							

(IV) Industries covered by business of affiliates:

1. Generally, the business of affiliates is dominated by housing and building development, lease and sale, comprehensive construction and shopping center.
2. Most construction projects of Kindom Development Co., Ltd. are undertaken by Kedge Construction Co., Ltd. and Dingtian construction Co., Ltd.

(V) Information on directors, supervisors and general managers of the affiliates:

Dec. 31st, 2019 (Unit: NT$ Thousands ; 1,000 shares; %)

Company name	Title	Name or representative	Shareholding/ capital contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
Kindom Development Co., Ltd.	Chairman	Yu-De Investment Co. Legal Representative: Mike, Ma	96,305 14,491	19.12% 2.88%
	Director	Yu-De Investment Co. Legal Representative: Mei-Chu, Liu	96,305 61,105	19.12% 12.13%
	Director and General Manager	Yu-De Investment Co. Legal Representative: Ching-Chin, Hung	96,305 (Note)	19.12% -
	Director	Yu-De Investment Co. Legal Representative: Sheng-An, Chang	96,305 8	19.12% -
	Director	Yu-De Investment Co. Legal Representative: Ching-Fen, Chang	96,305 31	19.12% 0.01%
	Director	Yu-De Investment Co. Legal Representative: Ming, Chen	96,305 2,494	19.12% 0.50%
	Independent Director	Shen-Yu, Kung	-	-
	Independent Director	Hung-Chin, Huang	-	-
	Independent Director	Kuo-Feng, Lin	-	-
Kedge Construction Co., Ltd.	Chairman	Kindom Development Co., Ltd. Legal Representative: Ming-Nai Ma	36,248 1,919	34.18% 1.78%
	Director	Kindom Development Co., Ltd. Legal Representative: Mei-Chu, Liu	36,248 2,825	34.18% 2.66%
	Director	Kindom Development Co., Ltd. Legal representative: Yi-Fang Huang	36,248 -	34.18% -
	Director	Kindom Development Co., Ltd. Legal representative: Ai-Wei Yuan	36,248 -	34.18% -
	Director	Kindom Development Co., Ltd. Legal representative: Shih-Hsuan Chou	36,248 74	34.18% 0.07%
	Director	Kindom Development Co., Ltd. Legal representative: Ming-Tao, Chen	36,248 -	34.18% -
	Director	Kindom Development Co., Ltd. Legal representative: vacancy	36,248 -	34.18% -
	Independent Director	Shen-Yu, Kung	-	-
	Independent Director	Hung-Chin, Huang	-	-
	Supervisor	Hua-Peng Long	-	-
	Supervisor	vacancy	-	-
	General Manager	Hui-Jen Huang	24	0.02%

Note: Holding 144 shares.

<table>
<tr><th rowspan="2">Company name</th><th rowspan="2">Title</th><th rowspan="2">Name or representative</th><th colspan="2">Shareholding/
capital contribution</th></tr>
<tr><th>Number of shares/
capital contribution</th><th>Shareholding/capital contribution ratio</th></tr>
<tr><td rowspan="6">Guanqing Electromechanical Co., Ltd.</td><td>Chairman</td><td>Kedge Construction Co., Ltd.
Legal Representative: Shau-Ling Ma</td><td>7,747
-</td><td>99.96%
-</td></tr>
<tr><td>Director</td><td>Kedge Construction Co., Ltd.
Legal Representative: Jung-Tai Chen</td><td>7,747
-</td><td>99.96%
-</td></tr>
<tr><td>Director</td><td>Kedge Construction Co., Ltd.
Legal Representative: Chin-Hua Fan</td><td>7,747
-</td><td>99.96%
-</td></tr>
<tr><td>Director</td><td>Kedge Construction Co., Ltd.
Legal Representative: Chien-fang Huang</td><td>7,747
-</td><td>99.96%
-</td></tr>
<tr><td>Director</td><td>Kedge Construction Co., Ltd.
Legal representatives: Ho Chin-Fu</td><td>7,747
-</td><td>99.96%
-</td></tr>
<tr><td>Supervisor</td><td>Ming-Nai Ma</td><td>-</td><td>-</td></tr>
<tr><td rowspan="11">Global Mall Co., Ltd.
Co., Ltd.</td><td>Chairman and General Manager</td><td>Kindom Development Co., Ltd.
Legal Representative: Mike, Ma</td><td>320,105
-</td><td>84.02%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal Representative: Ming-Tao, Chen</td><td>320,105
-</td><td>84.02%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal representatives: Ching-Sung Tseng</td><td>320,105
-</td><td>84.02%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal Representative: Jung-Tai Chen</td><td>320,105
-</td><td>84.02%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal Representative: Shau-Ling Ma</td><td>320,105
-</td><td>84.02%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal Representative: Hui-Jen Huang</td><td>320,105
-</td><td>84.02%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal Representative: Chin-Hua Fan</td><td>320,105
-</td><td>84.02%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal Representative: Sheng-An, Chang</td><td>320,105
-</td><td>84.02%
-</td></tr>
<tr><td>Director</td><td>Qilu Enterprise Co., Ltd.
Legal Representative: Chang-Jung Huang</td><td>54,095
-</td><td>14.20%
-</td></tr>
<tr><td>Supervisor</td><td>Ho Chin-Fu</td><td>-</td><td>-</td></tr>
<tr><td>Supervisor</td><td>Qiyang Development Co., Ltd.
Legal Representative: Kuo-Ping Chen</td><td>(Note)
-</td><td>-
-</td></tr>
</table>

Note: Holding 100 shares.

<table>
<tr><th rowspan="2">Company name</th><th rowspan="2">Title</th><th rowspan="2">Name or representative</th><th colspan="2">Shareholding/
capital contribution</th></tr>
<tr><th>Number of shares/ capital contribution</th><th>Shareholding/capital contribution ratio</th></tr>
<tr><td rowspan="7">Jiequn Investment Co., Ltd.</td><td>Chairman</td><td>Kedge Construction Co., Ltd.
Legal Representative: Shau-Ling Ma</td><td>16,396
1</td><td>99.98%
0.01%</td></tr>
<tr><td>Director</td><td>Kedge Construction Co., Ltd.
Legal Representative: Chun-Ming, Chen</td><td>16,396
-</td><td>99.98%
-</td></tr>
<tr><td>Director</td><td>Kedge Construction Co., Ltd.
Legal Representative: Wen-Yen Lin</td><td>16,396
-</td><td>99.98%
-</td></tr>
<tr><td>Director</td><td>Kedge Construction Co., Ltd.
Number of legal representatives: Shu-Yuan Lin</td><td>16,396
-</td><td>99.98%
-</td></tr>
<tr><td>Director</td><td>Kedge Construction Co., Ltd.
Legal Representative: Vacancy</td><td>16,396
-</td><td>99.98%
-</td></tr>
<tr><td>Supervisor</td><td>Ko-Hou Kuo</td><td>-</td><td>-</td></tr>
<tr><td>Supervisor</td><td>Wen-Hsiung Chou</td><td>-</td><td>-</td></tr>
<tr><td>Dingtian Construction Co., Ltd.</td><td>Chairman</td><td>Guanqing Electromechanical Co., Ltd.
Legal Representative: Shau-Ling Ma</td><td>1,610
-</td><td>70.00%
-</td></tr>
<tr><td rowspan="4">ReadyCom Information Technology Service Co., Ltd.</td><td>Chairman</td><td>Ta-Lung Ho</td><td>-</td><td>-</td></tr>
<tr><td>Director</td><td>Yu-Chang Li</td><td>-</td><td>-</td></tr>
<tr><td>Director</td><td>Ming-Nai Ma</td><td>-</td><td>-</td></tr>
<tr><td>Supervisor</td><td>Dingtian Construction Co., Ltd.
Legal Representative: Shau-Ling Ma</td><td>1,400
-</td><td>46.67%
-</td></tr>
<tr><td rowspan="4">Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)</td><td>Chairman</td><td>Kindom Development Co., Ltd.
Legal Representative: Mike, Ma</td><td>10,200
-</td><td>51.00%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal Representative: Chuan-Chieh Tan</td><td>10,200
-</td><td>51.00%
-</td></tr>
<tr><td>Director</td><td>Kindom Development Co., Ltd.
Legal Representative: Yi-Hwa Chen</td><td>10,200
-</td><td>51.00%
-</td></tr>
<tr><td>Supervisor</td><td>Global Mall Co., Ltd.
Legal Representative: Ming-Nai Ma</td><td>9,800
-</td><td>49.00%
-</td></tr>
<tr><td rowspan="4">Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE)</td><td>Chairman</td><td>Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)
Legal Representative: Mike, Ma</td><td>13,000
-</td><td>96.3%
-</td></tr>
<tr><td>Director</td><td>Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)
Legal Representative: Chin-Tang Po</td><td>13,000
-</td><td>96.3%
-</td></tr>
<tr><td>Director</td><td>Legal representative of Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE): Hsuan-Chun Chiu</td><td>13,000
-</td><td>96.3%
-</td></tr>
<tr><td>Supervisor</td><td>Legal representative of Global Mall Co., Ltd.: Li-Ya Chen</td><td>500
-</td><td>3.7%
-</td></tr>
</table>

Company name	Title	Name or representative	Shareholding/ capital contribution	
			Number of shares/ capital contribution	Shareholding/capital contribution ratio
KGM International Investment Co., Ltd.	Director	Global Mall Co., Ltd. Legal Representative: Mike, Ma	213,766 (Note) -	100% -
	Director	Ta-Sung Liu	-	-
Global Mall (Tianjin)Co., Ltd.	Executive director	KGM International Investment Co., Ltd. Legal Representative: Mei-Chi, Su	213,766 (Note) -	100% -
	Supervisor	KGM International Investment Co., Ltd. Legal representative: Ta-Sung Liu	213,766 (Note) -	100% -
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	Chairman	Global Mall Co., Ltd. Legal Representative: Mike, Ma	14,000 -	100% -
	Director	Global Mall Co., Ltd. Legal representative: Te-Chien Weng	14,000 -	100% -
	Director	Global Mall Co., Ltd. Legal representative: Hsiu-Hsia Chu	14,000 -	100% -
	Supervisor	Global Mall Co., Ltd. Legal representative: Shu-Lian, Chang	14,000 -	100% -

Note: The amount represents the capital contribution.

(VI) An overview of the operations of each affiliate

Dec. 31st, 2019 (Unit: NT$ Thousands) (earnings per share excluded)

Company name	Capital	Total assets	Total liabilities	Net	Operating revenue	Operating (losses) profits	Current profits or losses (After-tax)	Earnings per share (NT$) (After-tax)
Kindom Development Co., Ltd.	5,037,910	43,828,824	31,201,320	12,627,504	8,117,436	1,329,758	1,283,526	2.60
Kedge Construction Co., Ltd.	1,060,357	8,146,681	5,405,720	2,740,961	11,362,618	460,038	402,348	3.79
Guanqing Electromechanical Co., Ltd.	77,500	323,866	120,584	203,282	382,113	8,176	11,976	1.55
Jiequn Investment Co., Ltd.	164,000	370,596	713	369,883	13,855	11,836	11,617	0.71
Dingtian Construction Co., Ltd.	23,000	173,797	120,367	53,430	285,523	4,185	5,592	(Note2)
ReadyCom Information Technology Service Co., Ltd.	30,000	57,411	13,469	43,942	74,130	114	2	0.00
Global Mall Co., Ltd.	3,810,000	9,601,606	5,037,839	4,563,767	1,017,352	437,044	395,098	1.04
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	200,000	1,173,042	906,883	266,159	286,278	98,972	34,927	1.75
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE)	135,000	162,991	118,671	44,320	44,048	(10,374)	(33,725)	(2.50)
Uniga International Co., Ltd. (Note1)	175,000	87,530	-	87,530	-	(43)	(22)	(0.00)
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	140,000	768,888	631,529	137,359	93,456	6,200	(3,201)	(0.23)
KGM International Investment Co., Ltd.	213,766	30,375	400	29,975	-	(31)	55,671	(Note 2)
Global Mall(Tianjin)Co., Ltd.	213,766	120,244	89,974	30,270	-	(64,409)	55,667	(Note 2)

Note 1. Uniga International Co., Ltd. completed liquidation on Nov. 5th, 2018.

Note 2. It is a limited liability company.

(VII) Consolidated financial statements of related companies: The same as the Company's consolidated financial statements, so there is no need to repeat the preparation work.

(VIII) Related Company Report

Statement

This is to state that the Company's Related Company Report in 2019 (from January 1, 2019 to December 31, 2019) 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: Kindom Development Co., Ltd.

Chairman: Mike, Ma

Date: Mar. 23rd, 2020

CPA' Review Opinion on the Affiliation Report

To: Kindom Development Co., Ltd.

The Affiliation Report for 2019 of Kedge Construction Co., Ltd. has been reviewed by the accountant in accordance with the provisions of Ministry of Finance Securities & Futures Commission Letter No. Taiwan-Finance-Securities-(6)-04448 issued on November 30, 1999. This review work, is based on whether the Affiliation Report for 2019 of Kedge Construction Co., Ltd. is prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and whether the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements of the period audited by the accountant on March 23, 2020, with the review opinions issued.

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

Certified Public Accountant	:
The original Ministry of Finance Securities & Futures Commission Letter No.Certified No.	: No. (88) Taiwan-Finance-Securities-(6)-18311 : Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-0940100754

March 23, 2020

Kindom Development Co., Ltd.

1. Organizational chart of related companies

Yu-De Investment Co.

↓ 19.12%

Kindom Development Co., Ltd.

2. Summary of relations between subsidiaries and controlling companies:

Dec. 31st, 2019 (Unit: shares; %)

Name of controlling company	Reason	Shareholding and share pledge of controlling company			Directors, Supervisor or managers appointed by the controlling company	
		Holding shares	Shareholding ratio	Number of shares subject to pledge	Title	Name
Yu-De Investment Co.	Directors in the Company appointed by the controlling company	96,304,670	19.12%	-	Chairman	Mike, Ma
					Director	Mei-Chu Liu
					Director and General Manager	Ching-Chin, Hung
					Director	Sheng-An Chang
					Director	Ching-Fen, Chang
					Director	Ming, Chen

3. Transactions:
   (1) Purchase and sale of goods: None.
   (2) Property transaction: None.
   (3) Capital financing: None.
   (4) Asset leasing: None.
   (5) Other significant transactions: None.
4. Endorsement and guarantee: None.
5. Other Matters with a Significant Effect on Finances and Business: None.
6. Private placement of securities in the most recent year as of the date of this Annual Report: None.
7. Holding or disposal of the Company's stocks by a subsidiary in the most recent year as of the date of this Annual Report: None.
8. Other Necessary Supplements: None.
9. Events of significant impact on shareholders' equity or on prices of securities as specified under Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act in the Most Recent Year as of the Date of this Annual Report: None.

II. Private placement of securities in the most recent year as of the date of this Annual Report: None.

III. Holding or disposal of the Company's stocks by a subsidiary in the most recent year as of the date of this Annual Report:

Mar. 31st, 2020 (Unit: NT$ Thousands ; shares; %)

Name of subsidiaries (Note 1)	Paid-in capital	Capital source	Shareholding ratio of the Company	Date of acquisition or disposal	Number and amount of shares acquired (Note 2)	Number and amount of shares disposed (Note 2)	Gain (loss) from investment	Number and amount of shares held as of the end of the year or the publication date of the prospectus. (Note 3)	Pledges	Endorsed amount for the subsidiary	Amount loaned to the subsidiary
Guanqing Electromechanical Co., Ltd.	77,500	Cash	34.17%	2019	-	-	-	1,607,000 shares NT$51,263,000	None	-	-
				The current year as of the date of this Annual Report	-	-	-	1,607,000 shares NT$36,399,000	None	-	-
Kedge Construction Co., Ltd.	1,060,357	Cash	34.18%	2019	-	-	-	500,000 shares NT$15,950,000	None	-	-
				The current year as of the date of this Annual Report	-	-	-	500,000 shares NT$1,325,000	None	-	-
Jiequn Investment Co., Ltd.	164,000	Cash	34.17%	2019	-	-	-	8,518,450 shares NT$271,739,000	None	-	-
				The current year as of the date of this Annual Report	-	-	-	8,518,450 shares NT$192,943,000	None	-	-

Note 1. Please list separately according to the category of the subsidiary.
Note 2. The amount herein refers to the amount actually received or disposed.
Note 3. Holding and disposal shall be listed separately, including the final adjustment upon evaluation.

IV. Other Necessary Supplements: None.

Chapter 9. Events of Significant Impact on Shareholders' Equity or Securities Prices in the most recent year as of the date of this Annual Report: None