Stock Code: 2520

Annual Report 2020

Kindom Development Co., Ltd.

KINDOM

Published date: May 26, 2021

This Annual Report can be accessed from: http://mops.twse.com.tw

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: http://www.ctbcbank.com

IV. Certified Public Accountants for the Most Recent Fiscal Year:
Name of Accounting Firm: KPMG Taiwan
Name of CPAs: I-Lien Han, Ti-Nuan Chien
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 2020, our three major businesses, driven by the passionate contributions of our team members, have achieved a combined revenue increase of 78.4%, from NT$15.327 billion in 2019 to NT$27.345 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 60% 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 because "Kindom Chuangzindian", "Kindom Shizhengting", "Kindom Tai Ji" and "Kindom Tai Jing" were 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 2020, at NT$3.354 billion. This was an increase of 161.3% from the NT$1.284 billion net profit in 2019; the after-tax earnings per share increased from NT$2.60 in 2019 to NT$6.80 in 2020.

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 Wei Shan Jiu", "Kindom Chuangzindian", "Kindom Shizhengting", "Kindom Roosevelt", "Kindom Tian Qing", "Kindom Tai Ji," "Kindom Tai Jing," "Taichung MRT G8", and so on. These projects, amounting to more than 10, have a combined number of about 320 total saleable households. The construction segment has been successful in securing contracts with more than 10 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$32 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 of about 50,000 square feet. With 720,000 members and benefit of the mass transportation, the number of visitors coming to the mall is very stable.

In 2020, the whole market was fickle due to the COVID-19 epidemic, slowing down the strength of the global economic recovery. However, with appropriate domestic epidemic prevention and control, mortgage interest rates were at a low level, the market capital was sufficient, boosting the demand for self-occupancy, home exchange and long-term property purchase. Over 326,589 housing buildings were transferred across Taiwan, an increase of 8.8% over the 300,275 buildings in 2019, and a seven-year high over the 320,598 buildings in 2014. 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 forward-looking infrastructure developments. These factors have driven up the demand for construction and civil engineering projects in Taiwan. The turnover in 2020 increased to NT$2.68 trillion and the annual growth rate has increased by 8.06%, creating a new record in terms of growth. In the first half of 2020, the department store segment was affected by the COVID-19 epidemic, resulting in a sharp decline in performance. With the easing of the epidemic in Taiwan, the government's various revitalization programs and strict border control measures have boosted consumption in Taiwan. Since the second half of the year, the turnover in Taiwan has shown positive growth, with a year-on-year decline of 0.31% to NT$354.1 billion. In 2021, with the strengthening of global vaccination and epidemic prevention measures, the epidemic is increasingly under control. People concentrate on consumption in Taiwan, boosting the overall domestic demand market to gradually return to stability. However, the shortage of labor and materials in the industry has not improved, and the housing market control measures, consuming willingness and confidence tend to be conservative. In an environment of easy capital and low profits, the rate of growth in the three segments might be impacted in the first half of 2021, due to lowered rate of consumption and dampened consumer confidence.

Looking forward to the future, the Kindom Group adheres to 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, and continues to make steady progress with four critical operating principles: "strengthening of corporate governance", "implementing internal control system", "efficient resource allocation within the group," and "participation in social welfare," with the ambition to provide exemplary products and services and develop a strong and reliable brand image. The building of exemplary construction sites will continue to be the priority of our development segment. In response to the market trends, customer needs and regional development, various products will be positioned. Taking advantage of big data, 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. With thoughtful and innovative services, the department store segment follows the trend and customer needs, strengthens diversified product mix and creates differentiation in the department store. It also strives to develop creative digital applications, to provide convenient and diversified membership services to develop brand loyalty and stickiness among the customers.

Kindom Group pursues revenue growth, while striving for balanced development of environment, society and corporate governance (ESG). Kindom Group seeks to build a sustainable strategic blueprint with three aspects: "Green Home", "Smart City" and "Happy Society". Combining the 17 SDGS indicators of the United Nations, the Group makes use of innovative technologies to reduce the impact of buildings on the environment, actively plans green homes and maintains social responsibility for local and disadvantaged people. With the vision of becoming a "leading brand of all-round real estate developer", we strengthen the brand image and the competitiveness of enterprise sustainable development, create rich profits and seek the greatest benefits for all 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: November 23, 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.

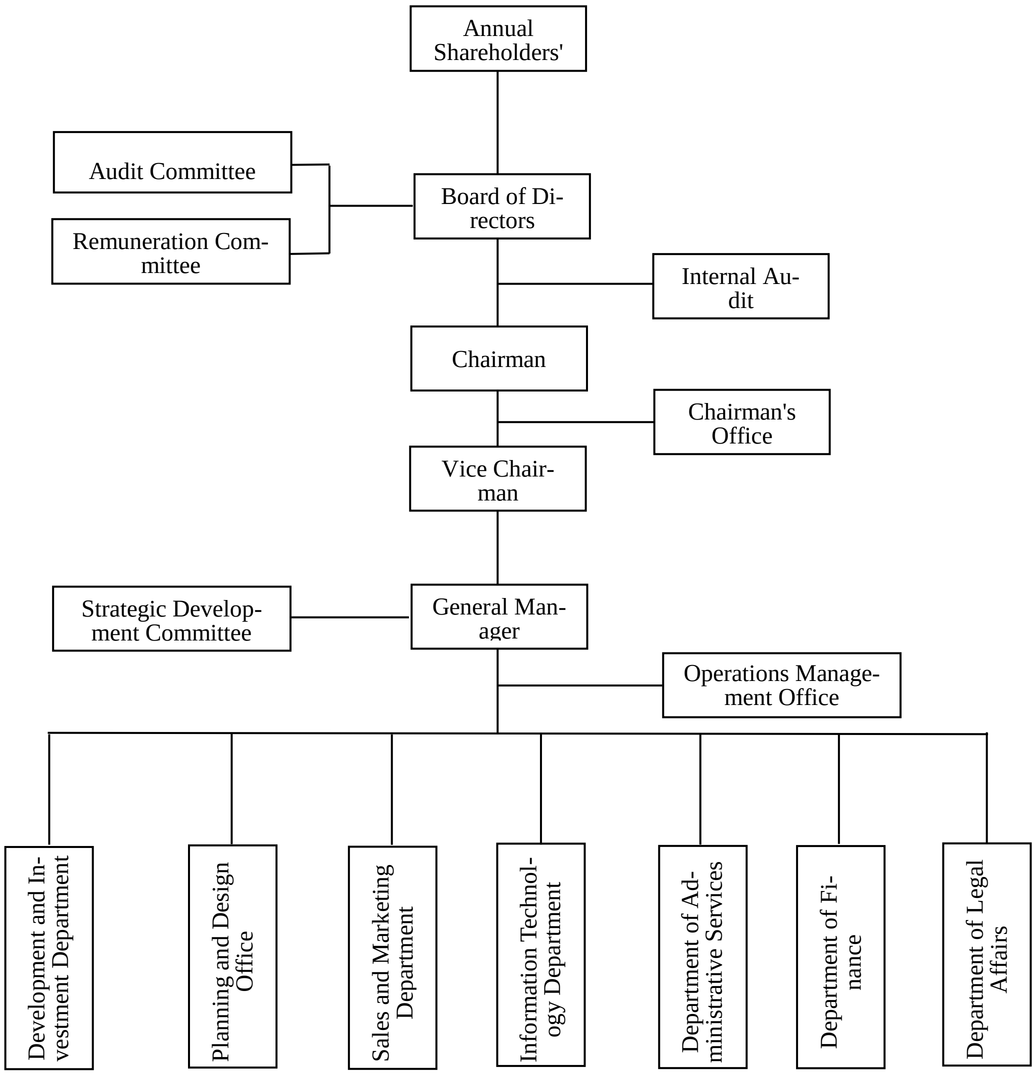
(IV) Events of major equity transfer or exchange involving directors, supervisors or major shareholders holding more than 10% of the Company's shares in the most recent year as of the date of this Annual Report: None.

(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:

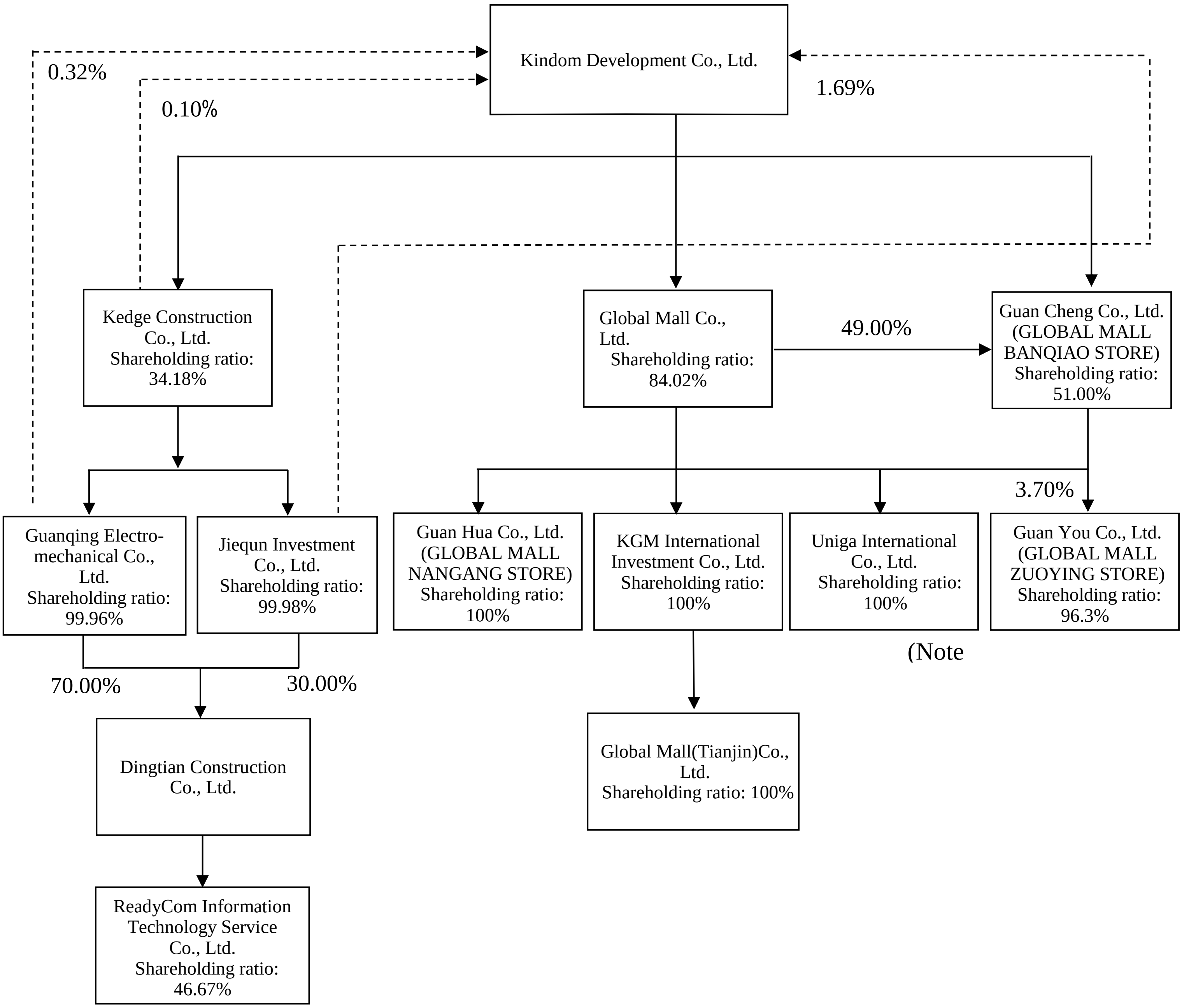


(II) Major Department Functions:

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 the Company's computerization, scheduling and maintaining the Company's computer 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 November 5, 2018.

II. Information on the Chairman, General Manager, Vice General Managers, Assistant Managers, and Supervisors of Divisions and Branch Units

(I) Information of Directors:

April 19, 2021 (unit: shares)

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	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			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	Mike Ma: Representative of Yu-De Investment Co.	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	Representative of Yu-De Investment Co., Ltd.: 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	Representative of Yu-De Investment Co., Ltd.: 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	Ching-Fen Chang: Representative of Yu-De Investment Co.	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	Ming Chen: Representative of Yu-De Investment Co.	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	-	-	-	

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	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			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	
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 in Department of Accounting, Fu Jen Catholic University Independent Director of Kedge Construction Co., Ltd.	-	-	-	
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	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 Independent Director of Kedge Construction Co., Ltd. Independent Director of Ruentex Engineering & Construction Co., Ltd. Independent Director of TaiMed Biologics	-	-	-	

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:

April 19, 2021

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:

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Qualification / Name (Note 1)	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
Hung-Chin Huang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Shen-Yu Kung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Kuo-Feng Lin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

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) Neither a Director, Supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. Not applicable in cases where an Independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.

(6) If a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person, neither a Director, Supervisor, or employee of that other company. Not applicable in cases where an Independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.

(7) If the Chairperson, General Manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses, neither a Director (or governor), Supervisor, or employee of that other company or institution. Not applicable in cases where an Independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.

(8) Neither a Director, Supervisor, Officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. Not applicable in cases where a specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, and where an independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.

(9) Not a professional individual who, or an owner, partner, Director, Supervisor, or Officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or 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 and 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:

April 19, 2021

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	-	-	-	
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	Peng-Lung Hua	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	Chairman of Jiequn Investment Co., Ltd.	-	-	-	
Senior Assistant Manager	Republic of China	Shu-Lian, Chang	Female	2016.09.01	5,124	-	-	-	-	-	Department of Accounting and Statistics, Chihlee University of Technology	Director of Guanqing Electromechanical Co., Ltd. Supervisor of Guan Hua Co., Ltd. (GLOBAL MALL NANGANG 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	Hsiu-Hsia Chu	Female	2019.12.01	-	-	-	-	-	-	Department of Architecture, Cheng Shiu University	None	-	-	-	
Assistant Manager	Republic of China	Li-Jen Chou	Male	2020.01.01	8,000	-	-	-	-	-	Department of Land Administration, National Chengchi 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	-	-	6,000	-	-	-	Department of Public Relations, Shih Hsin University	None	-	-	-	
Acting Assistant Manager	Republic of China	Heng-Chia, Chang	Male	2019.11.01	-	-	2,000	-	-	-	Department of Architecture, Chung Yuan Christian University	None	-	-	-	
Chief Corporate Governance Officer	Republic of China	Li-Ya Chen	Female	2021.01.01	-	-	-	-	-	-	Department of Business Administration, Chung Yuan Christian University	Director of Finance and Accounting and Chief Corporate Governance Officer of Kedge Construction Co., Ltd. Supervisor of Guan You Co., Ltd.	-	-	-	

Note 1: Information regarding General Manager, Vice General Manager, Assistant Managers 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 General Managers:

(I) Remuneration to directors:

Unit: NT$ 1,000

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)		ny remuneration from ventures that are not subsidiaries of the Company or from the parent company (Note 11)
		Remuneration (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)	Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock	The Company	All companies listed in this Financial Report (Note 7)	
Chairman	Mike Ma: Representative of Yu-De Investment Co.	-	-	-	-	70,82	70,829	3,09	5,303	2.20%	2.27%	26,69	30,446	-	-	9,880	-	9,880	-	3.29%	3.47%	None
Director	Representative of Yu-De Investment Co., Ltd.: Mei-Chu, Liu																					
Director	Representative of Yu-De Investment Co., Ltd.: Ching-Chin, Hung																					
Director	Representative of Yu-De Investment Co., Ltd.: Sheng-An, Chang																					

Director	Ching-Fen Chang: Representative of Yu-De Investment Co.																					
Director	Ming Chen: Representative of Yu-De Investment Co.																					
Independent Director	Hung-Chin Huang																					
Independent Director	Shen-Yu Kung																					
Independent Director	Kuo-Feng Lin																					

1. Please state the policies, systems, standards, and structure for the remuneration of the Independent Directors, and state the correlation to the remuneration according to the responsibilities, risks time commitment and other factors: In accordance with the Articles of Incorporation, the Independent Directors shall receive remuneration on a monthly basis and shall 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$565,000 to his driver in 2020.

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)	-	-	-	-
NT$2,000,000 (inclusive)～ 3,500,000 (exclusive)	-	-	Ching-Fen, Chang	Ching-Fen, Chang
NT$3,500,000 (inclusive) ～ 5,000,000 (exclusive)			-	-
NT$5,000,000 (inclusive) ～ 10,000,000 (exclusive)	-	-	Sheng-An Chang	Sheng-An Chang
NT$10,000,000 (inclusive)～ 15,000,000 (exclusive)	-	-	Mike Ma, Ching-Chin Hung	Ching-Chin Hung
NT$15,000,000 (inclusive) ～ 30,000,000 (exclusive)	-	-	-	Mike Ma
NT$30,000,000 (inclusive) ～ 50,000,000 (exclusive)	-	-	-	-

NT 50,000,000 (inclusive)～100,000,000 (exclusive)	Yu-De Investment Co.	Yu-De Investment Co.	Yu-De Investment Co.	Yu-De Investment Co.
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. Please refer to P.15-16.

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 concurrently holding positions in the Company in the most recent fiscal year (including the General Manager, Vice General Manager, other managerial officers, or employees) and receiving the remuneration (including stock and cash), the employees' remuneration paid in the most recent fiscal year upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in the most fiscal year shall be based on the proportion of the remuneration distributed last year and filled in Schedule 1-3. Please refer to P.17.

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.

*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 General Managers and Vice General Managers:

Unit: NT$ 1,000

Title	Name	Compensation (A) (Note 2)		Job-leaving and retirement payment (B)		Bonus and special expenses (C) (Note 3)		Amount of employee rewards (D) (Note 4)				Total remuneration under items A, B, C and D as a percentage of net income after tax (Note 8)		Remuneration from investees other than subsidiaries (Note 9)
		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)		The Company	All companies listed in this Financial Report (Note 5)	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
General Manager of Sales and Marketing Department	Ching-Chin Hung	6,941	6,941	-	-	8,967	8,967	26,561	-	26,561	-	1.27%	1.27%	None
Senior Vice General Manager	Ai-Wei, Yuan (Note 10)													
Vice General Manager	Sheng-An Chang													
Vice General Manager	Si-Han Chen													
Acting Vice General Manager	Peng-Lung Hua													

Range of remuneration

Range of compensation paid to each general manager and vice general manager of the Company	Name of general managers and vice general managers	
	The Company (Note 6)	All companies listed in this Financial Report (E) (Note 7)
Lower than NT$1,000,000	-	-
NT$1,000,000 (inclusive)～ 2,000,000 (exclusive)	Ai-Wei Yuan	Ai-Wei Yuan
NT$2,000,000 (inclusive)～ 3,500,000 (exclusive)	Peng-Lung Hua	Peng-Lung Hua
NT$3,500,000 (inclusive) ～ 5,000,000 (exclusive)	Si-Han Chen	Si-Han Chen

NT$5,000,000 (inclusive) ～ 10,000,000 (exclusive)	Sheng-An Chang	Sheng-An Chang
NT$10,000,000 (inclusive)～ 15,000,000 (exclusive)	Ching-Chin Hung	Ching-Chin Hung
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	5 persons	5 persons

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 (1-2) above. See #page7-8# for details.

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. Please see #page13# for details. 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 May 11, 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) Names of Managers and the Allocation of Employee's Remuneration:

Unit: NT$ 1,000

	Title (Note 1)	Name (Note 1)	Amount in Stock	Amount in Cash	Total	Total as a percentage of net income after tax (%)
Managerial Officer	Sales and Marketing Department General Manager	Ching-Chin Hung	-	34,069	34,069	1.02%
	Senior Vice General Manager	Ai-Wei, Yuan (Note 5)				
	Vice General Manager	Sheng-An Chang				
	Vice General Manager	Si-Han Chen				
	Acting Vice General Manager	Peng-Lung Hua				
	Senior Assistant Manager	Shu-Yuan Lin				
	Senior Assistant Manager	Shu-Lian, Chang				
	Senior Assistant Manager	Yi-Hwa Chen (Note 6)				
	Assistant Manager	Qian-Fang, Hwang				
	Assistant Manager	Da-Gung Chou				
	Assistant Manager	Sung-Chuan, Lin (Note 7)				
	Assistant Manager	Hsiu-Hsia Chu				
	Assistant Manager	Li-Jen Chou (Note 8)				
	Assistant Manager	Chun-Sheng, Wu (Note 9)				
	Acting Assistant Manager	Chuan-Hung Wu				
	Acting Assistant Manager	Ta-Hsin, Chou				
	Acting Assistant Manager	Heng-Chia, Chang				

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 parent company only financial reports or individual financial reports for the most recent fiscal year.

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 issued on March 27, 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 May 11, 2020.

Note 6: Resigned on December 1, 2020.

Note 7: Resigned on July 16, 2020.

Note 8: Newly elected on January 1, 2020.

Note 9: Newly elected on January 1, 2020 and resigned on September 8, 2020.

(IV) Separately compare and describe total remuneration, as a percentage of net income, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, General Manager, and Vice General Managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. In accordance with Article 20 of the Company's Articles of Incorporation, the remuneration to directors shall be decided by the Board of Directors based on the involvement in and contribution to operations of the Company by such directors, and in reference to the general peer levels. In 2020, 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 3.29% and 3.47% respectively from 4.05% and 4.40% in 2019, mainly due to the substantial increase of the net income after tax, which is reasonable.
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 2020, the total amounts of remuneration paid by the Company and all companies included in the consolidated financial reports to the Company's General Manager and Vice General Managers as percentages of the net income after tax were down to 1.27% and 1.27% respectively from 2.46% and 2.76% in 2019, 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 8 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	8	0	100.00%	
Director	Yu-De Investment Co. Representative: Mei-Chu Liu	5	2	62.50%	
Director	Yu-De Investment Co. Representative: Ching-Chin Hung	8	0	100.00%	
Director	Representative of Yu-De Investment Co., Ltd.: Sheng-An, Chang	8	0	100.00%	
Director	Ching-Fen Chang: Representative of Yu-De Investment Co.	8	0	100.00%	
Director	Ming Chen: Representative of Yu-De Investment Co.	7	1	87.50%	

Independent Director	Hung-Chin Huang	8	0	100.00%	
Independent Director	Shen-Yu Kung	8	0	100.00%	
Independent Director	Kuo-Feng Lin	8	0	100.00%	

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 has set up an audit committee. Please refer to (II) Functionality of the Audit Committee for the items listed under Article 14-5 of the Securities and Exchange Act. As of the date of publication of this Annual Report, all matters resolved by the Board of Directors have been adopted by all present directors.

II. Where a Director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the Director, the content of proposal, the reason for recusal and the results of the voting shall be stated:

(I) When discussing and voting on the proposal for adjustment of the chairman's remuneration for 2020 of the Company adopted by the Remuneration Committee at the 9th meeting of the 12th Board of Directors on June 29, 2020, 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.

(II) 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 12th meeting of the 12th Board of Directors on December 30, 2020, Mike, Ma, Ching-Chin, Hung, Sheng-An, Chang and Ching-Fen, 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.

(III) When discussing and voting on the proposal for a donation of NT$ 6 million only to Kindom Yu San Education Foundation, a corporate body, in 2020 at the 12th meeting of the 12th Board of Directors on December 30, 2020, Mike, Ma, the chairman, as a director of the Foundation, 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 Foundation, 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) When discussing and voting on the proposal for the Chairman's performance bonus for 2020 of the Company adopted by the Remuneration Committee at the 13th meeting of the 12th Board of Directors on March 26, 2021, Mike, Ma, the Chairman, as an interested party, recused himself. Chairman Ma appointed Hung-Chin Huang, an independent director, to take the chair temporarily. All other directors present agree to adopt the proposal.

(V) When discussing and voting on the proposal for the Chairman's request to reduce the performance bonus for 2020, considering the future growth space of the Company, adopted by the Remuneration Committee at the 13th meeting of the 12th Board of Directors on March 26, 2021, Mike, Ma, the Chairman, as an interested party, recused himself. Chairman Ma appointed Hung-Chin Huang, an independent director, to take the chair temporarily. All other directors present agree to adopt the proposal.

(VI) When discussing and voting on the proposal for the release of the Company's managers from the restrictions on the non-competition at the 13th meeting of the 12th Board of Directors on March 26, 2021, Sheng-An, Chang, a director, as an interested party, recused himself. All the other directors present adopted with consents.

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	From January 1 to December 31, 2020	It includes performance evaluation on the overall Board of Directors, individual directors	Internal self-evaluation on the Board of Directors, directors and functional	The evaluation shall be conducted in accordance with Article 7 of the "Board Performance Evaluation

	the following year, and submitted to the Board of Directors for review and improvement.		and functional committees.	committees is included.	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:

(II) The Company has set up an audit committee and informed 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.

(III) Evaluation of functionality of the Board of Directors:

(IV) In accordance with the "Board Performance Evaluation Measures" adopted as revised at the board meeting on March 20, 2019, the overall functionality of the board, and the performance of individual directors and of the functional committees shall be evaluated and the evaluation shall be completed by the end of the first quarter of the following year. The Company's board performance evaluation in 2020 provided good results which were submitted to the Board of Directors and disclosed on the Company's website on March 26, 2021.

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) Audit Committee

A total of 8 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	Hung-Chin Huang	8	0	100.00%	
Independent Director	Shen-Yu Kung	8	0	100.00%	
Independent Director	Kuo-Feng Lin	8	0	100.00%	

Other mentionable items:

I. The Company's Audit Committee is set up to assist the Board of Directors in fulfilling its supervision of the quality and integrity of the Company in the execution of accounting, auditing, financial reporting procedures and financial controls. The Audit Committee mainly considers the following items:

1. Financial Statements.
2. Audit and accounting policies and procedures.
3. Internal control systems and related policies and procedures.
4. Material transactions in assets or derivatives.
5. Material loaning of funds, and endorsements/guarantees.
6. Placement or issuance of securities.
7. Derivatives and cash investments.
8. Legal compliance.
9. Related-party transactions and potential conflicts of interests involving managers and directors.
10. Complaint report.
11. Fraud prevention and investigation report.
12. Information security.
13. Corporate risk management.
14. Evaluation of the qualifications, independence, and performance of the CPAs.
15. Appointment, discharge or remuneration of CPAs.
16. Appointment or discharge of a finance manager, accounting manager or chief internal auditor.
17. Performance Self-evaluation Questionnaire of the Audit Committee, etc.

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	Matters referred to in Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee	Company's response to the Audit Committees' opinions:
The 6th meeting of the 12th Board on January 20, 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 unani-	All the directors present unanimously approved the proposal.

			mously approved the proposal.	
The 7th meeting of the 12th Board on March 23, 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 Taiwan, since the first quarter of 2020, it is proposed to engage I-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.
The 8th meeting of the 12th Board on May 11, 2020	It was proposed to increase the construction fee of the "Public Urban Renovation Project in Ruian Section", which was entrusted with Kedge Construction Co., Ltd. by the Company.	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 9th meeting of the 12th Board on June 29, 2020	1. The Company intended to sign joint construction contracts with 24 landowners, including the land at No. 510, Chih-Hing Section, Wanhua District, Taipei City. 2. It was proposed to amend some provisions of the two procedures in the internal control systems of the Company, namely, "Management Procedures for Discussion in the Board of Directors" and "Management Procedures for the Discussion in the Audit Committee".	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 10th meeting of the 12th Board on August 11, 2020	1. On August 7, 2020, the Company purchased two plots of land and buildings, including 612-2,612-6, Songchang Section, Beitun District, Taichung City, for a total price of NT$1485,864,875 (including tax). 2. The Company intended to sign the "Investment Contract for the Land Development Project of Xiulangqiao Station on the Xinbei Circular Line" with the MRT Engineering Bureau of Xinbei Municipal Government.	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 11th meeting of the 12th Board on November 6, 2020	Amendments to the system manual and some procedures of the Company's internal control systems.	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 12th meeting of the 12th Board on December 30, 2020	1. It was proposed to draft the Company's 2021 Annual Audit Plan. 2. Evaluated the independence and suitability of CPAs appointed by the Company.	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 13th meeting of the 12th Board on March 26, 2021	1. It was proposed to draft the Company's "Statement on the Internal Control System" of 2020. 2. It was proposed to prepare the Company's operation report and financial statements of 2020. 3. It was proposed to develop the Company's "Earnings Distribution Plan" of 2020. 4. In order to expand its business and improve its financial structure, the Company intended to allocate the dividend of NT$503,791,000 from the distributable earnings of 2020 to increase its capital and issue 50,379,100 ordinary shares. 5. The Company intended to sign a joint construction contract with Dong An Asset Development and Management Co. Ltd. 6. It was proposed to formulate the Company's Ethical Corporate Management Procedures and Behavior Guidelines.	✓	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.

Board of Directors	Resolutions	Matters referred to in Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee	Company's response to the Audit Committees' opinions:
	7. It was proposed to amend the Company's Articles of Incorporation, and some articles of the Rules of Procedure for Shareholders Meetings.			

II. Where an independent director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the independent director, the content of proposal, the reason for recusal and the results of the voting shall be stated: 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.

(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 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.	Compliant
(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 March 26, 2018 to set out the performance evaluation method for the Board of Directors. On the 19th meeting of the 11th Board of Directors on March 20, 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 2020 annual performance evaluation of the Board of Directors has been reported on the 13th meeting of the 12th Board of Directors on March 26, 2021 and disclosed on the Company's website. The operation of the Board of Directors of the merged company is in good condition. Please refer to Note 2 for details of 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 submitted at the 10th meeting of the 1st Audit Committee on December 30, 2020 and at the 12th meeting of the 12th Board of Directors on December 30, 2020 an assessment report on the independence and competency of the CPAs. With the consents of all the members and directors attended, CPAs I-Lien, Han and Di-Nuan, Chien from KPMG Taiwan were re-appointed as the CPAs for 2021 of the merged company. Please refer to Note 3 for the evaluation results of their independence and competency.	Compliant

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
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 of the merged company is responsible for the corporate governance related matters including: providing information required for Director/Independent Director's operations, convening board/shareholder's meetings in compliance with the law, producing meeting minutes of board/shareholder's meetings, and disclosing relevant information on corporate governance, stakeholders and corporate social responsibility on the Company websites. As adopted by resolution at the 5th meeting of the 4th Remuneration Committee on December 22, 2020 and the 12th meeting of the 12th Board of Directors on December 30, 2020, Assistant Manager Li-Ya, Chen, Director of Finance and Accounting of Kedge Construction Co., Ltd., was appointed as the Chief Corporate Governance Officer of the Company to protect shareholders' rights and interests and strengthen the functions of the Board of Directors. The Chief Corporate Governance Officer is mainly responsible for supervising and implementing the corporate governance, including handling matters related to the board meeting and the shareholders' meeting, preparing minutes of the board meeting and the shareholders' meetings, assisting the Directors in taking office and continuing education, providing Directors with information necessary to carry out their business and assisting them in complying with the laws and regulations, etc. The implementation is as follows: 1. Assist independent directors and general directors in performing their duties by providing the necessary information and arranging for continuing education for directors: (1) Review the confidentiality level of the relevant information and provide corporate information required by the directors to maintain smooth communication and interaction between directors and heads of departments. (2) Arrange separate meetings between the independent directors and the chief internal auditor and the CPAs in accordance with the Corporate Governance Best-Practice Principles to discuss matters relating to the Company's finances and business. (3) According to the industry characteristics and business needs of the Company, the directors of the merged company were successively arranged to attend a six-hour refresher course in November and December 2020. (4) Provide information on public refresher courses for directors from time to time and publicize relevant laws and regulations. 2. Handle matters related to meetings of the Board of Directors and shareholders and assist directors to comply with laws and regulations: (1) Confirm the time of the annual meeting of the functional committees and the Board of Directors, collect the motions proposed by each department and send the meeting notice and agenda 7 days prior to the meeting, remind the attendee if recusal is needed to avoid conflict of interest and complete the meeting minutes of the functional committees and the Board of Directors within 20 days after the meeting.	Compliant

			(2) Confirm the date of shareholders' meeting and handle the pre-meeting registration according to law, carry out the share-related affairs, prepare the materials for the announcement and reporting of the shareholders' meeting and the registration of changes to the Ministry of Economic Affairs within the legal time limit. (3) Assist and remind the directors of the rules and regulations to be followed in making a formal resolution of the board. (4) After the board meeting and the shareholders' meeting, the Board of Directors and Board of Shareholders are responsible for checking the release of important information concerning important resolutions to ensure the legality and correctness of the contents, so as to ensure the equivalence of investors' trading information. 3. Conduct the self-assessment of "Corporate Governance Assessment", and assist relevant departments to implement and comply with the corporate governance assessment indicators and relevant laws and regulations issued by the competent authority. 4. Please refer to Note 4 for the continuing education of Chief Corporate Governance Officer in the most recent year up to the date of publication of the annual report.	
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 of all audiences.	Compliant
(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

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
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 5 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: On March 26, 2021, the 11th meeting of the 1st Audit Committee and the 13th meeting of the 12th Board of Directors of the merged Company adopted the Ethical Corporate Management Procedures and Behavior Guidelines, to implement the ethical corporate management policy, actively guard against unethical practices, conduct transactions with suppliers in a fair and transparent manner, and ensure the performance of the contracts entered into. Continuing education of Directors and Supervisors: The merged company has regularly disclosed the information on continuing education of Directors and Supervisors and their attendance on the Board of Directors meetings on the Market Observation Post System. 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. The Company takes out liability insurance for its Directors and Supervisors: The merged company has taken out the liability insurance for its Directors, Supervisors and Managers on June 10, 2020, and has reported the insured amount, coverage, premium rate, and other major contents of the liability insurance at the 9th meeting of the 12th Board of Directors on June 29, 2020. (VII) Link between performance evaluation and remuneration of directors and managers: The Company shall, in accordance with the Articles of Incorporation, set aside an annual profit not exceeding 2% for the remuneration of the directors, and authorize the Board of Directors to provide the remuneration of the directors according to the degree of participation in the operation of the Company and the value of their contribution, with reference to the industry standards. 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,	Compliant

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			including financial indicators (such as the Company's revenue, the achievement rate of net profit before tax and net profit after tax) and non-financial indicators (such as significant failure of compliance and operational risk issues within the department), 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.	

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?	Yes	The Company has implemented it 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?	Yes	The Company has implemented it in 2020.
1.11	Does the company upload the English version of the annual report 7 days prior to the annual shareholders' meeting?	Yes	The Company has implemented it in 2020.
2.21	Does the Company set a Chief Corporate Governance Officer to be responsible for corporate governance related matters, and state his/her terms of reference, business implementation priorities for the current year, and continuing education on the Company's website and annual report?	No	It has been adopted to a Chief Corporate Governance Officer of the Company by resolution at the 12 meeting of the 12th Board of Directors on December 30, 2020, and his/her terms of reference, business implementation priorities for the current year, and continuing education will be stated on the Company's website and annual report.
2.22	Does the Company formulate risk management policies and procedures approved by the Board, which disclose the scope, the organizational structure, and the operations of risk management?	No	The Company plans to formulate and establish risk management policies and procedures, which will be submitted to the Board for approval and disclosed on the Company's website.
2.24	Has the company established information security risk management structure, information security policy and specific management measures, and disclosed it on company website or annual report?	No	The Company plans to set up an information security risk management framework and policy, which will be submitted to the Board for approval and disclosed on the Company's website.

3.2	Has the Company announced major news and information in English simultaneously?	No	It is expected to be implemented by the Company in 2021.
3.5	Does the Company upload the English version of the annual financial report to MOPS 7 days prior to the annual shareholders' meeting?	Yes	The Company has implemented it in 2020.
3.6	Does the company website or MOPS disclose interim financial reports in English?	Yes	The Company has implemented it in 2020.
3.10	Has the financial report been approved or submitted to the Board of Directors 7 days before the date of announcement and published within 1 day after the date of approval or submission?	No	It is under planning by the company.
3.18	Has the company built an English company website that includes financial, business and corporate governance related information?	Yes	The Company has implemented it 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?	Yes	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.
4.16	Has the Company established and disclosed a reporting system for the internal and external employees of the Company to report illegal (including corruption) and unethical acts?	No	The Company has set a complaint mailbox and a special hotline, and assigns the Human Resources Department to be responsible for dealing with the related affairs, and handling the complaint and punishment matters according to the Company's operating procedures. On March 26, 2021, the 11th meeting of the 1st Audit Committee and the 13th meeting of the 12th Board of Directors of the Company adopted the Ethical Corporate Management Procedures and Behavior Guidelines, to implement the ethical corporate management policy and actively guard against unethical practices.

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

Diversified Core Competences / Name	Basic Composition									Professional Competence					Background					
	Nationality	Gender	Concurrently Serve As an Employee of The Company's employee	Age			Independent Director's Years of Service													
				41-50 years	51-60 years	≥60	Less than 3 years	3-9 years	More than 9 years	Business judgment	Business management	Industrial knowledge	Finance and accounting	Decision-making leadership	Business	Document processing	Civil engineering	Land administration	Accounting	Business management
Mike Ma	Republic of China	Male								✓	✓	✓	✓	✓	✓					
Mei-Chu Liu	Republic of China	Female		1	4	4				✓	✓	✓	✓	✓	✓					
Ming Chen	Republic of China	Female								✓	✓	✓		✓		✓				

Ching-Chin Hung	Republic of China	Male	✓							✓	✓	✓		✓			✓			
Sheng-An Chang	Republic of China	Male	✓							✓	✓	✓		✓				✓		
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: Please refer to the following table for the performance evaluation results of the Board of Directors and functional committees in 2020.

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	100
3	Composition and structure of the Board of Directors	94
4	Election and continuous education of Directors	89
5	Internal control	100

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	96
4	Internal Relationship Management and Communication	96
5	Directors' Professional Skills and Continuing Education	96
6	Internal control	96

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: Please refer to the following table for the independence and suitability evaluation results of CPAs in 2021.

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	Meets one of the following professional qualifications, with at least five years of work experience: 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	Independence criteria (Note 2): 1	2	3	4	5	6	7	8	9	10	Number of other public companies where the individual concurrently serves as a remuneration committee member	Remarks
Independent Director	Hung-Chin Huang	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	1	(Note 3)
Independent Director	Kuo-Feng Lin	✔		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	1	(Note 3)
Others	Tung-Hsuan Wan	✔		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	1	(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 any of its affiliates.

(2) Not a director or supervisor of Aurora or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or 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 an institutional shareholder that directly holds 5%or more of the total number of issued shares of Aurora, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of Aurora under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Aurora's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a Chairman, General Manager, or person holding an equivalent position of Aurora (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with Aurora (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of Aurora and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at Aurora and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for Aurora or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT$500,000 in the past 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) Not under any of the categories stated in Article 30 of the Company Act.

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) Establish and regularly review the annual and long-term performance objectives, performance evaluation and compensation policies, systems, standards, and structures applicable to directors, supervisors 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 10, 2019 to the date of reelecting directors and supervisors in 2022. The Remuneration Committee held 4 (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	4	0	100.00%	
Member	Kuo-Feng Lin	4	0	100.00%	
Member	Tung-Hsuan Wan	4	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 3rd meeting of the 4th term 2020.03.23	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.
The 4th meeting of the 4th term 2020.06.29	1. The Company's promotion and salary increase for managers. 2. Proposal on the adjustment of Chairman's Remuneration. 3. The proposal of the Company's payment for employee bonus for 2019. 4. It was proposed to adjust the remuneration to independent directors of the 12th Board of Directors of the Company.	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.
The 5th meeting of the 4th term 2020.12.22	1. Proposal to pay year-end bonus and employee compensation to the Company's managers. 2. Amendments to the Company's "Approval Authority Management Measures". 3. It was proposed to appoint Assistant Manager Li-Ya, Chen, Director of Finance and Accounting of Kedge Construction Co., Ltd., as the Chief Corporate Governance Officer of Kindom Development Co., Ltd. and Kedge Construction Co., Ltd.	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.

	The 6th meeting of the 4th term 2021.03.25	1. Amendment to the Company's Remuneration Committee Charter. 2. Proposal for the Chairman's performance bonus of 2020. 3. The chairman requested to reduce the percentage of the annual performance bonus payment in 2020, considering the future growth space of the Company. 4. Amendment to the Company's Annual Performance Bonus Payment Method. 5. The proposal of the Company's allocation and distribution plan for employee bonus and the remuneration of Directors for 2020.	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.

Note 1: (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 "Reelected", 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 pos itions. 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 full use of recycled paper and replaced power-consuming lamps to improve the efficiency of various resources.	Compliant
(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

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	
(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, promoted the concept of energy saving and carbon reduction in the organization and various activities, and regularly announced to remind colleagues to form the habit of energy saving, so as 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 establish and implement reasonable employee benefits measures (including remuneration, leave and other benefits) and appropriately reflect the corporate business performance or achievements in the employee remuneration?	✓		(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 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	✓		(III) The Consolidated Company regularly organizes safety	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	
healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?			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, it fully decorates the office area of the building, updates relevant equipment, regularly carries out sterilization for the environment, holds fire drill, and sets up facilities such as nursing room, massage chair and refreshment table in the tea room, so as to meet the needs of employees in a considerate manner.	
(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, and promotes online learning platform, so that learning is not limited by time and space, enabling the staff to enhance their professional knowledge and ability.	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 those policies implemented?	✓		(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 policies will terminate or rescind the contracts signed with them.	Compliant
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?	✓		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.	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	

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.

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 5 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 2020, the Consolidated Company donated a total of NT$15 million to the Foundation for its business promotion. In 2020, the Foundation organized and sponsored several public welfare activities, the details of which are as follows:

Activity	Description	Number of beneficiaries
Reading Program of "Celebrity Study"	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.	More than 2.3 million hits on the Internet
Reading Promotion Program of "Better Life Book Fair"	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.	Over 300
Cooperation Program of "KINDOM 363 Good Regeneration and New Life"	The Company will plan the winning base as "KINDOM 363" shared space with a limited period of one year. The Foundation will assist in planning the experience activity of "Beautiful Regeneration and New Life", expecting to share good relations with the neighboring cities. Through the activities, the Company gathered special booths such as environment-friendliness, environment-friendly regeneration and handmade experience, inviting people to practice green life by action.	Over 550
Reading Program of "Star Nursing Home Stage Play"	Taiwan has entered the elderly society. It is expected that through the stage drama, the young audience can learn to be considerate of the elderly, the elderly audience is able to laugh with the scenery of life, learn to how to transform the state of mind, find their own value, and share the wisdom of facing "How to Grow Old".	Over 5,000
Sponsorship Scheme for Assistant Teachers	In order to care for the disadvantaged from rural areas and shorten the distance between urban and rural areas, the Company launched the Spon-	Over 100

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	

of "Little Grass Bookstore"	sorship Scheme for "Little Grass Bookstore" to provide academic learning, interest and talent development opportunity and establish a complete community support system for children living in adversity, enabling every child to grow up and achieve dreams in a stable learning environment.	
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 300
Sponsorship Program of "Local Reading Promotion of KOBO eBook Donation"	Participated in the "2020 Kobo Forma eBook Reader Donation Program" of the top ten enterprises to build the mobile libraries of 18 high schools in remote areas in New Taipei City. A total of 7,590 e-books was purchased to help children from rural areas learn more about the environment and society by reading books on important environmental issues, such as environmental protection, plants, food safety and transportation, and to promote their independent thinking.	Over 4,600

2. The Consolidated Company regularly visits nursery homes and care centers for the elderly, donates to ANDREW Charity Association every year and participates in activities to care for the vulnerable.
3. In 2020, the Consolidated Company organized the Mountain Clean-Up Program, inviting staff and their families to participate and contribute their efforts to maintaining 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 Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and 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", the "Code of Corporate Ethics Management" and the "Ethical Corporate Management Procedures and Behavior Guidelines" 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 publicized 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	✓		(III) The Consolidated Company has formulated on March 26, 2021 the "Ethical Corporate Management Procedures and Behavior Guidelines", which are applicable to directors, supervisors, managers, employees, nominees and persons with material control capacity of the Company and companies and organizations within the Group, prohibiting unethical conduct, such as offering bribes or receiving bribes, offering illegal political contributions, offering improper charitable donations or sponsorships,	Compliant

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
measures?			offering or accepting improper gifts, receptions, or other improper advantages, disclosure of the Company's trade secrets, the infringement of intellectual property rights, engaging in acts and services of unfair competition that harms consumers or other stakeholders. In addition to the Staff Working Rules and other personnel policies, which stipulate that employees shall not involve in unethical conduct, the Consolidated Company includes preventive operation procedures in the training courses for new employees or other personnel education and training.	
II、 Ethical corporate management				
(I) Does the Company evaluate the ethical record of its business partners and set ethical conduct policies in the terms and conditions of its contracts with the clients?	✓		(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 set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) The Human Resources Department of the 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.	Compliant
(III) Does the Company adopt policies for preventing conflicts of interest, provide proper statement channels and implement them?	✓		(III) The Consolidated Company has formulated on March 26, 2021 the "Ethical Corporate Management Procedures and Behavior Guidelines". The Audit Office, the Administrative Management Office and the Department of Finance jointly set up the ethical corporate management team, with the Human Resources Department of the Administrative Management Office as the personnel reporting window. The reporting matters will be submitted to the ethical corporate management team for discussion and implementation, and the team will regularly report to the Board of Directors.	Compliant
(IV) Does the Company establish effective accounting systems and internal control systems	✓		(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	Compliant

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
to implement ethical corporate management, with the internal audit unit being responsible for drawing up relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs for unethical conduct, or engaging a certified public accountant to carry out the audit?			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.	
(V) Does the Company organize internal or external trainings on ethical corporate management regularly?	✓		(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 measures to be taken after investigation is completed, and the relevant confidential mechanism?	✓		(II) After accepting the report, the Human Resource Department of the Administrative Management Office of the Consolidated Company will 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.	Compliant
(III) Does the company take any measures to protect whistleblowers so that they are safe from mishandling?	✓		(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	✓		The Consolidated Company will disclose the contents specified in the code of good faith operation in the CSR	Compliant

Evaluation Item	Implementation status Yes	 No	 Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
Does the company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?			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.	
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) In accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, the Company adopted its Ethical Corporate Management Best Practice Principles at the 25th meeting of the 10th Board of Directors on March 24, 2016, and implemented accordingly. On March 26, 2021, the 11th meeting of the 1st Audit Committee and the 13th meeting of the 12th Board of Directors of the Company adopted the Ethical Corporate Management Procedures and Behavior Guidelines, to implement the ethical corporate management policy and actively guard against unethical practices. There is no significant difference between the Company's Practice Principles and the actual activities. (II) The Company attaches great importance to ethical corporate management, and has organized educational and training courses related to ethical corporate management (such as new employee education and training on corporate culture and ethical management) in 2020, totaling 54 hours for 9 persons.				
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 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:

1. 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.
2. As adopted by resolution at the 2nd meeting of the 4th Remuneration Committee on December 22, 2020 and the 12th meeting of the 12th Board of Directors on December 30, 2020, Assistant Manager Li-Ya, Chen, Director of Finance and Accounting of Kedge Construction Co., Ltd., was appointed as the Chief Corporate Governance Officer of the Company to protect shareholders' rights and interests and strengthen the functions of the Board of Directors.

(IX) Implementation of the internal control system:

1. Statement of internal control:

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

Date: March 26, 2021

According to the self-evaluation results of internal control system by the Company in 2020, we hereby states 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. The evaluation results indicated that the Company's internal control system (including supervision and management of subsidiaries) dated December 31, 2020 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance with relevant laws/regulations and company policies.

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. The Company hereby declares that this statement had been approved by the Board of Directors on March 26, 2021. Among the 8 attending Directors, no one raised any objection and all consented to the content expressed in 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 2020:

Date of meeting	Material matters to be resolved	Implementation
2020.06.19	1. Adoption of the Company's 2019 Business Reports and Financial Statements.	The resolution has been followed.
	2. Adoption of the Company's Distribution Plan for Retained Earnings of 2019.	Distribution was to be made on August 12, 2020 at NT$1.5 cash dividends per share.

2. Important resolutions at board meetings:

Date of meeting	Meeting No.	Material matters to be resolved
2020.01.20	The 6th 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 7th 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 Taiwan, since the first quarter of 2020, the Audit Committee adopted the proposal to engage I-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 2020 and for other related matters.
2020.05.11	The 8th meeting of the 12th	The Audit Committee has adopted the proposal to increase the construction fee of the "Public Urban Renovation Project in Ruian Section", which was entrusted with Kedge Construction Co., Ltd. by the Company.

Date of meeting	Meeting No.	Material matters to be resolved
	Board	
2020.06.29	The 9th 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 for 2020. 2. The Remuneration Committee approved the Chairman's remuneration adjustment for 2020. 3. The Remuneration Committee adopted the proposal of distribution of employee compensation for 2019. 4. The Remuneration Committee has ratified and approved the proposal to adjust the remuneration to independent directors of the 12th Board of Directors of the Company. 5. The Remuneration Committee adopted the proposal of the Company to sign joint construction contracts with 24 landowners, including the land at No. 510, Chih-Hing Section, Wanhua District, Taipei City. 6. The Remuneration Committee adopted the proposal to amend some provisions of two procedures in the internal control systems of the Company, namely, "Management Procedures for Discussion in the Board of Directors" and "Management Procedures for the Discussion in the Audit Committee". 7. It is proposed to set the base date of the Company's cash dividend allocation for 2019.
2020.08.11	The 10th meeting of the 12th Board	1. It was proposed to issue domestic guaranteed ordinary corporate bonds worth NT$1 billion. 2. The Remuneration Committee has ratified and approved the proposal of the Company to purchase two plots of land and buildings on August 7, 2020, including 612-2 and 612-6, Songchang Section, Beitun District, Taichung City, for a total price of NT$1,485,864,875 (including tax). 3. The Remuneration Committee has ratified and approved the proposal of the Company to sign the "Investment Contract for the Land Development Project of Xiulangqiao Station on the Xinbei Circular Line" with the MRT Engineering Bureau of Xinbei Municipal Government.
2020.11.09	The 11th meeting of the 12th Board	The Remuneration Committee adopted the amendments to the quality manual and some procedures of the Company's internal control systems.
2020.12.30	The 12th meeting of the 12th Board	1. It was proposed to draft the Company's 2021 Annual Operational Plan. 2. The Remuneration Committee adopted the proposal to draft the Company's 2021 Annual Audit Plan. 3. The Remuneration Committee adopted the evaluation of the independence and suitability of CPAs appointed by the Company. 4. The Remuneration Committee adopted the proposal on the payment of Managerial Officers' year-end and special performance bonuses according to the company's Evaluation Methods. 5. The Remuneration Committee adopted the amendment to the Company's "Approval Authority Management Measures". 6. The Remuneration Committee adopted the proposal to appoint Assistant Manager Li-Ya, Chen, Director of Finance and Accounting of Kedge Construction Co., Ltd., as the Chief Corporate Governance Officer of Kindom Development Co., Ltd. and Kedge Construction Co., Ltd. 7. The Company proposed to donate NT$ 6 million to Kindom Yu San Education Foundation in the coming year (2021).

Date of meeting	Meeting No.	Material matters to be resolved
2021.03.26	The 13th meeting of the 12th Board	1. The Remuneration Committee adopted the amendment to partial provisions of the Company's Remuneration Committee Charter. 2. The Remuneration Committee adopted the amendment to the Company's Annual Performance Bonus Payment Method. 3. The Remuneration Committee adopted the proposal of the Company's allocation and distribution plan for employee bonus and the remuneration of Directors for 2020. 4. The Remuneration Committee adopted the proposal of the Chairman's performance bonus for 2020. 5. The Remuneration Committee adopted the proposal of the chairman's request to reduce the percentage of the annual performance bonus payment in 2020, considering the future growth space of the Company. 6. The Remuneration Committee adopted the proposal of the Company to sign a joint construction contract with Dong An Asset Development and Management Co. Ltd. 7. The Remuneration Committee adopted the proposal to draft the Company's "Statement on the Internal Control System" of 2020. 8. The Remuneration Committee adopted the proposal to prepare the Company's operation report and financial statements of 2020. 9. The Remuneration Committee adopted the proposal to develop the Company's "Earnings Distribution Plan" of 2020. 10. The Remuneration Committee adopted the proposal of the Company to allocate the dividend of NT$503,791,000 from the distributable earnings of 2020 to increase its capital and issue 50,379,100 ordinary shares, so as to expand its business and improve its financial structure. 11. The Remuneration Committee adopted the proposal to formulate the Company's Ethical Corporate Management Procedures and Behavior Guidelines. 12. The Remuneration Committee adopted the proposal to amend the Company's Articles of Incorporation, and partial articles of the Rules of Procedure for Shareholders Meetings. 13. It was proposed to adjust the Company's 2021 Annual Financial Objectives. 14. The proposal to release the Company's managers from the restrictions on non-competition. 15. Drew up the agenda of the Company's 2021 regular shareholders' meeting and other relevant 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 to financial reports (including the Chairman, General Manager, Accounting Supervisor and chief internal auditor, etc.) during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

V. CPAs Professional Fees:

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

Unit: NT$ 1,000

Accounting firm	Name of cpas	Audit fee	Non-audit fee					Audit period	Remarks
			Designing regulations	Business registra-	Human re- sources	Others	Subtotal		
Kpmg taiwan	I-lien, han Di-nuan, chien	2,900			30	230	260	From january 1 to december 31, 2020	Non-audit fee - others: 1. the review cost of nt$60 thousand for the issuance of corporate bonds 2. special tax consulting service fee of nt$170 thousand (kpmg taiwan: cpa ya-chieh, yu.)

(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: In accordance with the internal rotation of KPMG Taiwan, since the first quarter of 2020, the Audit Committee and the Board of Directors adopted to engage I-Lien, Han and Di-Nuan, Chien as contracted CPAs for financial reports of the Company on March 23, 2020.

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	2020		Current Fiscal Year (2021) up to April 19, 2021	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Yu-De Investment Co. Representative: Mike Ma	-	-	-	-
Director	Representative of Yu-De Investment Co., Ltd.: Mei-Chu, Liu	-	-	-	-
Director	Representative of Yu-De Investment Co., Ltd.: Ching-Chin, Hung	-	-	-	-
Director	Representative of Yu-De Investment Co., Ltd.: 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	-	-	-	-
General Manager	Ching-Chin Hung	-	-	-	-
Senior Vice General	Ai-Wei, Yuan (Note 2)	-	-	-	-
Vice General Man-	Sheng-An Chang	-	-	-	-
Vice General Man-	Si-Han Chen	-	-	-	-
Acting Vice General	Peng-Lung Hua	-	-	-	-
Senior Assistant	Shu-Yuan Lin	-	-	-	-
Senior Assistant	Shu-Lian, Chang	-	-	-	-
Special Assistant	Yi-Hwa Chen (Note 3)				
Assistant Manager	Qian-Fang, Hwang	-	-	-	-
Assistant Manager	Da-Gung Chou	-	-	-	-
Assistant Manager	Sung-Chuan, Lin (Note 4)	-	-	-	-
Assistant Manager	Hsiu-Hsia Chu	-	-	-	-
Assistant Manager	Li-Jen Chou	-	-	-	-
Assistant Manager	Chun-Sheng, Wu (Note 5)	-	-	-	-
Acting Assistant	Chuan-Hung Wu	-	-	-	-
Acting Assistant	Ta-Hsin, Chou	-	-	-	-
Acting Assistant Manager	Heng-Chia, Chang	2,000 (2,000)	-	-	-
Chief Corporate	Li-Ya Chen (Note 6)	-	-	-	-
Substantial share-	Yu-De Investment Co.	-	-	-	-
Substantial share-	Mei-Chu Liu	-	-	-	-

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 May 11, 2020.

Note 3: Resigned on December 1, 2020.

Note 4: Resigned on July 16, 2020.

Note 5: Newly elected on January 1, 2020 and resigned on September 8, 2020.

Note 6: Newly elected on January 1, 2021.

Note 7: The following table shall be filled in if the counterparty to the equity transfer or equity pledge is a related party.

(II) Information on equity pledge: None.

(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:

April 19, 2021 (unit: shares)

Name (Note 1)	Shares held by themselves		Spouse & minor 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
	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Name	Relationship	
Representative of Yu-De Investment Co., Ltd.: 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	
							Baiqian Co.	The Company's chairman as a relative within first-degree kinship to the chairman of Baiqian Co.	
Mei-Chu Liu	61,104,811	12.13%	-	-	-	-	Yu-De Investment Co.	The Company's chairman	
							Mike Ma	Relative within first-degree kinship	
							Baiqian Co.	The chairman of Baiqian Co.as a relative within first-degree kinship	
Representative of Guanyi Investment Co., Ltd.: Kun-Chih, Li	17,834,235	3.54%	-	-	-	-	-	-	
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	
							Baiqian Co.	The Company's chairman	
Representative of Jiequn Investment Co., Ltd.: Shu-Yuan, Lin	8,518,450	1.69%	-	-	-	-	-	-	
Representative of Changlin International Co., Ltd.: Yueh-Chang, Tsai	7,289,000	1.45%	-	-	-	-	-	-	
HSBC Custody BAYVKA3 - Global Investment Responsibility	6,919,000	1.37%	-	-	-	-	-	-	
Marathon Fund Account of Capital Securities Corp.	6,100,000	1.21%	-	-	-	-	-	-	
Investment Account of JPMorgan Securities Co., Ltd. under the Custody of JPMorgan Chase Bank	6,089,000	1.21%	-	-	-	-	-	-	

N.A., Taipei Branch									
Representative of Baiqian Co., Ltd.: Mike Ma	5,491,454	1.09%	-	-	-	-	Yu-De Investment Co.	The Company's chairman as a relative within first-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	

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.

April 19, 2021 (unit: shares; %)

Reinvestment in business (Note)	Investment by the Company		Investment by directors, supervisors, managers and entities either directly or indirectly controlled by the Company		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	14,513,369	13.69	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	Others
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	
2011.04	10	650,000,000	6,500,000,000	492,618,884	4,926,188,840	Corporate bond conversion in the amount of NT$3,452,800	None	
2011.10	10	650,000,000	6,500,000,000	493,345,324	4,933,453,240	Corporate bond conversion in the amount of NT$7,264,400	None	
2012.07	10	650,000,000	6,500,000,000	496,508,113	4,965,081,130	Corporate bond conversion in the amount of NT$31,627,890	None	
2012.10	10	650,000,000	6,500,000,000	498,722,065	4,987,220,650	Corporate bond conversion in the amount of NT$22,139,520	None	
2013.04	10	650,000,000	6,500,000,000	501,510,221	5,015,102,210	Corporate bond conversion in the amount of NT$27,881,560	None	
2013.07	10	650,000,000	6,500,000,000	503,791,000	5,037,910,000	Corporate bond conversion in the amount of NT$22,807,790	None	

April 19, 2021

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

Information About Shelf Registration 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:

April 19, 2021

Structure	Government agencies	Financial institutions	Other institutional shareholders	Foreign institutions and foreign natural persons	Domestic natural persons	Total
Number of shareholders	0	6	224	190	36,404	36,824
No. of shares held	0	2,048,300	155,664,835	89,026,331	257,051,534	503,791,000
Proportion (%)	-	0.41%	30.90%	17.67%	51.02%	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

April 19, 2021

Shareholding range	Number of shareholders	No. of shares held	Shareholding ratio %
1-999	20,967	637,220	0.13%
1,000-5,000	11,874	24,237,436	4.81%
5,001-10,000	1,841	15,395,120	3.06%
10,001-15,000	484	6,369,181	1.26%
15,001-20,000	435	8,279,915	1.64%
20,001-30,000	335	8,849,491	1.76%
30,001-40,000	155	5,644,315	1.12%
40,001-50,000	139	6,685,536	1.33%
50,001-100,000	240	17,496,786	3.47%
100,001-200,000	149	21,233,365	4.21%
200,001-400,000	88	24,966,040	4.96%
400,001-600,000	26	12,550,417	2.49%
600,001-800,000	11	7,609,557	1.51%
800,001-1,000,000	20	17,876,264	3.55%
More than 1,000,001 shares	60	325,960,357	64.70%
Total	36,824	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)

April 19, 2021

Name of substantial shareholders \ Shareholding	No. of shares held	Shareholding ratio
Yu-De Investment Co.	96,304,670	19.12%
Mei-Chu Liu	61,104,811	12.13%
Guanyi Investment Co., Ltd	17,834,235	3.54%
Mike Ma	9,000,000	1.79%
Jiequn Investment Co., Ltd.	8,518,450	1.69%
Changlin International Co., Ltd.	7,289,000	1.45%
HSBC Custody BAYVKA3 - Global Investment Responsibility	6,919,000	1.37%
Marathon Fund Account of Capital Securities Corp.	6,100,000	1.21%
Investment Account of JPMorgan Securities Co., Ltd. under the Custody of JPMorgan Chase Bank N.A., Taipei Branch	6,089,000	1.21%
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			2019	2020	Current Fiscal Year (2021) up to March 31, 2021 (Note 8)
Market value per share (Note 1)	Highest		33.45	42.90	41.60
	Lowest		18.90	17.60	31.50
	Average		25.92	31.88	38.52
Net worth per share (Note 2)	Before distribution		25.06	30.25	31.25
	After distribution		23.56	(Note 9)	-
Earnings per share	Weighted average number of shares		493,165,550	493,165,550	493,165,550
	Earnings per share (Note 3)		2.60	6.80	1.09
Dividend per share	Cash dividends		1.5	2.4 (Note 9)	-
	Free allotment	Dividends from retained earnings	-	1 (Note 9)	-
		Dividends from capital reserves	-	-	-
	Accumulated unpaid dividend (Note 4)		-	-	-
Return on investment	Price-earnings (P/E) ratio (Note 5)		9.97	4.69	-
	Price-dividend (P/D) ratio (Note 6)		17.28	(Note 9)	-
	Cash dividend yield (Note 7)		5.79%	(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 2020, the Board of Directors decided to distribute cash dividends at NT$2.4 per share and stock dividends at NT$1 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:
   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."
2. The proposed dividend distribution at this shareholders' meeting:
   The Board of Directors decided to distribute cash dividends at NT$2.4 per share and stock dividends at NT$1 per share for 2020, but this earnings distribution plan has not been approved at the shareholders' meeting.
3. 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:

1. The percentages or ranges with respect to the remuneration of the employee and Directors, as set forth in the Company's 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. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses.
2. Accounting process adopted where there is a discrepancy between the estimated amount and the estimation base for this quarter's estimated remuneration to employees and directors, shares calculation base for issued stocks and remuneration shares, and actual issued amount:
   In the current period, 1.68% of the annual profit is allocated to pay employees and 1.68% 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.
3. 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 2020 was approved by the Board of Directors on March 26, 2021. It is planned to allocate NT$70,829,484 to pay employees and NT$70,829,484 to pay directors, 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' remuneration is NT$6.80.
4. Actual allocation of employee dividends and directors' and supervisors' remuneration in the previous year:

Unit: NT$

	Resolutions of the board meeting March 23, 2020	Actual payout
Employee remuneration (paid in cash)	30,433,041	30,433,041
Remuneration to directors and supervisors	30,433,041	30,433,041
Total	60,866,082	60,866,082

(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	First secured corporate bond of 2020
Issue date		2016.06.06	2018.01.15	2018.10.15	2019.12.12	2020.10.07
Par value		NT$1 million	NT$1 million	NT$1 million	NT$1 million	NT$1 million
Place of issuance and transaction		Republic of China	Republic of China	Republic of China	Republic of China	Republic of China
Issue price		Issued at par value	Issued at par value	Issued at par value	Issued at par value	Issued at par value
Total issued		NT$ 1.5 billion only	NT$ 1 billion only	NT$ 1 billion only	NT$ 1 billion only	NT$ 1 billion only
Coupon rate		1.05%	1.05%	0.88%	0.80%	0.60%
Duration		2016.06.06~2021.06.06	2018.01.15~2023.01.15	2018.10.15~2023.10.15	2019.12.12~2024.12.12	2020.10.07~2025.10.07
Guarantor		Chang Hwa Commercial Bank, Ltd.	Hua Nan Commercial Bank, Ltd.	Taiwan Cooperative Bank, Ltd.	First Commercial Bank	Chang Hwa Commercial Bank, Ltd.
Trustee		Trust Department, Hua Nan Commercial Bank, Ltd.	Bank of Taiwan	JihSun International Commercial Bank Co., Ltd.	Land Bank of Taiwan	JihSun International Commercial Bank Co., Ltd.
Underwriter		Not Applicable	Capital Securities Corp.	Taiwan Cooperative Securities Ltd.	First Securities Inc.	Chang Hwa Commercial Bank, Ltd.
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	Ya-Wen Chiu, Attorney at law
Independent Auditor		Di-Nuan Chien, CPA	Di-Nuan Chien, CPA	Di-Nuan Chien, CPA	Di-Nuan Chien, CPA	I-Lien Han, 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	Repayment in lump sum upon maturity
Terms of Redemption of Early Settlement		None	None	None	None	None
Restrictions		None	None	None	None	None
Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings		Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Other rights	Amount of ordinary shares converted	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Regulations for issuance	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

	and conversion					
Potential Dilution of Equity and Impact on Shareholders' Equity		Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Name of the commissioned custodian of exchangeable underlying		None	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 June 6, 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 January 15, 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 October 15, 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 December 12, 2019. The funds raised were fully applied in the fourth quarter of 2019 as planned.

(5) In order to repay the bank loans and reduce the financial burden, the Company issued the first secured common corporate bonds for 2020 in the amount of NT$1 billion on October 7, 2020. The funds raised were fully applied in the fourth quarter of 2020 as planned.

(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. Develop the digital sales model

2. Main businesses and business proportion:

Department	Construction	Building	Department stores
Proportion	62.82%	32.27%	4.91%

(II) Industrial overview:

1. Industry status and development:
   (1) Construction:
   In 2020, the whole market was fickle due to the COVID-19 epidemic, slowing down the strength of the global economic recovery. However, with appropriate domestic epidemic prevention and control, mortgage interest rates were at a low level, the market capital was sufficient, coupled with the hot stock market to drive the housing market, boosting the demand for self-occupancy, home exchange and long-term property purchase. Residential

investment has the characteristics of both consumption and investment, and 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 2020, over 326,589 housing buildings were transferred across Taiwan, an increase of 8.8% over the 300,275 buildings in 2019, and a seven-year high over the 320,598 buildings in 2014. Among them, Taipei City and New Taipei City accounted for 31,180 and 63,346 buildings respectively, representing an annual growth rate of 12.4% and 5.5%.

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. In the context of global monetary easing policies and ultra-low interest rates, hot money is flooding into the financial market and pushing up the stock market to a record high, while the housing market is active with favorable factors, such as the expectation of low interest rates and inflation, banks actively seize mortgage business opportunities, and funds continued to transfer to the housing market. In order to avoid overheating and eliminate speculation in the housing market, the government adjusts the policy dynamically and establishes a mechanism to improve the housing market in the medium and long term, which is conducive to curbing housing price speculation and protect the rights and interests of self-use occupants with rigid demand. In 2021, the housing market will be in the consolidation period to adapt to the policy at the beginning. Later, with the gradual weakening of the policy effect, the rigid demand for buying will be still there, the mortgage interest rate will be at a low level, and the market will be still flush with cash. It is expected that the housing market will gradually show the pattern of "balanced quantity and stable price".

(2) Building:

According to the data released by Directorate General of Budget, Accounting and Statistics, Executive Yuan, the special budget for the investment in public construction and forward-looking infrastructure projects, together with operating and non-operating special funds, is expected to reach NT$534 billion in the overall public construction design plan of 2021, an increase of 14% over the same basis last year. The government's "increasing and accelerating" expansion of public construction investment and the balanced regional infrastructure construction 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 2021. However, due to the rising prices of international crude oil and steel and the ongoing shortage of concrete materials, the segment will cope with the impact of short-term shortages through purchasing flexibility and contract splitting strategies.

(3) Department stores:

In the first half of 2020, the whole market was impacted by the COVID-19 epidemic, and people tended to be cautious and conservative in their consumption, resulting in a sharp decline in performance. However, with the easing of the epidemic in Taiwan, the government's various revitalization programs and strict border control measures have boosted the consumption momentum in Taiwan. Since the second half of the year, the turnover of department stores has shown positive growth, with a slight decrease of 0.31% to NT$354.1 billion in 2020. The global epidemic is severe, and a new variant of the virus is spreading. Despite the good news of vaccine research and development in various countries, the progress of vaccination is still slow. Due to the proper control of the epidemic in Taiwan, the active domestic consumption has promoted local consumption, which can bring energy to operation recovery. It is expected that the marketing of the department stores will gradually walk out of the haze of the epidemic and show a moderate growth trend in 2021.

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. 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 and intelligent shopping malls, 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 been actively involved in research and planning in line with the green sustainability trend of products, and 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 introducing construction methods to strengthen 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	Facial recognition access control system	Introduced the facial recognition system for site access control.
4	AI-assisted Occupational Safety and Health Management System	Use AI technology to assist occupational safety and health projects with high risk.
5	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.
6	Graphing output of construction drawings by BIM general modeling software Revit	Automatic labeling, the key function of BIM construction drawings graphing output, is applied to the rapid production of body drawing, light compartment construction drawing, door and window construction drawing, index system and other drawings.
7	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.
8	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.
9	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.
10	BIM projects with BSI-BIM design phase implementation in accordance with international standards	In 2020, it entered the phase of project application.
11	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.

Item No.	Technological research	Implementation results
12	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.
13	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.
14	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 set up mobile digital tools to enhance community services and reduce paper-based advertising.
   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 sustainable, forward-looking and long-term profitable industries and diversify.
   D. Develop customer-oriented and market-oriented sustainable 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, accurately communicate with target customers, reduce resource waste, and strengthen core competitiveness.

(2) Long-term plan:

A. Add shopping malls to domestic transportation hubs.

B. Provide customers and manufacturers with all-round digital integration platform services.

C. Develop all-round big data, accurately communicate with target customers, and explore potential business opportunities.

D. Continue to introduce high quality, sustainable and innovative brands at home and abroad to create differentiation in the market.

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, develop the ecosystem and maintain the loyalty of members.

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, including all-passenger shopping centers "Xinbei Zhonghe" and "Pingdong" and station shopping centers "Nangang Station", "Banqiao Station", "Taoyuan A8", "Linkou A9" and "Xinzuoying Station". In addition, the "Jijie A19" will be put into operation in 2021, with a total area of more than 60,000 square meters.

2. Market share:

Department	Construction	Building	Department stores
Market share	1.01%	0.53%	2.58%

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 2020.
2. The market share of the department store segment is based on the ratio of the invoiced turnover in 2020 to the overall turnover of the industry.

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

(1) Construction:

A. Supply side:

Affected by the COVID-19 epidemic, the mortgage interest rate remains at a relatively low level, the real estate becomes a hedge target during the period of economic and financial market turmoil, and the capital return of Taiwan businessmen and the purchasing in the real estate market stimulate the willingness of builders to launch projects. According to the statistics of the Ministry of the Interior, 159,286 households of residential buildings were approved for the construction in Taiwan in 2020, an increase of 7.77% compared with that of 2019. Among them, New Taipei City has 26,916 households, up 10.13%; Taoyuan City has 22,223 households, up 44.84%; and Taichung City has 33,861 households, up 16.59%. However, there are still hidden worries and variables when it comes to the COVID-19 epidemic, and the impact on global finance and investment commodities is severe. But the epidemic situation in Taiwan is well controlled and the economic growth is expected to be optimistic. 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 market is affected by the change of the epidemic and the government's adjustment and control policies, the real estate market will move towards a fairer and healthier direction. At present, the mortgage interest rate remains at a low level, the market capital is abundant, the willingness of the self-use occupant groups to buy houses is increasing, and the operation risk of various investment instruments is increasing, and the real estate will become the first choice of hedge funds. With demand continuing to stabilize, it is expected to grow steadily in 2021.

(2) Building:

A. Supply side:

According to statistics released by the Ministry of the Interior, there were 11,376 comprehensive construction firms as of the end of 2020, representing an increase of 231 compared with the end of 2019, with 63.22% of them being Class C companies. See the following table for details:

Construction firm class	Number	Percentage (%)
Class A	2,956	25.98
Class B	1,228	10.80
Class C	7,192	63.22
Total	11,376	100.00

B. Demand side:

In 2021, the total budget allocated by the government for public works construction increased from 2020. 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 2021.

(3) Department stores:

Although affected by the COVID-19 epidemic, the government's introduction of various revitalization programs and strict border control measures have stimulated the domestic market. In the second half of 2020, the turnover of the department stores bottomed out and rebounded. 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", "locational convenience", "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:

Under the epidemic and the government's policy of property speculation, there are many changes in the domestic business environment 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. 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.

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

(F) The major technology companies entered the six cities (namely Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City and Kaohsiung City), driving the purchase willingness of the real estate market with rigid demand in the region.

B. Disadvantages:

(A) Exit of investors.

(B) The attitude of banks in handling luxury loans will be conservative.

(C) As a result of the government's real estate speculation policy, the buyer's market turns to wait-and-see and tends to be conservative.

(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 cost 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.

(F) Unpredictable changes in the global epidemic.

C. Countermeasures:

(A) Use big data technology, accurately communicate with 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, consolidate the loyalty of members and develop the life circle.
(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:

Owner	Construction firm
Planning and preparation ↓	Market research → business information ↓
Selection of operators ↓	Bidding documents →inquiry and estimate→ bidding →signing of contract
Contract execution	Budget preparation →construction planning →contract awarding→procurement construction →owner valuation↓

↓

Operation and maintenance

Warranty bond

Inspection and acceptance of completed construction

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 of projects are concentrated in the metropolitan areas of greater Taipei. We continue to evaluate the land in potential areas based on factors such as transportation, major construction, and urban renewal. We do not stick to the conventional development pattern, but combine the collective effects to develop the land value in an innovative mode, pay attention to the real estate development in central and southern Taiwan, explore development opportunities in low-base areas, reduce land raw material acquisition costs, and expand business opportunities when appropriate.

(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.
C. 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$ 1,000

Item	2019				2020				Current Fiscal Year (2021) up to March 31, 2021 (Note 1)			
	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
	Others	13,081,365	100	None	Others	15,871,259	100	None	Others	2,563,138	100	None

Note 1: The financial data as of March 31, 2021 has been reviewed 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$ 1,000

Item	2019				2020				Current Fiscal Year (2021) up to March 31, 2021 (Note 1)			
	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	1,587,015	10.35	None	Taiwan Semiconductor Manufacturing Co., Ltd.	3,450,023	12.62	None	Others	4,920,665	100	None
2	Others	13,739,884	89.65	None	Others	23,895,382	87.38	None				

Note 1: The financial data as of March 31, 2021 has been reviewed 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$ 1,000

Production volume and value / Year / Category	2019			2020		
	Capacity	Volume	Value	Capacity	Volume	Value
Real estate	-	654	6,085,189	-	572	12,601,628
Project contract	-	-	5,205,754	-	-	7,625,078
Goods, services and others	-	-	7,662	-	-	8,088
Total	-	-	11,298,605	-	-	20,234,794

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$ 1,000

Sales volume / Year / Category	2019				2020			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Real estate	416	7,848,371	-	-	798	16,776,116	-	-
Project contract	-	6,055,001	-	-	-	9,204,070	-	-
Goods, services and others	-	1,423,527	-	-	-	1,365,219	-	-
Total	-	15,326,899	-	-	-	27,345,405	-	-

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		2019	2020	Current Fiscal Year (2021) up to March 31, 2021
Number of employees	Engineering personnel	398	407	402
	Administrative personnel	474	488	493
	Total	872	895	895
Average Age		38.10	38.31	38.81
Average Service Year		4.78	5.13	5.18
Highest education attainment ratio	PhD	0.00%	0.00%	0.00%
	Master's	19.51%	19.22%	18.32%
	Bachelor's	77.18%	77.54%	78.44%
	High school	3.31%	3.24%	3.24%
	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$156,000 in 2020.

(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$ 1,000

Year	2019	2020	Current Fiscal Year (2021) up to March 31, 2021
Pollution events	Violation of Waste Disposal Act and Air Pollution Control Act	Violation of Waste Disposal Act and Air Pollution Control Act	Violation of Waste Disposal Act and Air Pollution Control Act
Amount of punishment	4	-	-

The main reason for the punishment of the Consolidated Company is the pollution of the road near the construction site by dust and gravel trucks caused by the excavation works. However, the above-mentioned fines are mostly paid on behalf of the contractor, and most of the fines can be recovered from the contractor after the payment. 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)Each department sets ESG targets and promotes the concept of environmental protection and its impact on corporate image in education and training.

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.

(7) Hold monthly birthday party and organize afternoon tea activity to enhance communication among employees.

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 are available to all staff, such as "Writing of Document and Signature", "Talk on 'Three Highs' and Metabolic Syndrome", "Talk on Toxicity in Life and Easy Life without Toxicity" and "Talk on New Trends in Smart Living Space in Post-epidemic World".

(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 December 2, 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:

March 31, 2021

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$43,864,000	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
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	Estimated completion year: 2022	Project ID: 103C Address: Sanchong Sec., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.) Bond: NT$22,800,000	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
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

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
Jointly developed and invested	1st Engineering Office, Department of Rapid Transit Systems, Taipei City Government	Estimated completion year: 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: 2025	Project ID: 108B Address: Dunhua Sec., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	None
Co-built shared house	43 people including A.B.C. Machinery Industrial Co., Ltd.	Expected year of completion: 2026	Project ID: 108C Address: Chih-Hsing Sec., Wanhua Dist., Taipei City 105, Taiwan (R.O.C.)	None
Jointly developed and invested	Department of Rapid Transit Systems, New Taipei City	Estimated completion year: 2024	Project ID: 109A Address: Xiulangqiao Station, New Taipei Ring Line Bond: NT$68,381,000	None
Co-built shared house	Dong An Asset Development and Management Co. Ltd.	Expected year of completion: 2028	Project ID: 110A Address: Hongfu Sec., Xinzhuang Dist., New Taipei City 235, Taiwan (R.O.C.) Bond: NT$350,000,000	None
Project contracting	Eastern Engineering Office, Railway Bureau, Ministry of Transport	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: 2021	Phase I of Fengshan Hospital BOT Project	None
Project contracting	Academia Sinica	Expected year of completion: 2021	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 Nanmen Market and Nanhu Elementary Sports Center	None
Project contracting	TSMC	Expected year of completion: 2021	Phase III of TSMC Nanke No.18 Factory -CUP	None
Project contracting	TSMC	Expected year of completion: 2021	N3 Assumption Foundation Pile Earthwork of TSMC Nanko F18 Plant	None
Project contracting	Railway Bureau, MOTC	Expected year of completion: 2025	C212 Standard Tainan Station Underground Project	None

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
Project contracting	New Construction Office, Taoyuan City Government	Expected year of completion: 2023	Turnkey Project of Tawoyuan Convention and Exhibition Center	None
Project contracting	Northern Engineering Office of Railway Bureau, MOTC	Expected year of completion: 2026	Jiayi Plan Railway Viaduct and Planar Road Project under Bridge of Bid C611 Jiayi Urban Railway Viaduct Plan	None
Project contracting	TSMC	Estimated completion year: 2022	New construction of TSMC F18P6 FAB shell structure	
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 2009 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
Lease	High-speed Railway Engineering Bureau, Ministry of Transport	20 years from the date of contracting (From 2020 to 2040)	Address: Shopping Mall, A19 Station, MRT System, Taoyuan International Airport, Taiwan (R.O.C.) Bank Guarantee Letter: NT$60,000,000	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$ 1,000

Item / Year		Financial Data for the Most Recent Five Fiscal Years (Note 1)					Current Fiscal Year (2021) up to March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Current assets		34,334,860	41,365,192	43,341,299	45,563,542	46,414,826	48,249,967
Property, plant and equipment		7,690,437	7,749,670	6,979,157	6,703,794	6,586,166	6,560,902
Intangible assets		81,390	92,128	52,212	42,830	49,236	46,941
Other assets		961,976	898,561	790,640	3,514,799	4,326,813	4,275,832
Total assets		43,068,663	50,105,551	51,163,308	55,824,965	57,377,041	59,133,642
Current liabilities	Before distribution	22,190,631	31,253,464	30,898,165	31,849,885	30,183,305	31,490,396
	After distribution	22,744,801	31,505,360	31,401,956	32,605,572	Note 3	-
Non-current liabilities		7,634,563	5,790,679	6,697,580	9,562,171	9,828,179	9,632,632
Total liabilities	Before distribution	29,825,194	37,044,143	37,595,745	41,412,056	40,011,484	41,123,028
	After distribution	30,379,364	37,296,039	38,099,536	42,167,743	Note 3	-
Equity attributable to owners of parent		11,551,928	11,346,965	11,836,993	12,627,504	15,237,901	15,774,599
Equity capital		5,037,910	5,037,910	5,037,910	5,037,910	5,037,910	5,037,910
Capital surplus		1,351,103	1,363,148	1,368,865	1,379,873	1,396,097	1,396,097
Retained earnings	Before distribution	5,259,115	5,049,624	5,526,960	6,306,721	8,902,937	9,438,742
	After distribution	4,704,945	4,797,728	5,023,169	5,551,034	Note 3	-
Other equity interest		(25,004)	(32,521)	(25,546)	(25,804)	(27,847)	(26,954)
Treasury stock		(71,196)	(71,196)	(71,196)	(71,196)	(71,196)	(71,196)
Non-controlling interests		1,691,541	1,714,443	1,730,570	1,785,405	2,127,656	2,236,015
Total equity	Before distribution	13,243,469	13,061,408	13,567,563	14,412,909	17,365,557	18,010,614
	After distribution	12,689,299	12,809,512	13,063,772	13,657,222	Note 3	-

Note 1: All financial data from 2016 to 2020 have been audited and attested by the CPAs.

Note 2: The financial data as of March 31, 2021 has been reviewed by the CPAs.

Note 3: The earnings distribution plan for the year 2020 has not been resolved and adopted by the shareholders' meeting.

2. Individual financial statements:

Unit: NT$ 1,000

Item \ Year		Financial Data for the Most Recent Five Fiscal Years (Note 1)					Current Fiscal Year (2021) up to March 31, 2021
		2016	2017	2018	2019	2020	
Current assets		29,371,689	34,724,290	38,078,347	38,504,920	37,752,737	-
Property, plant and equipment		297,615	294,104	288,059	280,822	280,130	-
Intangible assets		3,976	1,460	162	2,274	1,334	-
Other assets		5,033,442	5,077,293	4,746,771	5,040,808	5,511,223	-
Total assets		34,706,722	40,097,147	43,113,339	43,828,824	43,545,424	-
Current liabilities	Before distribution	18,568,953	26,170,566	27,699,081	26,662,559	24,269,349	-
	After distribution	19,123,123	26,422,462	28,202,872	27,418,246	Note 2	-
Non-current liabilities		4,585,841	2,579,616	3,577,265	4,538,761	4,038,174	-
Total liabilities	Before distribution	23,154,794	28,750,182	31,276,346	31,201,320	28,307,523	-
	After distribution	23,708,964	29,002,078	31,780,137	31,957,007	Note 2	-
Equity attributable to owners of parent		11,551,928	11,346,965	11,836,993	12,627,504	15,237,901	-
Equity capital		5,037,910	5,037,910	5,037,910	5,037,910	5,037,910	-
Capital surplus		1,351,103	1,363,148	1,368,865	1,379,873	1,396,097	-
Retained earnings	Before distribution	5,259,115	5,049,624	5,526,960	6,306,721	8,902,937	-
	After distribution	4,704,945	4,797,728	5,023,169	5,551,034	Note 2	-
Other equity interest		(25,004)	(32,521)	(25,546)	(25,804)	(27,847)	-
Treasury stock		(71,196)	(71,196)	(71,196)	(71,196)	(71,196)	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	11,551,928	11,346,965	11,836,993	12,627,504	15,237,901	-
	After distribution	10,997,758	11,095,069	11,333,202	11,871,817	Note 2	-

Note 1: All financial data from 2016 to 2020 have been audited and attested by the CPAs.

Note 2: The earnings distribution plan for the year 2020 has not been resolved and adopted by the shareholders' meeting.

(II) Brief Statement of Comprehensive Income

1. Consolidated financial statements:

Unit: NT$ 1,000

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note 1)					Current Fiscal Year (2021) up to March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Operating revenue	11,689,095	9,932,819	14,435,680	15,326,899	27,345,405	4,920,665
Gross profit from operations	3,125,124	2,798,915	3,999,126	4,028,294	7,110,611	1,277,164
Operating benefits	1,502,153	842,741	1,909,901	2,198,729	5,168,832	862,222
Non-operating income and expenditure	(526,014)	(112,355)	(829,483)	(384,465)	(280,033)	(59,992)
Net income before tax	976,139	730,386	1,080,418	1,814,264	4,888,799	802,230
Units in continuing operations Profit	812,880	477,050	673,313	1,546,223	3,905,137	643,507
Loss on closed operations	-	-	-	-	-	-
Current net gains (losses)	812,880	477,050	673,313	1,546,223	3,905,137	643,507
Other comprehensive income (loss) for the year (net after tax)	(29,237)	(12,406)	8,791	1,185	(3,768)	1,527
Total comprehensive income (loss) for the years	783,643	464,644	682,104	1,547,408	3,901,369	645,034
Net profit attributable to owners of the parent company	735,690	346,285	507,248	1,283,526	3,353,971	535,805
Net profit attributable to Non-controlling interests	77,190	130,765	166,065	262,697	551,166	107,702
Total comprehensive gains/losses attributable to owners of the parent company	711,456	337,162	515,347	1,283,294	3,349,860	536,698
Total comprehensive gains/losses attributable to non-controlling equity interests	72,187	127,482	166,757	264,114	551,509	108,336
Earnings per share (NT$)	1.49	0.70	1.03	2.60	6.80	1.09

Note 1: All financial data from 2016 to 2020 have been audited and attested by the CPAs.

Note 2: The financial data as of March 31, 2021 has been reviewed by the CPAs.

2. Individual financial statements:

Unit: NT$ 1,000

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note)					Current Fiscal Year (2021) up to March 31, 2021
	2016	2017	2018	2019	2020	
Operating revenue	5,269,229	4,779,614	7,502,772	8,117,436	17,185,011	-
Gross profit from operations	1,507,784	982,455	1,961,809	2,032,247	4,583,383	-
Operating benefits	1,036,171	469,079	1,179,315	1,329,758	3,771,698	-
Non-operating income and expenditure	(145,476)	(10,176)	(476,396)	131,028	365,537	-
Net income before tax	890,695	458,903	702,919	1,460,786	4,137,235	-
Units in continuing operations Profit	735,690	346,285	507,248	1,283,526	3,353,971	-
Loss on closed operations	-	-	-	-	-	-
Profit	735,690	346,285	507,248	1,283,526	3,353,971	-
Other comprehensive loss (net of taxes)	(24,234)	(9,123)	8,099	(232)	(4,111)	-
Total comprehensive income (loss) for the years	711,456	337,162	515,347	1,283,294	3,349,860	-
Net profit attributable to owners of the parent company	735,690	346,285	507,248	1,283,526	3,353,971	-
Net profit attributable to Non-controlling interests	-	-	-	-	-	-
Total comprehensive gains/losses attributable to owners of the parent company	711,456	337,162	515,347	1,283,294	3,349,860	-
Total comprehensive gains/losses attributable to non-controlling equity interests	-	-	-	-	-	-
Earnings per share (NT$)	1.49	0.70	1.03	2.60	6.80	-

Note: All financial data from 2016 to 2020 have been audited and attested by the CPAs.

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

Year	Independent Auditor	Audit Opinion
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
2020	I-Lien, Han and Ti-Nuan, Chien	No unqualified opinion included

II. Financial Analysis for the Last Five Years:

(I) Consolidated financial report:

Item	Year	Financial Analysis for the Most Recent Five Years (Note 1)					Current Fiscal Year (2021) up to March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure	Debt to asset ratio (%)	69.25	73.93	73.48	74.18	69.73	69.54
	Ratio of long-term funds to property, plant and equipment (%)	269.26	243.26	290.37	357.63	412.89	421.33
Solvency	Current ratio (%)	154.76	132.35	140.27	143.06	153.78	153.22
	Quick ratio (%)	32.07	34.33	30.96	36.08	53.95	59.31
	Interest coverage ratio (multiples)	5.13	4.12	3.48	5.03	14.33	10.77
Operating ability	Receivables turnover rate (times)	8.12	5.84	8.30	10.78	15.01	13.45
	Average days for cash collection	44.95	62.50	43.98	33.86	24.32	27.14
	Inventory turnover rate (Times)	0.32	0.25	0.33	0.34	0.63	0.49
	Payables turnover rate (Times)	2.55	1.84	2.42	2.32	3.72	2.67
	Average days for sale of goods	1,140.62	1,460.00	1,106.06	1,073.53	579.37	744.90
	Property, plant and equipment turnover (times)	1.52	1.29	1.96	2.24	4.12	2.99
	Total assets turnover rate (times)	0.28	0.21	0.29	0.29	0.48	0.34
Profitability	Return on assets (%)	2.38	1.44	2.02	3.56	7.42	4.87
	Return on equity (%)	6.19	3.63	5.06	11.05	24.58	14.55
	Net income before tax to paid-in capital ratio (%) (Note 8)	19.38	14.50	21.45	36.01	97.04	63.70
	Net profit ratio (%)	6.95	4.80	4.66	10.09	14.28	13.08
	Earnings per share (NT$)	1.49	0.70	1.03	2.60	6.80	1.09

Cash flows	Cash flow ratio (%)	5.35	Note 3	6.30	10.04	32.75	13.62
	Cash flow sufficiency ratio (%)	96.76	41.76	58.26	88.96	167.54	228.55
	Cash re-investment ratio (%)	2.97	Note 3	7.40	10.23	30.66	14.14
Leverage	Operating leverage	1.95	3.03	1.85	1.65	1.29	1.45
	Financial leverage	1.19	1.39	1.30	1.26	1.08	1.11

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 the decrease in ending inventory 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. Inventory turnover rate: Mainly due to the significant sales of existing homes, resulting in an increase in the cost of goods sold.
6. Payables turnover rate: Mainly due to the increase in the inventory turnover rate.
7. Average days for sale of goods: Mainly due to the increase in the inventory turnover rate.
8. Property, plant and equipment turnover: Mainly due to the increase in net sales.
9. Total assets turnover rate: Mainly due to the increase in net sales.
10. Return on assets: Mainly due to the increase in net income after tax.
11. Return on equity: Mainly due to the increase in net income after tax.
12. Ratio of net income before tax to paid-in capital: Mainly due to the increase of net income before tax.
13. Net profit ratio: Mainly due to the increase of net income after tax.
14. Earnings per share: Mainly due to the increase in net income after tax.
15. Cash flow ratio: Mainly due to increased net cash inflow from operating activities.
16. Cash flow sufficiency ratio: Mainly due to the increase in net cash inflow from operating activities in the last five years.
17. Cash reinvestment ratio: Mainly due to the increase of net cash inflow from operating activities.
18. Operating leverage: Mainly due to the increase in operating profits.

Note 1: All financial data from 2016 to 2020 have been audited and attested by the CPAs.
Note 2: The financial data as of March 31, 2021 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	2016	2017	2018	2019	2020	Current Fiscal Year (2021) up to March 31, 2021
		Financial Analysis for the Most Recent Five Years (Note 1)					
Financial structure	Debt to asset ratio (%)	66.72	71.70	72.54	71.19	65.01	-
	Ratio of long-term funds to property, plant and equipment (%)	5,393.52	4,708.19	5,351.08	6,112.86	6,881.12	-
Solvency	Current ratio (%)	158.18	132.68	137.47	144.42	155.56	-
	Quick ratio (%)	14.28	17.78	17.72	21.63	36.50	-
	Interest coverage ratio (multiples)	6.02	3.61	2.96	5.26	17.02	-
Operating ability	Receivables Turnover Rate (%)	21.81	18.50	16.89	22.07	23.42	-
	Average days for cash collection	16.73	19.73	21.61	16.54	15.59	-
	Inventory turnover rate (Times)	0.14	0.13	0.18	0.19	0.41	-
	Payables turnover rate (Times)	3.31	2.32	2.12	2.16	5.04	-
	Average days for sale of goods	2,607.14	2,807.69	2,027.78	1,921.05	890.24	-
	Property, plant and equipment turnover (times)	17.60	16.16	25.78	28.54	61.27	-
	Total assets turnover rate (times)	0.15	0.13	0.18	0.19	0.39	-
Profitability	Return on assets (%)	2.59	1.32	1.91	3.58	8.15	-
	Return on equity (%)	6.43	3.02	4.38	10.49	24.07	-
	Net income before tax to paid-in capital ratio (%) (Note 8)	17.68	9.11	13.95	29.00	82.12	-
	Net profit ratio (%)	13.96	7.25	6.76	15.81	19.52	-
	Earnings per share (NT$)	1.49	0.70	1.03	2.60	6.8	-
Cash flows	Cash flow ratio (%)	2.35	Note 2	5.79	3.87	28.51	-
	Cash flow sufficiency ratio (%)	59.52	30.33	36.51	51.26	113.78	-
	Cash re-investment ratio (%)	Note 3	Note 3	8.69	3.05	31.74	-
Leverage	Operating leverage	1.19	1.57	1.26	1.23	1.10	-
	Financial leverage	1.21	1.60	1.44	1.35	1.07	-

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 the decrease in ending inventory and current liabilities. 2. Interest coverage multiple: Mainly due to the increase in net income before tax. 3. Inventory turnover rate: Mainly due to the significant sales of existing homes, resulting in an increase in the cost of goods sold. 4. Payables turnover rate: Mainly due to the increase in the inventory turnover rate. 5. Average days for sale of goods: Mainly due to the increase in the inventory turnover rate. 6. Property, plant and equipment turnover: Mainly due to the increase in net sales. 7. Total assets turnover rate: Mainly due to the increase in net sales. 8. Return on assets: Mainly due to the increase in net income after tax. 9. Return on equity: Mainly due to the increase in net income after tax. 10.Ratio of net income before tax to paid-in capital: Mainly due to the increase of net income before tax. 11.Net profit ratio: Mainly due to the increase of net income after tax. 12.Earnings per share: Mainly due to the increase in net income after tax. 13.Cash flow ratio: Mainly due to increased net cash inflow from operating activities. 14.Cash flow sufficiency ratio: Mainly due to the increase in net cash inflow from operating activities in the last five years. 15.Cash reinvestment ratio: Mainly due to the increase of net cash inflow from operating activities. 16.Financial leverage: Mainly due to the increase in operating profits.

Note 1: All financial data from 2016 to 2020 have been audited and attested by the 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 2020 from the Audit Committee:

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

Approval for

The Board of Director submitted the financial statements of the Company for the year 2020, and these statements were audited by KPMG Taiwan through the CPAs, I-Lien, Han and Ti-Nuan, Chien. 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.

Yours faithfully,

2021 Annual General Shareholders' Meeting Kindom Development Co., Ltd.

Convener of the Audit Committee: Hung-Chin, Huang

March 26, 2021

IV. Consolidated Financial Report of 2020

Statement of Declaration

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

Hereby declared,

Kindom Development Co., Ltd.

Chairman: Mike, Ma

March 26, 2021

II. Independent Auditors' Report

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

二、Audit Opinion

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

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and 2019, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2020, and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

三、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.

四、Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2020 consolidated financial statements of the Group. 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 judgment, key audit matters for the financial statements for the year ended December 31, 2019 are stated as follows:

I. Revenue recognition of real estate sales

Refer to Note 4(17) for the accounting policies on recognizing revenue and Note 6(22) for details of related disclosure.

Description of key audit matters:

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 amounts to NT$16,776,116 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. In addition, it also includes 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 contracts

Refer to Note 4(17) for the accounting policies on construction contracts; Note 5(1) for the uncertainty of accounting estimations and assumptions for total construction costs; and Note 6(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 judgments 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 judgments to a great extent, errors in such judgments 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 4(8) for the accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions for inventory valuation, and Note 6(5) for details of inventory valuation.

Description of key audit matters:

As of December 31, 2020, the Group's inventory amounts to NT$28,294,015 thousand and accounts for 50% 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. Therefore, inventory evaluation is one of the important evaluation items in the auditing on the financial review of the Group.

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 net realizable value of inventory 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 contract prices of recent sales of the Group’s developments, Ministry of the Interior, and sales prices of the transactions in the neighborhood, or confirming and recalculating the investment return analysis of each developments, to evaluate if the net realizable value of inventory is fairly presented.

五、Other Matters

Kindom Development Co., Ltd. has compiled the Parent-Company-Only Financial Statements for 2020 and 2019, and they have also received an unqualified audit opinion from our CPAs for your reference.

六、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.

七、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 may be caused by fraud or errors. The misstated amounts are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 determined the key audit matters of the consolidated financial statements of the Group of 2020. 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 26, 2021

<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
As of December 31, 2020, and 2019

Unit: NT$ thousand

		2020.12.31		2019.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (25))	$ 11,510,749	20	6,229,385	11
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and (25))	67,661	-	97,563	-
1140	Contract assets - current (Note 6(22))	1,671,567	3	1,349,793	3
1150	Notes receivable, net (Note 6(4) and (25))	858	-	3,201	-
1170	Accounts receivable, net (Note 6(4), (22) and (25))	2,225,979	4	1,412,568	3
1220	Current tax assets	34,199	-	33,266	-
1300	Inventories - trading (Note 6(5))	9,739	-	15,105	-
1320	Inventories - construction (Note 6(5) and 8)	28,294,015	50	32,406,303	58
1410	Prepayments	155,232	-	300,541	1
1476	Other financial assets - current (Note 6(12), (22), (25) and 8)	2,262,304	4	3,530,868	6
1479	Other current assets - others	61,485	-	40,424	-
1480	Incremental costs of obtaining a contract - current (Note 6(12))	121,038	-	144,525	-
		46,414,826	81	45,563,542	82
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(3) and (25))	8,731	-	8,579	-
1550	Investments accounted for using equity method	20,507	-	20,506	-
1600	Property, plant and equipment (Note 6(8) and 8)	6,586,166	12	6,703,794	12
1755	Right-of-use assets (Note 6(9))	3,548,998	6	2,789,255	5
1760	Investment property (Note 6(10) and 8)	506,175	1	510,687	1
1780	Intangible assets (Note 6(11))	49,236	-	42,830	-
1840	Deferred tax assets (Note 6(19))	54,512	-	51,446	-
1915	Prepayments for equipment	2,101	-	9,926	-
1975	Defined benefit assets, net - non-current (Note 6(18))	3,400	-	1,361	-
1980	Other financial assets- non-current (Note 6(25) and 8)	132,280	-	72,968	-
1995	Other non-current assets - others	50,109	-	50,071	-
		10,962,215	19	10,261,423	18
	Total assets	$ 57,377,041	100	55,824,965	100

		2020.12.31		2019.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans (Note 6(13) and (25))	$ 15,101,351	26	18,915,374	34
2130	Contract liabilities - current (Note 6(22))	5,585,647	10	6,187,338	11
2150	Notes payable (Note 6(25))	389,871	1	397,938	1
2170	Accounts payable (Note 6(25))	5,206,700	9	4,871,171	9
2200	Other payables (Note 6(25))	1,115,831	2	777,890	2
2230	Current tax liabilities	665,104	2	68,365	-
2250	Current provisions (Note 6(16))	150,363	-	102,482	-
2251	Current provisions for employee benefit (Note 6(18))	22,278	-	21,533	-
2280	Current lease liabilities (Note 6(15) and (25))	159,420	-	129,914	-
2320	Current portion of long-term debt due within one year or one operating period (Note 6(25))	16,336	-	16,336	-
2321	Current portion of convertible corporate bond due within one year or one operating period (Note 6(14) and (25))	1,500,000	3	-	-
2322	Current portion of long-term loans due within one year or one operating period (Note 6(13) and (25))	217,760	-	190,450	-
2399	Other current liability - others	52,644	-	171,094	-
		30,183,305	53	31,849,885	57
	Non-current liabilities:				
2530	Bonds payable (Note 6(14) and (25))	4,000,000	7	4,500,000	8
2540	Long-term debts (Note 6(13) and (25))	2,157,240	4	2,184,575	4
2580	Non-current lease liabilities (Note 6(15) and (25))	3,521,533	6	2,714,817	5
2640	Defined benefit liabilities, net - non-current (Note 6(18))	5,979	-	6,681	-
2645	Guarantee deposits received (Note 6(25))	94,419	-	90,754	-
2670	Other non-current liabilities, others (Note 6(25))	49,008	-	65,344	-
		9,828,179	17	9,562,171	17
	Total liabilities	40,011,484	70	41,412,056	74
	Equity attributable to owners of the parent company (Note 6(20))				
3100	Share capital	5,037,910	9	5,037,910	9
3200	Capital surplus	1,396,097	2	1,379,873	3
3300	Retained earnings	8,902,937	15	6,306,721	11
3400	Other equity interest	(27,847)	-	(25,804)	-
3500	Treasury stock	(71,196)	-	(71,196)	-
	Total equity attributable to owners of the parent company	15,237,901	26	12,627,504	23
36XX	Non-controlling interests (Note 6(7))	2,127,656	4	1,785,405	3
	Total equity	17,365,557	30	14,412,909	26
	Total liabilities and equity	$ 57,377,041	100	55,824,965	100

(Refer to the subsequent Notes to Consolidated Financial Statements)

Kindom Development Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

		2020		2019	
		Amount	**%**	**Amount**	**%**
4000	**Operating Revenue (Note 6(22))**	$ 27,345,405	100	15,326,899	100
5000	**Operating Costs (Note 6(5))**	20,234,794	74	11,298,605	73
	Gross profit	7,110,611	26	4,028,294	27
	Operating expenses:				
6100	Selling and marketing expenses	425,871	2	390,095	3
6200	General and administrative expenses	1,515,908	5	1,439,470	9
		1,941,779	7	1,829,565	12
	Net operating profit	5,168,832	19	2,198,729	15
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	21,036	-	20,300	-
7010	Other income (Note 6(24))	3,435	-	3,456	-
7020	Other gains and losses (Note 6(24))	62,291	-	42,203	-
7050	Finance costs (Note 6(24))	(366,796)	(1)	(450,425)	(3)
7060	Share of profit and loss associates and joint ventures accounted for using the equity method	1	-	1	-
		(280,033)	(1)	(384,465)	(3)
	Net income before tax from continuing operating department	4,888,799	18	1,814,264	12
7950	**Less: Income tax expenses (Note 6(19))**	983,662	4	268,041	2
	Net income	3,905,137	14	1,546,223	10
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	(1,234)	-	622	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	152	-	984	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of financial statements of foreign operations	(2,686)	-	(421)	-
8300	**Other comprehensive loss (net of taxes)**	(3,768)	-	1,185	-
	Total comprehensive income (loss) for the years	**$ 3,901,369**	**14**	**1,547,408**	**10**
	Net income attributable to:				
8610	Owners of the parent company	$ 3,353,971	12	1,283,526	8
8620	Non-controlling interests	551,166	2	262,697	2
		$ 3,905,137	**14**	**1,546,223**	**10**
	Total comprehensive income attributable to:				
8710	Owners of the parent company	$ 3,349,860	12	1,283,294	8
8720	Non-controlling interests	551,509	2	264,114	2
		$ 3,901,369	**14**	**1,547,408**	**10**
9750	**Basic Earnings Per Share (in NT$) (Note 6(21))**	**$**	**6.80**		**2.60**
9850	**Diluted Earnings Per Share (in NT$) (Note 6(21))**	**$**	**6.77**		**2.60**

(Refer to the subsequent Notes to Consolidated Financial Statements)

Kindom Development Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

	Equity attributable to owners of the parent company											
	Share capital		Retained earnings				Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Treasury stock	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2019	$ 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	-	-	-	-	1,283,526	1,283,526	-	-	-	1,283,526	262,697	1,546,223
Other comprehensive income	-	-	-	-	26	26	(354)	96	-	(232)	1,417	1,185
Total comprehensive income	-	-	-	-	1,283,552	1,283,552	(354)	96	-	1,283,294	264,114	1,547,408
Earnings appropriation and distribution:												
Legal reserve appropriated	-	-	50,724	-	(50,724)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(6,975)	6,975	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(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 interests	-	-	-	-	-	-	-	-	-	-	(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
Net income	-	-	-	-	3,353,971	3,353,971	-	-	-	3,353,971	551,166	3,905,137
Other comprehensive income (loss)	-	-	-	-	(2,068)	(2,068)	(2,257)	214	-	(4,111)	343	(3,768)
Total comprehensive income (loss)	-	-	-	-	3,351,903	3,351,903	(2,257)	214	-	3,349,860	551,509	3,901,369
Earnings appropriation and distribution:												
Legal reserve appropriated	-	-	128,355	-	(128,355)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	258	(258)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(755,687)	(755,687)	-	-	-	(755,687)	-	(755,687)
Changes in equity of associates and joint ventures accounted for under the equity method	-	18	-	-	-	-	-	-	-	18	-	18
Changes in capital reserve from dividends paid to subsidiaries	-	15,938	-	-	-	-	-	-	-	15,938	-	15,938
Unclaimed dividends after effective period	-	268	-	-	-	-	-	-	-	268	35	303
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(209,293)	(209,293)
Balance as of December 31, 2020	**$ 5,037,910**	**1,396,097**	**1,816,778**	**25,804**	**7,060,355**	**8,902,937**	**(28,521)**	**674**	**(71,196)**	**15,237,901**	**2,127,656**	**17,365,557**

(Refer to the subsequent Notes to Consolidated Financial Statements)

Kindom Development Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

	2020	2019
Cash flows from operating activities:		
Net income before tax	$ 4,888,799	1,814,264
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	396,691	361,209
Amortization expense	10,223	14,639
Impairment loss (reversal gain)	8,000	(15,110)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	5,918	(6,699)
Interest expense	366,796	450,425
Interest income	(21,036)	(20,300)
Dividend income	(3,435)	(3,456)
Share of gains of associates and joint ventures accounted for under the equity method	(1)	(1)
Gains on disposal of property, plant and equipment	(95)	(80)
Other income	(25,495)	-
Total adjustments to reconcile profit (loss)	737,566	780,627
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial instruments measured at fair value through profit or loss	23,984	84
Increase in contract assets	(321,098)	(321,463)
Decrease (increase) in notes receivable	2,343	(1,972)
(Increase) decrease in accounts receivable	(776,644)	72,121
Decrease in inventory	4,295,084	1,301
Decrease in prepayments	145,309	189,033
(Increase) decrease in other current assets	(21,061)	3,110
Other financial assets - liquidity decrease (increase)	1,244,854	(1,149,743)
Decrease (increase) in costs of obtaining a contract	23,487	(41,175)
Increase in defined benefit assets - non-current	(2,039)	(1,361)
Increase in other non-current assets	(38)	(30)
Total changes in operating assets	4,614,181	(1,250,095)
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(601,691)	1,597,308
Decrease in notes payable	(8,067)	(5,936)
Increase in accounts payable	335,529	812,834
Decrease in accounts payable to related parties	-	(307)
Increase (decrease) in other payables	398,155	(66,992)
Increase in provisions for employee benefit - current	745	3,017
Increase in provisions - current	47,881	23,221
Decrease in other current liabilities	(118,450)	(5,751)
Decrease in net defined benefit liability	(1,936)	(3,862)
Decrease in other non-current liabilities	(16,336)	(16,412)
Total changes in operating liabilities	35,830	2,337,120
Total changes in operating assets and liabilities	4,650,011	1,087,025
Total adjustments	5,387,577	1,867,652
Cash inflow generated from operations	10,276,376	3,681,916
Income taxes paid	(390,922)	(485,543)
Net cash inflow generated from operating activities	9,885,454	3,196,373

Cash flows from investing activities:		
Disposal of non-current assets held for sale (Note 6(6))	-	111,969
Acquisition of property, plant and equipment	(126,629)	(93,581)
Proceeds from disposals of property, plant and equipment	164	1,431
Acquisition of intangible assets	(15,748)	(3,726)
Increase in prepayments for business facilities	(69,812)	(9,858)
Decrease (increase) in equipment prepayment	6,944	(3,728)
Interests received	20,983	20,777
Dividends received	3,435	3,456
Net cash (outflow) inflow generated from investing activities	(180,663)	26,740
Cash flows from financing activities:		
Increase in short-term loans	7,489,595	9,399,885
Decrease in short-term loans	(11,303,618)	(9,689,019)
Increase in short-term notes and bills payable	1,210,000	569,000
Decrease in short-term notes and bills payable	(1,210,000)	(569,000)
Redemption or repurchase of convertible corporate bonds	-	(1,000,000)
Issuance of convertible corporate bonds	1,000,000	1,000,000
Proceeds from long-term debt	2,330,000	110,000
Repayments of long-term debt	(2,334,900)	(940,541)
Increase in guarantee deposits received	3,665	28,399
Repayments of lease principal	(119,480)	(121,212)
Cash dividends paid	(739,749)	(493,165)
Interests paid	(536,961)	(619,052)
Changes in non-controlling interests	(209,293)	(209,301)
Net cash outflow generated financing Activities	(4,420,741)	(2,534,006)
Effects of exchange rate changes on the balance of cash and cash equivalents	(2,686)	721
Net increase in cash and cash equivalents	5,281,364	689,828
Cash and cash equivalents at beginning of the period	6,229,385	5,539,557
Cash and cash equivalents at end of the period	**$ 11,510,749**	**6,229,385**

(Refer to the subsequent Notes to Consolidated Financial Statements)

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For 2020 and 2019

(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. 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.

2. The Approval Date and Procedures of the Financial Report

The consolidated financial statements were published upon approval by the Board of Directors on March 26, 2021.

3. Application of Newly Issued and Revised Standards and Interpretations

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

The Group has adopted the following newly amended IFRSs starting from January 1, 2020. The impact is described as follows:

1. Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions are lease modifications and instead to recognize those rent concessions as profit or loss. The amendment was endorsed by the Financial Supervisory Commission (the "FSC") in July 2020, and is effective from January 1, 2020. For accounting policies, please see Note 4(13).

The Group started to apply this practical expedient to all eligible rent concessions. This amendment has no impact on the date of the initial application. The amount of NT$17,542 thousand was recognized in gain or loss for 2020.

2. Others

The following newly revised standards have also been effective since January 1, 2020, but have not had a significant impact on the consolidated financial report:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"

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

The Group has assessed that the application of the above newly endorsed IFRS, effective on January 1, 2021, will not result in a material impact on the consolidated financial statements.

· Amendments to IFRS 4 "Deferral of Effective Date of IFRS 9"

· Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase II"

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

Impact to the Group of IFRSs Issued by IASB but not yet endorsed by the FSC

New or amended standards	**Main amendments to the content**	**Effective date per IASB**
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification requirements for debts that may be repaid through convert into equity.	2023.1.1
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	The amendments stated that the cost of fulfilling a contract comprises the costs that relate directly to the contract. The costs include: · Incremental costs (for example, direct labor and materials). · An allocation of other costs that relate directly to fulfilling the contracts - e.g. the allocation of depreciation expense of property, plant, and equipment used in fulfilling the contract.	2022.1.1

The Group is in the process of evaluating the impact on the consolidated financial position and performance of the adoption of the standards and interpretations mentioned above, and the Group will disclose relevant impacts when the evaluation is completed.

The Group anticipates that the application of the following other newly published and amended but recognized IFRSs will not have a material impact on the consolidated financial statements.

· Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

· IFRS 17 “Insurance Contracts” and Amendments to IFRS 17

· Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"

· Annual Improvements to IFRSs 2018-2020 Cycle

· Amendments to IFRS 3, "Reference to the Conceptual Framework"

· Amendments to IAS 1 "Disclosure of Accounting Policies"

· Amendments to IAS 8 "Definition of Accounting Estimates"

4. Summary of Significant Accounting Policies

The summary of material accounting policies adopted in the consolidated financial statements is as follows. Other than the description of accounting variations in Note 3, the following accounting policies have been consistently applied to all stated periods in the consoldiated financial statements.

(1) Compliance Statement

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").

(2) 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 6(18).

2. Functional and presentation currency

Every individual entity of the Group takes the currency of the economic environment its operation domiciles are in as the functional currency. The consolidated financial statements were expressed in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The preparation subjects of the consolidated financial statements include the Company and individuals controlled by the Company (i.e. subsidiaries.) The Company controls an individual entity when it is exposed to, or has rights to, variable remuneration from its participation in that individual and can influence that remuneration through its power over that individual.

From the date of attaining control over the subsidiary, its financial statements shall be included in the consolidated financial statements until the date of losing control. The transactions, balances and, any unrealized income and expenses between the consolidated companies have been eliminated in full at the time of preparing the consolidated financial statements. The total comprehensive income of subsidiaries is attributable to the owners and non-controlling interests of the Company, even if the non-controlling interests become the deficit balance.

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

If the change of ownership equity to subsidiaries by the Group does not cause lost control over them, it will be considered equity transaction between shareholders. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received shall be directly recognized in equity attributable to the owners of the Company.

2. List of subsidiaries in the consolidated financial statements

Name of investor	Subsidiary name	Main business and products	Percentage of ownership 2020.12.31	Percentage of ownership 2019.12.31	Explanation
The Company	Kedge Construction Co., Ltd. (Kedge Construction)	The comprehensive construction industry, etc.	34.18%	34.18%	The Company has more than half of the Company's Director seats.
〃	Global Mall Co., Ltd. (Global Mall)	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	84.02%	84.02%	The subsidiary in which the Company's voting share exceeds more than 50% of the subsidiary's 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 subsidiary in which the Group's voting share exceeds more than 50% of the subsidiary's issued shares.
Kedge Construction	Jiequn Investment Co., Ltd. (Jiequn Investment)	Investment	99.98%	99.98%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
〃	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)	Installation and engineering of electrical and fire safety equipment	99.96%	99.96%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Co., Ltd. (Dingtian)	The comprehensive construction industry, etc.	100.00%	100.00%	The subsidiary in which the Group's voting share exceeds more than 50% of the subsidiary's 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%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
〃	Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE) (Guan Hua)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's 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%	The subsidiary in which KGM's voting share exceeds more than 50% of the subsidiary's 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 subsidiary in which the Group's voting share exceeds more than 50% of the subsidiary's 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 Tianjin signed 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. Please refer to Note 9(1). 7 for more details of the related disclosure.

3. List of subsidiaries which excluded in the consolidated financial statements: None

(4) 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.

When the disposal of foreign operation leads to loss of control, joint control or material influence, the cumulative exchange difference amount related to them will be re-classified into profit or loss. When partially disposing of subsidiaries containing foreign operation, the cumulative exchange difference amount will be re-attached to non-controlling equity according to proportion. When partially disposing of affiliated enterprises or joint investments containing foreign operation, the cumulative exchange difference amount will be re-classified into profit or loss according to proportion.

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.

(5) 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. Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

(6) Cash and cash equivalents

Cash includes inventory cash and current deposit. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

(7) Financial instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were originally recognized when the Group became a party to the terms of a financial instrument contract. Financial assets not measured at fair value through profit or loss (other than accounts receivable excluding material financial components) or financial liabilities primitively at fair value may be measured directly attributable to the transaction cost of the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

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 accrued based on the original recognized amount plus or minus the effective interest method, and adjusted for the amortized cost of any allowance losses. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

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

At the time of initial recognition, the Group may make an irrevocable choice and report the subsequent changes at the fair value of equity instrument investment not held for trading to other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit and 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)

Financial assets not measured at the aforementioned amortized cost or fair value through other comprehensive income as decribed above are measured at fair value through profit or loss, 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 measured at fair value through other comprehensive income, as at fair value through profit and loss 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

Regarding the financial assets measured through amortized cost (including cash and equivalent cash, financial assets measured by amortized cost, notes receivable and accounts receivable, other receivables, refundable deposits, and other financial assets, etc.) and contract assets, the Group shall recognize loss allowance for expected credit losses.

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

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Group can collect according to the contract and the expected cash flow that the Group will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

On each reporting date, the Group assesses whether there is credit impairment on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. The evidences for credit impairment of financial assets include the observable data for the following events:

· 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.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets. The loss allowance of debt instrument investment measured at fair value through other comprehensive income is adjusted profit and loss and recognized in other comprehensive income (without reducing the carrying amount of assets).

When the Group fails to carry out a reasonable expectation of recovery of financial assets in part or whole, the total carrying amount of the financial assets directly decreases. For companies, the Group analyzes the timing and amount of write-offs individually based on whether it is reasonably expected to be recoverable. The Group expects that the written off amount will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Group to recover the overdue amount.

(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

Equity instruments refer to any contracts containing the Group's residual interest after subtracting liabilities from assets. The equity instrument issued by the Group shall be recognized by the payment net of the direct cost of issuance.

3. Treasury stock

When buying back the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

4. Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently assessed at amortized cost employing an effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

5. Derecognition of financial liabilities

   The Group derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled or matured. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

   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.

(8) Inventories

<u>Construction</u>

Inventory is measured by the lower of cost and 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.

(9) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are very likely to be recovered primarily through sale rather than through continuing use are reclassified as held for sale. Before components of the asset or disposal Group are originally classified as held for sale, they are remeasured in accordance with the Group's accounting policy. Thereafter, generally 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 assets and liabilities will be apportioned on a pro rata basis, except that no loss is allocated to assets not in 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 on assets initially classified as held for sale and any subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

When the assets classified as held for sale are intangible assets or property, plant, and equipment. In addition, when a associate recognized by the equity method is classified as held for sale, the equity method shall not be adopted.

(10) 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.

The Group adopts the equity method for handling the equity of associates. Under the equity method, the initial acquisition is recognized according to the cost, and the investment cost includes the transaction cost. The carrying amount of invested associates includes the goodwill recognized at the time of initial investment less any accumulative impairment loss.

The consolidated financial statements include the amount of profit and loss and other comprehensive profit and loss of each invested associate recognized by the Group according to the proportionate interest after the adjustment of the consistency with the accounting policies of the Group from the date of attaining a material influence to the date of losing such influence. When associates undergo non-equity or other comprehensive income equity changes without influencing the shareholding proportion of the Group, the Group will recognize the equity change in the share of affiliated enterprises attributable to it as capital reserve according to shareholding proportion.

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.

(11) Investment property

Investment property refers to property held for earning rent or asset appreciation or both, rather than for normal business sale, production, provision of goods or services, or administrative purposes. Investment property is initially measured by cost and subsequently measured by cost minus accumulated depreciation and accumulated impairment. Its depreciation method, service life, and residual value are treated following the provisions of property, plant, and equipment.

In the event of an investment property's gain or loss on disposal (the difference between its net disposal proceeds and carrying amount,) it is recognized as gain or loss.

Rental income from investment property is recognized in operating revenue on a straight-line basis during the lease term. The lease incentive is recognized as part of the lease income during the lease term.

(12) 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.

(13) Leases

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) The contract involves the use of an identified asset, which is explicitly designated in the contract or implicitly designated when it is available for use, and its substance can distinguish or represent all the actual production capacity. If the supplier poses substantive rights to replace the asset, 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 subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

   The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate shall be the interest rate; if it is not easy to determine, the incremental borrowing rate of interest of the Group shall be used. Generally, the Group uses its incremental borrowing rate 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.

The Group chooses to apply the practical expedient to its rent concessions that fit all the following criteria without assessing if they are lease modifications.

(1) Rent concessions occurring as a direct consequence of the covid-19 pandemic;

(2) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(3) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

(4) There is no substantive change to other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments that arise from rent concessions are recognized in profit or loss for the reporting period.

3. The Group as lessor

When the Group acts as a lessor, it determines at lease commencement date whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. At the time of evaluation, the Group's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

If the Group is a sublessor, it will handle the main lease and sub-lease transactions separately, and use the right-of-use assets generated by the main lease to evaluate the classification of the sub-lease transactions. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

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

(14) 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 expenditures are 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 of property, plant, and equipment 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.

(15) Impairments of non-Financial assets

The Group assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventory, contractual assets, and deferred income tax assets) may be impaired. If there is any sign, an estimate is made of its recoverable amount.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

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 of goodwill will not be reversed. 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.

(16) Provisions

The recognition of liability provision means current obligation for past events, so that in the future the Group is most likely to outflow resources with economic benefits to settle it, and the amount of the obligation can be reliably estimated. The provision is discounted at a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risk of liabilities. The amortization of the discount is recognized as 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.

(17) Revenue Recognition

1. Revenue from contracts with customers

The revenue is measured by the consideration expected to be entitled to for the transfer of goods or services. The Group recognizes the revenue when the control over goods or services is transferred to the client, and the performance obligations are met. 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 residential property, and often pre-sells property during or before construction. The Group recognizes the income upon transfer of control over property asset. Due to contractual restrictions, the property usually has no other use for the Group. Therefore, if the Group transfers the legal ownership of the property to the client, and the date of the actual delivery of the property shall prevail. However, if only one item is completed before the reporting date, but the other item is actually completed during the subsequent period, it is also recognized as income.

Revenue is measured based on the transaction price of the contractual agreement. 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 provides a customer loyalty program to retail customers, and the points obtained by customers' product purchase give customers the right to purchase products at a discount or exchange for gifts from the Group in the future. The Group believes that these points provide important rights that customers would not be able to obtain if they did not sign the contract, so the commitment to provide points to customers is a performance of obligation. The Group allocates the transaction price to the product and these points based on the relative stand-alone selling price. Based on past experience, the management estimates the stand-alone selling price of each point based on the discount given when the points are redeemed and the possibility of redemption; the retail price of the product is used as the basis to estimate the stand-alone price at the time of sale. The Group recognizes contract liabilities on the above-mentioned basis when selling products, and transfers revenue when these points are converted or lapsed.

(3) Consulting and management services

The Group provides business consulting and management services and recognizes the relevant revenue during the financial reporting period of providing labor services. Fixed-price contracts recognize the revenue based on the proportion of actual services provided to the total services as of the reporting date, which is determined by the proportion of costs incurred to the estimated total costs of services.

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.

Under a fixed-price contract, the client pays a fixed amount of money according to the agreed schedule. When the service provided exceeds the payment, the contract assets shall be recognized. When the payment exceeds the service provided, the contract liabilities shall be recognized.

(4) Construction contracts

The Group is engaged in the contracting business of residential property and public construction. Since the assets are under the control of clients at the time of construction, the revenue is gradually recognized over time based on the proportion of the construction costs incurred to date to the estimated total contract costs. The contract includes fixed and variable consideration. The client pays a fixed amount of money according to the agreed schedule. Some variable consideration (such as penalty and price adjustment calculated based on overdue days) is estimated by the expected value based on the accumulated experience in the past. The Group recognizes revenue only within the range where the accumulated income is highly unlikely to have a material reversal. If the amount of recognized revenue has not yet been claimed, it shall be recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset shall be transferred to the accounts receivable.

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 6(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

If the Group expects to recover the incremental cost for acquiring the customer contract, the cost will be recognized as asset. The incremental cost of acquiring contract is cost that will arise in acquiring customer contract and will not arise otherwise The contract acquisition cost no matter the contract will happen or not is recognized as expense, unless the cost is explicitly collectable from customer no matter the contract is acquired or not.

(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.

(18) Government subsidies

The Group recognized COVID-19 related government grants with no conditions attached as other income when the grants became receivable. For other asset-related grants, the Group recognizes the deferred revenue at fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The deferred revenue is recognized as other income of depreciation expense over the useful life of the asset on a systematic basis. Government grants intended to compensate expenses incurred or losses of the Group were recognized in profit or loss in the same period as relevant expenses on a systematic basis.

(19) 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 a qualified actuary using the projected unit credit method. When the calculation result may be beneficial to the Group, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The remeasurement of net defined benefit liabilities, including actuarial gains and losses, plan asset returns (excluding interest), and any changes in the impact of the asset ceiling (excluding interest), are immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) determined by the Group is the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest paid and other expenses of the benefit plan are recognized in profit and loss.

When the plan is revised or reduced, the number of changes in benefits related to the past service costs or reduced benefits or losses is immediately recognized as profit or loss. When the settlement occurs, the Group shall recognize the settlement profit and loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are provided. If the Group has current legal or constructive payment obligations due to the past services provided by employees and the obligations can be estimated reliably, the amount shall be recognized as liabilities.

(20) Income taxes

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

Current income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to income tax payable or tax refund receivable in previous years. The amount is the best estimate of the expected payment or receipt based on the legal tax rate or substantively enacted tax rate on the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

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.

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

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.

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

The Group presents the basic and diluted earnings per share of shareholders of common stock equity. The consolidation's basic earnings per share signifies that the profit and loss of the common shareholders of the Company divided by the weighted average number of common shares outstanding during the period. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stock holders and weighted average number of common shares outstanding. The Group's dilutive potential ordinary shares of the Group include stock options for employees.

(22) Segment information

The operation department, as part of the Group, is engaged in operating activities for gaining income or incurring expenses (including income and expense related to the transaction with other departments in the Group). The operation results of all operation departments are regularly re-checked by major operation decision-makers of the Group, to make decisions on resources allocation and assess the performance. Every operation segment has its independent financial information.

5. Significant Accounting Judgments and Key Sources of Estimation and Assumption Uncertainty

When preparing the consolidated financial statements according to preparation standards and IFRS recognized by FSC, the management may have to make judgment, estimate, and assumption, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes, 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.

Uncertainty of the following assumptions and estimates carries a significant risk of major adjustments of the resulting asset and liability book amount in the next financial year. It has already reflected the impact of the COVID-19 pandemic. The information is as follows:

(1) Revenue recognition and accrual of contract cost

The recognition of the profit and loss of the construction contract of the Group refers to the recognition of the contract revenue and the contract cost respectively according to the complete degree of the contractual activities and the degree of completion is measured by the proportion of the contract cost incurred so far in the estimated total contract cost. The Group considers the nature, estimated duration, contract projects, construction process, construction method, and estimated contract amount of each project to estimate the total contract cost. The above estimation basis may change due to factors such as the progress of the project, overall price fluctuations and the requirements of the owner. These may result in a material adjustment of the estimated amount.

(2) Inventory valuation

As inventory shall be measured based on the cost or realizable value, whichever is lower; if on the Group's evaluation report date, the inventory has no market value, the inventory cost shall be offset to net realizable value. The net realizable value of the inventory is mainly determined based on the current market conditions. However, due to political, economic and real estate tax reforms, the above estimation may have a significant change. See Note 6 (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: (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: 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 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 6(10) Investment Property
2. Refer to 6(25) Financial Instruments

6. Description of Significant Accounting Items

(1) Cash and cash equivalents

	2020.12.31	2019.12.31
Petty cash and cash on hand	$ 13,273	13,832
Bank deposits		
Check deposits	2,640,956	925,405
Demand deposits	1,717,111	2,162,225
Time deposits	1,548	-
Cash equivalents	7,137,861	3,127,923
	$ 11,510,749	6,229,385

Maturity of these cash equivalents ranges from January to March 2021, and 2020; interest rate of these cash equivalents ranges from 0.24% to 0.28% and from 0.52% to 0.57%.

Refer to Note 6(25) for the details on interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(2) Financial assets at fair value through profit and loss

		2020.12.31	2019.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEx) listed Company shares	$	67,661	67,499
Funds		-	30,064
Total	$	67,661	97,563

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(24).
2. As of December 31, 2020, and 2019, none of the financial assets of the Group was pledged as collateral.

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

		2020.12.31	2019.12.31
Equity investments measured at FVTOCI			
Unlisted stock	$	8,731	8,579

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 equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Group in 2020 and 2019 were NT$496 thousand and NT$530 thousand.

   The Group did not dispose of strategic investment in 2020 and 2019, and accumulated profit and loss during that period were not transferred within the equity.

2. Refer to Note 6(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.

(4) Notes and accounts payable

		2020.12.31	2019.12.31
Notes receivable	$	858	3,201
Accounts receivable		2,225,979	1,412,568
Less: loss allowance		-	-
	$	2,226,837	1,415,769

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 based on shared characteristics of credit risk on remaining payments before due date, and forward looking information was incorporated as well. The expected credit loss of notes receivable and accounts receivable of the Group is as follows:

	2020.12.31		
	Carrying amount	Weighted average expected credit loss rate	Loss allowance for expected credit impairment of the period
Not past due	$ 2,226,837	-	-

	2019.12.31		
	Carrying amount	Weighted average expected credit loss rate	Loss allowance for expected credit impairment of the period
Not past due	$ 1,415,769	-	-

The changes of loss allowance of notes receivable and accounts receivable of the Group is as follows:

	2020	2019
Beginning balance	$ -	-
Impairment losses recognized	11,587	-
Reversal of impairment loss	(11,587)	-
Ending Balance	$ -	-

As of December 31, 2020, and 2019, none of the receivables of the Group were pledged as collateral.

(5) Inventories

	2020.12.31	2019.12.31
Inventory - trading	$ 9,739	15,105
Inventory - construction		
Prepayments for buildings and land	4,235	4,235
Land held for construction	2,766,445	1,239,027
Construction in progress	12,744,721	16,660,475
Buildings and land held for sale	12,778,614	14,502,566
Subtotal	28,294,015	32,406,303
Total	$ 28,303,754	32,421,408

The amounts of the reversal of allowance for valuation loss written down due to sales of inventories were NT$0 and NT$30,262 thousand for the years ended December 31, 2020 and 2019, respectively.

For the years ended December 31, 2020 and 2019, the capitalization rates applied in the calculation of construction in progress were 1.869% and 2.101%. Refer to Note 6(24) for details on the amounts of capitalization.

As of December 31, 2020, and 2019, the Group entrusted the statutory parking spaces held for sale to other parties, which amounted to NT$16,332 thousand in all periods.

See Note 8 for details about the provision of inventories of the Group as the pledge guarantee as of December 31, 2020, and 2019.

(6) Non-current assets held for sale

As per the arbitration agreement dated on June 28, 2019, the lessor, Tianjin Chongbei Property Management Co., Ltd. agreed to buy back the assets including leasehold improvements and electrical construction work, and both parties have entered the sales and purchase process thereof. Based on this, these property, plant and equipment are recorded at the lower of book value or fair value as assets held for sale. There are no impairment losses.

The fair values of the aforementioned non-current assets held for sale are assessed based on the price agreed upon by both parties. The transaction was closed and the related payments were received on July 2019.

(7) Subsidiary with material non-controlling interests

Subsidiaries with material non-controlling interests were as follows:

Subsidiary name	Principal places of business/ Country of registration	Proportion of ownership interest and voting right of non-controlling interests 2020.12.31	2019.12.31
Kedge Construction Co., Ltd. and subsidiaries	Taiwan	65.82%	65.82%

The following combined financial information, prepared in conformity with the Regulations and IFRSs approved by the FSC, reflects any adjustments to the fair value at the acquisition date and adjustments to accounting policy differences. The amount of inter-Company transactions before elimination are as follows:

Combined financial information on Kedge Construction Co., Ltd. and subsidiaries:

	2020.12.31	2019.12.31
Current assets	$ 8,752,989	7,708,041
Non-current assets	680,667	568,807
Current liabilities	(6,202,049)	(5,427,525)
Non-current liabilities	(162,329)	(108,201)
Net assets	$ 3,069,278	2,741,122
Carrying amount of non-controlling interests	$ 1,342,972	1,055,980

	2020	2019
Operating revenue	$ 14,130,629	11,462,442
Net income	$ 626,444	402,356
Other comprehensive income	19,766	123,918
Total comprehensive income	$ 646,210	526,274
Net income attributable to non-controlling interests in this period	$ 495,475	199,541
Total comprehensive income attributable to non-controlling interests	$ 496,246	201,026
Net cash generated from (used in) operating activities	$ 1,985,937	1,360,312
Net cash generated from (used in) investing activities	(83,932)	1,287
Net cash generated from (used in) financing	(320,222)	(168,227)

	2020.12.31	2019.12.31
activities		
Net increase in cash and cash equivalents	$ 1,581,783	1,193,372
Dividends paid to non-controlling interests	$ 209,364	209,364

(8) Property, plant and equipment (PP&E)

The changes in the cost, depreciation and impairment losses of property, plant and equipment in 2020 and 2019 of the Group are as follows:

	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, 2020	$ 3,567,078	4,290,675	1,002,139	287,526	158	9,147,576
Addition	-	31,936	9,661	73,173	9,334	124,104
Disposal and scrap	-	-	(152)	(15,160)	-	(15,312)
Reclassified into the contract asset	-	-	-	(811)	-	(811)
Leasehold improvement paid by retailers	-	(20,496)	(16,271)	-	-	(36,767)
Balance as of December 31, 2020	$ 3,567,078	4,302,115	995,377	344,728	9,492	9,218,790
Balance as of January 1, 2019	$ 3,567,078	4,285,134	1,430,243	399,547	12,102	9,694,104
Addition	-	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)
Effect of foreign 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
Depreciation and impairment Losses						
Balance as of January 1, 2020	$ -	1,626,374	621,320	196,088	-	2,443,782
Depreciation for the year	-	104,199	62,935	29,086	-	196,220
Disposal and scrap	-	-	(83)	(15,160)	-	(15,243)
Impairment losses	-	-	8,000	-	-	8,000
Reclassified into the contract asset	-	-	-	(135)	-	(135)
Balance as of December 31, 2020	$ -	1,730,573	692,172	209,879	-	2,632,624
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)
Effect of foreign exchange rate changes	-	-	6,121	1,764	-	7,885
Impairment losses	-	-	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
Carrying amount:						
December 31, 2020	$ 3,567,078	2,571,542	303,205	134,849	9,492	6,586,166
January 1, 2019	$ 3,567,078	2,757,151	568,380	74,446	12,102	6,979,157
December 31, 2019	$ 3,567,078	2,664,301	380,819	91,438	158	6,703,794

1. Reversal of impairment loss
   The Group and Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the lessor) lease the planned shopping mall. As per the arbitration agreement dated June 28, 2019, the Lessors agreed to buy back the assets including leasehold improvements and electrical construction work, and this incurred a change in the estimated recovery amount. Therefore, on December 31, 2019, the Group recognized a loss reversal NT$113,110 thousand. For details of the loss reversal recognized, please refer to Note 6(24).
2. Impairment loss
   On December 31, 2020, and 2019, the Group recognized an impairment loss of NT$8,000 thousand and NT$98,000 thousand to recognize the impairment losses. Please refer to Note 6(24).
3. Collateral
   Please refer to Note 8 for details of collateral for the financing line as of December 31, 2020, and 2019.

(9) Right-of-use assets

Details of changes in cost and depreciation of leased houses and buildings and transport equipment of the Group are as follows:

		Buildings and constructions	Transportation equipment	Total
Cost:				
Balance as of January 1, 2020	$	2,943,262	5,214	2,948,476
Additions		939,608	8,180	947,788
Lease modifications		7,914	-	7,914
Balance as of December 31, 2020	**$**	**3,890,784**	**13,394**	**3,904,178**
Balance as of January 1, 2019	$	-	-	-
Effect of retrospective application of IFRS16		2,910,619	872	2,911,491
Additions		35,765	4,342	40,107
Lease modifications		(3,122)	-	(3,122)
Balance as of December 31, 2019	**$**	**2,943,262**	**5,214**	**2,948,476**
Depreciation and impairment losses of the right-of-use assets:				
Balance as of January 1, 2020	$	158,544	677	159,221
Depreciation for the period		192,564	3,395	195,959
Balance as of December 31, 2020	**$**	**351,108**	**4,072**	**355,180**
Balance as of January 1, 2019	$	-	-	-
Depreciation for the period		158,544	677	159,221
Balance as of December 31, 2019	**$**	**158,544**	**677**	**159,221**
Carrying amount:				
December 31, 2020	**$**	**3,539,676**	**9,322**	**3,548,998**
December 31, 2019	**$**	**2,784,718**	**4,537**	**2,789,255**

(10) Investment property

The changes in the Group's investment properties are as follows:

	Land and improvements	Buildings and constructions	Total
Cost or identified cost:			
Balance as of January 1, 2020	$ 335,287	216,663	551,950
Balance as of December 31, 2020	$ 335,287	216,663	551,950
Balance as of January 1, 2019	$ 335,287	216,663	551,950
Balance as of December 31, 2019	$ 335,287	216,663	551,950
Depreciation and impairment Losses			
Balance as of January 1, 2020	$ -	41,263	41,263
Depreciation for the year	-	4,512	4,512
Balance as of December 31, 2020	$ -	45,775	45,775
Balance as of January 1, 2019	$ -	36,751	36,751
Depreciation for the year	-	4,512	4,512
Balance as of December 31, 2019	$ -	41,263	41,263
Carrying amount:			
December 31, 2020	$ 335,287	170,888	506,175
January 1, 2019	$ 335,287	179,912	515,199
December 31, 2019	$ 335,287	175,400	510,687
Fair value:			
December 31, 2020			$ 1,169,284
December 31, 2019			$ 1,137,363

Investment properties are commercial real estates leased to third parties. Refer to Note 6(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 December 31, 2020, and 2019, ranged at 1.18% to 1.85% and 1.19% to 1.95%.

See Note 8 for details about the provision of investment property of the Group as the pledge guarantee as of December 31, 2020, and 2019.

(11) Intangible assets

The changes of cost and amortization of the intangible assets of the Group for 2020 and 2019 are as follows

	Service concessions	Trademarks and patents	Computer software and others	Total
Cost:				
Balance as of January 1, 2020	$ 54,199	500	125,044	179,743
Capitalized R&D	-	-	15,748	15,748
Transfer from prepayments	-	-	881	881
Effect of exchange rate changes	-	-	(28,648)	(28,648)
Balance as of December 31, 2020	**$ 54,199**	**500**	**113,025**	**167,724**
Balance as of January 1, 2019	$ 54,199	500	120,958	175,657
Capitalized R&D	-	-	3,726	3,726
Transfer from prepayments	-	-	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**
Amortization and impairment loss:				
Balance as of January 1, 2020	$ 26,205	467	110,241	136,913
Amortization for the year	3,469	33	6,721	10,223
Effect of exchange rate changes	-	-	(28,648)	(28,648)
Balance as of December 31, 2020	**$ 29,674**	**500**	**88,314**	**118,488**
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**
Carrying amount:				
December 31, 2020	**$ 24,525**	**-**	**24,711**	**49,236**
January 1, 2019	**$ 31,442**	**83**	**20,687**	**52,212**
December 31, 2019	**$ 27,994**	**33**	**14,803**	**42,830**

1. For the amount of amortization of intangible assets included in the consolidated statements of comprehensive income for the years ended December 31, 2020, and 2019, please refer to Note 12.
2. As of December 31, 2020, and 2019, none of the Group's assets was pledged as collateral.

(12) Other financial assets - current and incremental costs of obtaining a contract

	2020.12.31	2019.12.31
Other financial assets - current	$ 2,262,304	3,530,868
Incremental costs to obtain contract with customers	121,038	144,525
	$ 2,383,342	**3,675,393**

1. Other financial assets – current

   For details on collateral pledged on restricted assets (loan and Company reserve accounts and trust) and refundable deposits on constructions, please refer to Note 8.

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 thus recognized these costs as assets. These costs are amortized upon revenue recognition of real estate sales. For the years ended December 31, 2020 and 2019, the amount of incremental costs were NT$246,654 thousand and NT$132,950 thousand, respectively.

(13) Short and long-term borrowings due within one year or one operating cycle, and current portion of long-term borrowing

The details, conditions and terms for short-term and long-term loans of the Group were as follows:

	2020.12.31			
	Currency	**Range of effective rates**	**Range of maturities**	**Amount**
Secured bank loans	NT$	1.44% to 1.78%	110~116	$ 13,021,351
Unsecured bank loans	NT$	1.10% to 2.44%	110~112	4,455,000
Total				**$ 17,476,351**
Current				$ 15,319,111
Non-current				2,157,240
Total				**$ 17,476,351**

	2019.12.31			
	Currency	**Range of effective rates**	**Range of maturities**	**Amount**
Secured bank loans	NT$	1.75%~2.20%	109~115	16,575,399
Unsecured bank loans	NT$	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**

1. Issuance and redemption

For the years ended December 31, 2020, and 2019, the amounts of new issuance were NT$9,819,595 thousand and NT$9,509,885 thousand, respectively, and those of redemption were NT$13,638,518 thousand and NT$10,629,560 thousand, respectively.

2. Collateral

Refer to Note 8 for details on collateral pledged on secured bank borrowings.

3. Syndicated loans

‧ The subsidiaries 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 maintain 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 CPAs 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, penalty and the interests incurred therefrom are due to the lead bank of the syndicated loan.

The Group has made a prepayment to the aforementioned syndicated loans in March 2020.

(14) Bonds payable and convertible corporate bond due within one year or one operating cycle, and current portion of convertible corporate bond

Details on corporate bonds payable are as follows:

	2020.12.31	2019.12.31
Secured ordinary corporate bonds - current	$ 1,500,000	-
Secured ordinary corporate bonds - non-current	4,000,000	4,500,000
Total	$ 5,500,000	4,500,000

1. The Group issued a secured corporate bond on October 7, 2020, in the amount of NT$ 1,000,000 thousand, at the rate of 0.60%, for the duration of 5 years.
2. 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.
3. For details on the aforementioned secured ordinary corporate bonds, please refer to Note 8.

(15) Lease liability

The carrying amount of lease liability is as follows:

	2020.12.31	2019.12.31
Current	$ 159,420	129,914
Non-current	$ 3,521,533	2,714,817

Refer to Note 6(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:

	2020	2019

Interest expense on lease liability	$ 61,469	51,678
Expenses relating to short-term leases and low-value asset leases	$ 22,137	51,128
Lease subsidies related to COVID-19 (other income)	$ 17,542	-

The amount related to lease liability in the consolidated statements of cash flows is as follows:

	2020	2019
Variable lease payments not accounted for in lease liability	$ 77,995	70,960
Total cash used in lease	$ 281,081	294,978

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 of a certain percentage of the land assessed by the Government. In the second half of 2021, 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. Certain proportion of the lease payments is determined based on the sales amount of the stores of the Group during the lease period.

(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 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 the Bureau of High-Speed Rail and the Railway Bureau, MOTC under the "Lease Contract of Shopping Mall at Linkou Station of the Taiwan Taoyuan International Airport Access MRT System" and "Lease Contract of Shopping Mall at A19 Station of the Taiwan Taoyuan International Airport Access MRT System", respectively. 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.

2. Other leases

The Group leases transportation equipment and the lease period is 3 years. The Group leases office equipment and outdoor fixed-spot advertising. These leases are for short term and low-value items, and the Group chooses to apply the exemption recognition requirement instead of recognizing their right-of-use assets and lease liabilities.

(16) Provisions

	Warranties
Balance as of January 1, 2020	$ 102,482
Additions	53,233
Used	(4,999)
Reversal liability provision for the period	(353)
Balance as of December 31, 2020	**$ 150,363**
Balance as of January 1, 2019	$ 79,261
Additions	27,816
Used	(4,595)
Balance as of December 31, 2019	**$ 102,482**

In 2020 and 2019, the warranty provisions of the Group are mainly related to construction contracting. The warranty provisions are estimated based on the historical warranty data of various constructions. The Group expects that the liability will occur mostly one year after the construction acceptance.

(17) Operating lease (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 6(10) for details.

The maturity analysis of the lease payment is listed as follows according to the non-discounted future cash flows of lease receivable after the reporting date:

	2019.12.31	2019.12.31
Not later than 1 year	$ 13,240	13,238
Later than 1 year but not later than 2 years	7,136	13,238
Later than 2 years but not later than 3 years	4,571	7,234
Later than 3 years but not later than 4 years	4,590	4,571
Later than 4 years but not later than 5 years	4,820	4,590
Later than 5 years	4,620	9,440
Non-discounted future cash flows of lease	**$ 38,977**	**52,311**

For the years ended December 31, 2020, and 2019, the rental income from investment property amounted to NT$13,248 thousand and NT$10,823 thousand, respectively; no significant repair and maintenance expenses were recognized.

(18) 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:

	2020.12.31	2019.12.31
Present value of defined benefit obligations	$ 34,797	35,266
Fair value of plan assets	(32,218)	(29,946)
Net defined benefit (assets) liabilities	**$ 2,579**	**5,320**

Details on employee benefit liabilities were as follows:

	2020.12.31	2019.12.31
Short-term compensated absences liability	$ 22,278	21,533

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

The Group's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to NT$32,218 thousand as of the end of the reporting period. 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

The changes in the present value of defined benefit obligations of the Group in 2020 and 2019 are as follows:

	2020	2019
Defined benefit obligations on January 1	$ 35,266	42,190
Current service costs and interest cost (income)	294	463
Remeasurement on the net defined benefit liabilities (assets)		
- Actuarial loss (gain) arising from changes in financial assumption	747	588
- Experience adjustments	1,810	10
Benefits paid by the plan	(3,320)	(7,985)
Fair value of plan assets on December 31	$ 34,797	35,266

(3) Movements in fair value of plan assets

Changes in fair value of defined benefit plan assets of the Group in 2020 and 2019 are as follows:

		2020	2019
Fair value of plan assets on January 1	$	29,946	31,024
Interest income		244	339
Remeasurement on the net defined benefit liabilities (assets)			
- Return on plan assets (excluding amounts included in net interest expense)		1,324	1,220
Contributions paid by the employer		4,024	5,348
Benefits paid by the plan		(3,320)	(7,985)
Fair value of plan assets on December 31	**$**	**32,218**	**29,946**

(4) The Group had no upper limit impact on defined benefit plan assets in 2020 and 2019.

(5) Expenses recognized in profit or loss

The details of account items reported as expenses for 2020 and 2019 of the Group are as follows:

		2020	2019
Current service costs	$	93	147
Net interest of net defined benefit liabilities (assets)		(43)	(23)
	$	**50**	**124**
Operating costs	$	(16)	(2)
Administrative expenses		66	126
	$	**50**	**124**

(6) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

The re-measurement amount of the net defined benefit liabilities (assets) recognized as other consolidated benefit and losses in 2020 and 2019 of the Group is as follows:

		2020	2019
Cumulative balance as of January 1	$	(7,534)	(8,156)
Recognized for the year		(1,234)	622
Cumulative balance as of December 31	**$**	**(8,768)**	**(7,534)**

(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2020.12.31	2019.12.31
Discount rate	0.80 %	1.00 %
Future salary increases rate	1.75% to 2%	1.75 %

Based on the actuarial report, the Group is expected to make a contribution payment of NT$953 thousand to the defined benefit plans for the one-year period after the reporting date of 2020.

The weighted average survival period of defined benefit plan is 10.1 to 12.5 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2020, and 2019 on the present value of defined benefit obligations is as follows:

	The impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2020		
Discount rate (change by 0.25%)	(931)	965
Future salary increases rate (change by 1%)	3,992	(3,546)
December 31, 2019		
Discount rate (change by 0.25%)	(972)	1,009
Future salary increases rate (change by 1%)	4,192	(3,701)

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.

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

The cost of the Group's pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2020, and 2019 amounted to NT$35,519 thousand and NT$35,252 thousand, respectively.

(19) Income tax

1. Income tax expense

Details of income tax expenses of the Group in 2020 and 2019 are as follows:

	2020	2019
Current tax expenses		
Accrued in current year	$ 665,872	170,690
Surtax on unappropriated earnings	40,140	13,248
Adjustments to income tax expenses of precious period	(10,204)	(8,688)
Land revaluation increment tax	290,920	104,694
	986,728	279,944
Deferred tax expenses		
Reversal of tax loss recognized for the prior periods	(395)	6,560
Origination and reversal of temporary differences	(2,671)	(18,463)
	(3,066)	(11,903)
Income tax expenses on units in continuing operation	**$ 983,662**	**268,041**

For the years ended on December 31, 2020, and 2019, no income tax expenses of the Group are recognized in equity or other comprehensive income.

The relationship between the income tax expense and the net income before tax of the Group in 2020 and 2019 is adjusted as follows:

	2020	2019
Net income before tax	$ 4,888,799	1,814,264
Income tax using the Company's domestic tax rate	$ 977,760	362,853
Non-taxable incomes	(221,282)	(157,636)
Deferred tax on interest expenses	17,555	(2,428)
Deferred tax on interest expenses	(21,343)	4,602
Valuation (gain) loss on financial assets measured at fair value through profit or loss	(35)	66
Changes in recognized temporary differences	4,369	12,834
Timing differences	29,165	9,424
Tax loss of unrecognized deferred tax assets for the current period	3,340	2,238
Tax loss of recognized deferred tax assets for the prior periods	-	6,560
Loss carryforward	(55,848)	-
Under (over) provision for the prior periods	(10,204)	(8,688)
Land revaluation increment tax	290,920	104,694
Total land price increase	(42,118)	-
Surtax on unappropriated earnings	40,140	13,248
Realized investment loss	-	(79,364)
Others	(28,757)	(362)
	$ 983,662	**268,041**

2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were as follows:

	2020.12.31	2019.12.31
Deductible temporary differences	$ 7,060	6,469
Tax losses	83,783	136,014
	$ 90,843	142,483

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, 2020, the deduction period for the tax loss of deferred income tax assets recognized and those not recognized by the consoldiated Company is 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
Loss approved in 2018	17,364	2028
Loss declared in 2019	248,248	2029
Loss estimated in 2020	11,608	2030
	$ 418,915	

(2) Recognized deferred tax assets

The changes in deferred income tax assets for the year 2020 and 2019 are as follows

	Defined benefit plans	Provisions	Unrealized construction loss	Loss carryforward	Others	Total
January 1, 2020	$ 741	20,491	-	1,500	28,714	51,446
Credit (debit) on income statements	88	9,577	-	395	(6,994)	3,066
December 31, 2020	**$ 829**	**30,068**		**1,895**	**21,720**	**54,512**
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**

3. The tax fillings of Guanqing Electromechanical, Dingtian Construction and Guan Hua were assessed by the tax collecting agencies for the year ended on December 31, 2019; those of other entities of the Group were assessed for the years ended on December 31, 2018.

(20) Capital and other equity

As of December 31, 2020 and 2019, 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 were 503,791 thousand shares of ordinary shares already issued.

1. Capital reserve

The details of capital surplus were as follows:

	2020.12.31	2019.12.31
Shares premium	$ 827,906	827,906
Premium on conversion of corporate bonds	236,408	236,408
Treasury stock transactions	270,473	254,535
Gains on disposal of assets	34,912	34,912
Others	26,398	26,112
	$ 1,396,097	**1,379,873**

In accordance with the Company Act, realized capital surplus can only be distributed to shareholders based on their original shareholding percentage as new shares or cash dividends after offsetting losses. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the processing standards regarding issuers' collection and issuance of negotiable securities, the capital reserve for capital has to be appropriated, and the total amount of appropriation every year shall not exceed 10% of the 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 there is no loss in the Company, the legal reserve will be used to issue new shares or cash dividends upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in capital.

(2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve appropriated 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. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of December 31, 2020, the balance of special reserve is NT$25,804 thousand.

(3) Earnings distribution

The 2019 and 2018 distributions of earnings were resolved at the shareholders' meetings on June 19, 2020 and June 10, 2019, respectively. The dividends distributed to owners are as follows:

	2019		**2018**	
	Dividend rate (NTD)	**Amount**	**Dividend rate (NTD)**	**Amount**
Dividends to ordinary shareholders:				
Cash dividend	$ 1.50	**755,687**	1.00	**503,791**

3. Treasury stock

As at December 31, 2020, and 2019, the details of shares of the Company held by the Group are as follows:

Unit: thousands shares

	2020.12.31			2019.12.31		
Subsidiary name	**Number of shares**	**Carrying amount**	**Market value**	**Number of shares**	**Carrying amount**	**Market value**
Kedge Construction	500	$ 1,222	16,825	500	1,222	15,950
Jiequn Investment Co., Ltd.	8,518	55,384	286,646	8,518	55,384	271,739
Guanqing Electromechanical Co., Ltd.	1,607	14,590	54,076	1,607	14,590	51,263
	10,625	**$ 71,196**	**357,547**	**10,625**	**71,196**	**338,952**

4. Other equity items (net of tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2020	$ (26,264)	460	(5,049)	(30,853)
The exchange differences yielded by net assets of overseas operating institutions	(2,257)	-	(429)	(2,686)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	214	(62)	152
Balance as of December 31, 2020	**$ (28,521)**	**674**	**(5,540)**	**(33,387)**
Balance as of January 1, 2019	$ (25,910)	364	(5,870)	(31,416)
The exchange differences yielded by net assets of overseas operating institutions	(354)	-	(67)	(421)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	96	888	984
Balance as of December 31, 2019	**$ (26,264)**	**460**	**(5,049)**	**(30,853)**

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

The basic and diluted earnings per share of the Group in 2020 and 2019 are calculated as follows:

1. Basic earnings per share

(1) Net income attributable to the shareholders of common stocks of the Company

	2020	2019
Profit attributable to the holders of common shares of the Company	$ 3,353,971	1,283,526

(2) Weighted-average number of ordinary shares outstanding

	2020	2019
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	$ 6.80	2.60

2. Diluted earnings per share

(1) Net income attributable to the shareholders of common stocks of the Company (diluted)

	2020	2019
Net income attributable to the shareholders of common stocks of the Company (diluted)	$ 3,353,971	1,283,526

(2) Weighted-average number of outstanding ordinary shares (diluted)

	2020	2019
Weighted-average number of outstanding common stocks (basic) as of December 31	493,166	493,166
Influence of employees' share bonus	2,497	1,049
Weighted-average number of outstanding common stocks (diluted) as of December 31	495,663	494,215
Diluted earnings per share	$ 6.77	2.60

(22) Revenue from contracts with customers

1. Disaggregation of revenue

	2020			
	Development business unit	Construction business unit	Shopping mall business unit	Total
Primary geographical markets:				
Taiwan	$ 17,181,862	8,822,340	1,341,203	27,345,405
Main products/services:				
Sales of real estate developments	$ 16,776,116	-	-	16,776,116
Sales of construction contracts	384,452	8,819,618	-	9,204,070
Sales commission from department store retailers	-	-	1,099,596	1,099,596
Service revenue	9,590	-	31,211	40,801

	2020			
	Development business unit	Construction business unit	Shopping mall business unit	Total
Rental income	11,704	2,722	86,242	100,668
Other incomes	-	-	124,154	124,154
	$ 17,181,862	8,822,340	1,341,203	27,345,405
Timing of revenue recognition:				
Upon transfer of products	$ 16,785,706	-	1,283,982	18,069,688
On the basis of time passed for services rendered	11,704	2,722	57,221	71,647
On the basis of stage of completion of contract activity	384,452	8,819,618	-	9,204,070
	$ 17,181,862	8,822,340	1,341,203	27,345,405

	2019			
	Development business unit	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
Service revenue	27,690	-	30,621	58,311
Rental income	11,137	2,722	121,132	134,991
Other incomes	-	-	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

2. Contract balances

	2020.12.31	2019.12.31	2019.1.1
Accounts receivable	$ 2,225,979	1,412,568	1,427,636

Less: loss allowance		-	-	-
Total	$	2,225,979	1,412,568	1,427,636
Contract assets - construction	$	1,671,567	1,349,793	1,028,330
Less: loss allowance		-	-	-
Total	$	1,671,567	1,349,793	1,028,330
Contract liabilities - construction	$	1,247,902	930,947	633,903
Contract liabilities - buildings		4,257,365	5,177,387	3,937,293
Contract liabilities - gym		10,243	10,137	9,158
Contract liabilities - customer loyalty points		11,927	16,828	9,676
Contract liabilities - vouchers		58,210	52,039	-
Total	$	5,585,647	6,187,338	4,590,030

Refer to Note 6(4) for details on accounts receivable and related loss allowance.

The beginning balance of contract liability on January 1, 2020, and 2019, were NT$1,289,250 thousand and NT$397,232 thousand, respectively.

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the Group transfers commodity or services to clients to meet the performance obligations and the time when clients pay. For the years ended December 31, 2020, and 2019, no material changes were recognized.

As of December 31, 2020, the Group's 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$384,925 thousand. Details on the trust accounts were as follows:

Project code		2020.12.31
105A	$	20,596
950B		364,329
	$	384,925

(23) Remunerations to employees and directors

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, profits must first be taken to offset against cumulative losses if any.

In 2020 and 2019, the Company's employee bonus was set aside for NT$70,829 thousand and NT$30,433 thousand respectively, and the Director's remuneration was set aside for NT$70,829 thousand and NT$30,433 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and Directors in each period multiplied by the distribution percentage of the bonus of employees and Directors stipulated in the Articles of Incorporation of the Company, and reported as the operating expenses of 2020 and 2019. 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 2020 and 2019.

(24) Non-operating revenue and expense

1. Interest income

Details of interest income of the Group in 2020 and 2019 are as follows:

		2020	2019
Bank deposits (including short-term securities)	$	10,443	12,842
Loans and receivables		8,394	5,971
Construction refundable deposits (including deposits)		1,089	1,431
Other interest income		1,110	56
	$	**21,036**	**20,300**

2. Other income

Details of other income of the Group in 2020 and 2019 are as follows:

		2020	2019
Dividend income	**$**	**3,435**	**3,456**

3. Other gains or losses

Details of other gains and losses of the Group in 2020 and 2019 are as follows:

		2020	2019
Foreign currency exchange gain (loss)	$	921	(3,895)
Net profit (loss) on financial assets measured at fair value through profit or loss		(5,918)	6,699
Proceeds from disposals of property, plant and equipment		95	80
Others		(19,707)	(11,354)
Rental income		877	625
Other incomes		75,845	34,938
Government grant income		18,178	-
Impairment losses		(8,000)	(98,000)
Reversal of impairment loss		-	113,110
	$	**62,291**	**42,203**

4. Financial costs

Details of the financial cost of the Group in 2020 and 2019 are as follows:

	2020	2019
Interest expenses		
Bank loans	$ 388,189	475,585
Interests on deposits in advance for public land development	186	225
Arranger fees	4,875	750
Transaction fees and interests on corporate bonds	88,405	86,563
Other financing costs	61,469	51,678
Others	1,102	824
Less: Capitalization of interest	(177,430)	(165,200)
	$ 366,796	450,425

(25) 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 but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Less than 1 year	1 to 3 years-	3 to 5 years-	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Long/short-term loans	$ 17,476,351	17,992,481	9,762,165	6,525,559	707,412	997,345
Ordinary bond (including current portion due within one year)	5,500,000	5,612,975	1,506,775	2,045,975	2,060,225	-
Notes, accounts and other payables	6,712,402	6,712,402	4,818,007	1,894,395	-	-
Guarantee deposits received	94,419	94,419	-	94,419	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	65,344	66,138	16,667	33,069	16,402	-
Lease liabilities	3,680,953	4,344,263	221,697	482,113	473,602	3,166,851
	$ 33,529,469	34,822,678	16,325,311	11,075,530	3,257,641	4,164,196
December 31, 2019						
Non-derivative financial liabilities						

	Carrying amount	Contractual cash flow	Less than 1 year	1 to 3 years-	3 to 5 years-	Over 5 years
Long/short-term loans (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 bond (including current portion due within one year)	4,500,000	4,627,523	-	1,522,568	3,104,955	-
Notes, accounts and other payables	6,046,999	6,046,999	4,554,534	1,492,465	-	-
Guarantee deposits received	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
	$ 34,854,563	36,409,507	11,910,925	13,434,737	7,598,423	3,465,422

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Interest rate analysis

The interest rate risk exposure of financial assets and financial liabilities of the Group is described in the liquidity risk management of this Note.

The following sensitivity analysis is based on the interest rate exposure of derivatives and non-derivatives on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The interest rate fluctuation of 1% increase or decrease is used internally for reporting the interest rate to management and is the assessment by management regarding the reasonable and possible changes in interest rates.

If the interest rate increases or decreases by 1% the Group's net income will decrease /increase by NT$174,764 thousand and NT$212,904 thousand for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remain constant. The net profit after considering interest capitalization will decrease or increase by NT$117,787 thousand and NT$155,772 thousand. This is mainly due to the Group's variable rate borrowings.

4. Other market price risk

If the equity securities price changes on the reporting date (the same basis is adopted for the analysis for both periods, with the assumption that other variable factors remain unchanged), the impacts on the comprehensive gains or losses are as follows:

	2020		2019	
Securities price on the reporting date	**Other comprehensive income after tax**	**Net income after tax**	**Other comprehensive income after tax**	**Net income after tax**
Increase by 10%	$ 873	6,766	858	9,756
Decrease by 10%	$ (873)	(6,766)	(858)	(9,756)

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. The carrying amount and fair value of various financial assets and financial liabilities (including fair value level information; the carrying amount of financial instruments not measured at fair value is the reasonable approximate of fair value and the lease liabilities do not have to revealed according to provisions) are listed as follows:

	2020.12.31				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	$ 67,661	67,661	-	-	67,661
Financial assets measured at FVTOCI	$ 8,731	495	-	8,236	8,731
Financial assets measured at cost after amortization					
Cash and cash equivalents	$ 11,510,749	-	-	-	-
Notes and accounts receivable	2,226,837	-	-	-	-
Other financial assets - current-	2,262,304	-	-	-	-
Other financial assets - non-current-	132,280	-	-	-	-
Subtotal	16,132,170	-	-	-	-
Total	**$ 16,208,562**	**68,156**	**-**	**8,236**	**76,392**
Financial liabilities measured at amortized costs					
Long/short-term loans	$ 17,476,351	-	-	-	-
Notes, accounts and other payables	6,712,402	-	-	-	-
Corporate bonds payable (including current portion)	5,500,000	-	-	-	-
Other payables (including current portion)	65,344	-	-	-	-
Long-term lease payable (including current portion due within one year)	3,680,953	-	-	-	-
Guarantee deposits received	94,419	-	-	-	-
Total	**$ 33,529,469**	**-**	**-**	**-**	**-**

	2019.12.31				
		Fair value			
	Carrying amount	**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 cost after amortization					
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 measured at amortized costs					
Short and long-term borrowings (including current portion due within one year)	$ 21,290,399	-	-	-	-
Notes, accounts and other payables	6,046,999	-	-	-	-
Corporate bonds payable	4,500,000	-	-	-	-
Other payables (including current portion)	81,680	-	-	-	-
Long-term lease payable (including current portion due within one year)	2,844,731	-	-	-	-
Guarantee deposits received	90,754	-	-	-	-
Total	**$ 34,854,563**	**-**	**-**	**-**	**-**

(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

	Measured at fair value through other comprehensive income		
	Equity instruments without public quotes	Debt instruments	Total
January 1, 2020	$ 7,923	-	7,923
December 31, 2020	$ 8,236	-	8,236
January 1, 2019	$ 7,245	-	7,245
December 31, 2019	$ 7,923	-	7,923

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among them, the assets still held on December 31, 2020 and 2019 are as follows:

	2020	2019
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets measured at fair value through other comprehensive income")	$ 313	678

(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 (22.3 for 2020 and 10.6 for 2019) - Discount for lack of marketability (15% for both 2020 and 2019)	- 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, 2020						
Financial assets measured at FVTOCI						
Equity investments without active market quotes	Price/earnings ratio	10%	-	-	219	(219)
Equity investments without active market quotes	Discount for lack of marketability	10%	-	-	284	(284)
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)

(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, 2020 and 2019, no changes in fair value hierarchy occurred, and therefore, no transfer were recognized.

(26) 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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. For more details, please refer to the related notes to parent-Company-only financial statements.

2. Structure of risk management

(1) Risk management policy

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 Group establishes the overall risk management policy in line with the operating strategy, operating environment and department plan. Its main subjects include the aspects of the environment, internal and external operational flow, and strategic decision-making, 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) 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:

Organization name	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 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 credit risk exposure of the Group is primarily affected by the individual circumstances of each client. The management also considers the statistical data on the basis of Group customers, including the default risk of industry and country, because these factors can also influence credit risk. The Group's revenues in both 2020 and 2019 were derived from sales to domestic customers. 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 project receivable requires the other party to provide a guarantee or assurance 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 sets up an allowance doubtful debts account to reflect the estimated incurred cost in accounts receivable and other receivables and investment. 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, 2020, and 2019, the Group provides no endorsements/guarantees mentioned above.

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.

(27) 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 December 31, 2020 and 2019, the Group had the same policy on capital management and maintained the debt-to-capital ratio between 60% to 70% to ensure reasonable cost of capital. The debt-to-capital ratios on December 31 of 2020 and 2019 are as follows:

	2020.12.31	**2019.12.31**
Total liabilities	$ 40,011,484	41,412,056
Less: cash and cash equivalents	(11,510,749)	(6,229,385)
Net liability	28,500,735	35,182,671
Total equity	17,365,557	14,412,909
Capital after adjustment	**$ 45,866,292**	**49,595,580**
Debt-to-capital ratio	**62.14%**	**70.94%**

(28) Investment and financing activities for non-cash transaction

The statement of non-cash transaction investments and financing activities of the Group in 2020 and 2019.

For details of right-of-use assets obtained by lease, please refer to Note 6(9).

7. Related-Party Transactions

(1) Name of related parties and relations

The affiliates which have trading with the Group within the period of the financial report are as follows:

Name of related party	Relationship with the Group
Kindom Yu San Education Foundation	The entity's Chairman is the second-degree relatives of the Company's Chairman

(2) Transactions with related parties

1. For the years ended December 31, 2020 and 2019, donations made to the related party in the amounts of NT$15,000 thousand and NT$10,500 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 December 31, 2020, and 2019.
3. For the year ended 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.

(3) Key management personnel transactions

Remuneration to major management personnel includes:

	2020	2019
Short-term employee benefits	$ 162,919	103,326
Post-employment benefits	280	285
	$ 163,199	103,611

8. Pledged Assets

The details of carrying value of pledged assets by the Group are as follows:

Name of assets	Pledge guarantee object	2020.12.31	2019.12.31
Buildings and land held for sale	Bank loans	$ 9,225,920	9,081,604
Land held for construction	Secured by bank	211,953	211,953
Construction in progress	Secured by bank	9,491,628	13,471,475
Investment properties and net value of property, plant, and equipment	Bank loans and corporate bonds payable	6,423,080	6,514,072
Other financial assets - current-	Bank loans, pre-sales payments in trust accounts, guarantees, and corporate bonds payable	1,687,965	2,911,788
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	110,594	60,893
		$ 27,151,140	32,251,785

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, 2020, and 2019.

9. Significant, Contingent and Unrecognized Contract Liabilities

(1) Significant unrecognized contract commitments:

1. Total amount of significant construction contracts were as follows:

	2020.12.31	2019.12.31

Amount of construction contracts	$ 33,736,689	20,912,565
Amount of payments received	$ 14,977,670	6,728,027

2. Total amount of sales contracts signed before and after the completion of construction were as follows:

	2020.12.31	2019.12.31
Amount of sales contracts signed	$ 11,127,512	14,898,155
Amount of payments received per contracts	$ 4,257,365	5,177,387

3. Refer to Note 6(15) for details on lease agreements for the Group's business in shopping mall management as of December 31, 2020 and 2019. Details of the refundable deposits and notes in relation to obligations under these agreements were as follows:

	2020.12.31	2019.12.31
Refundable deposits	RMB -	RMB 12,000
Refundable notes	$ 232,550	172,550

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. It is passed by the Board Meeting in January 2021, December and January 2020, and December 2019 that the Group promised to donate NT$15,000 thousand in both 2021 and 2020 to Kindom Yu San Education Foundation for the promotion of foundation affairs.

6. Details on refundable deposits and notes paid for co-developments with land owners and third-party developers as follows:

	2020.12.31	2019.12.31
Refundable deposits	$ 540,740	538,675
Refundable notes	$ 1,138,095	982,599

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 commenced in December 2016 and would end in twenty years.

   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 as of December 31, 2020.

8. The Group applied for and received a subsidy in the amount of NT$10,500 thousand funded under Taiwan Industry Innovation Platform Programs by Industrial Development Bureau, MOES. The subsidy 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. As of the end of December 31, 2020, NT$8,000 has been refunded.

(2) Contingent liability

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 were 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.

10. Significant Disaster Loss: None

11. Significant Events after the End of the Financial Reporting Period: None

12. Others:

A summary of employee benefits, depreciation, depletion, and amortization expenses, by function, is as follows:

Function / Nature	2020			2019		
	Operating costs	**Operating Expenses**	**Total**	**Operating costs**	**Operating Expenses**	**Total**
Employee benefits:						
Salaries and wages	492,997	651,388	1,144,385	430,607	531,778	962,385
Labor insurance and national health insurance	35,926	35,393	71,319	38,139	34,500	72,639
Pension expenses	16,428	19,141	35,569	16,690	18,686	35,376
Other employee benefits expenses	1,027	37,565	38,592	232	32,916	33,148
Depreciation expense	7,930	388,761	396,691	4,512	356,697	361,209
Amortization expense	-	10,223	10,223	-	14,639	14,639

13. Disclosure Notes

(1) Information on Material Transactions

In 2020, under Regulations Governing the Preparation of Financial Reports by Securities Issuers, information related to material transactions should be disclosed by the Group is as the following:

1. Loaning of fund to other parties: none

2. Providing endorsements/guarantees to other parties:

Unit: NT$ thousand

No.	Name of endorsement/guarantee provider	Subject of endorsements/guarantees		Limits on Endorsement/guarantee Provided to A Single Entity	Maximum balance for this period	Closing balance of endorsement/guarantees	Actual amount used	Amount of endorsement/guarantees collateralized with assets	Ratio of Cumulative Balance of Endorsement/guarantee to Net Equity as Stated in its Latest Financial Statement	Maximum endorsement/guarantee amount	Endorsements/guarantees Provided by Parent for Subsidiary	Endorsement/guarantees provided by subsidiaries to parent company	Endorsement/guarantee provided to subsidiary in China
		Company name	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	parent company and subsidiary	$ 6,138,218	14,192	14,192	14,192	-	0.46%	6,138,218	N	Y	N
2	Dingtian Construction	Kindom Development	parent company and subsidiary	54,187	14,192	14,192	14,192	-	26.19%	54,187	N	Y	N
2	〃	Kedge Constructio	parent company and subsidiary	8,128,105	1,376,500	1,376,500	1,376,500	-	2,540.28%	16,256,210	N	Y	N
3	Global Mall	Guan You	3	2,945,699	200,000	200,000	5,000	-	4.07%	5,891,398	Y	N	N
3	〃	Guan Hua	2	2,945,699	210,000	155,000	70,000	-	3.16%	5,891,398	Y	N	N

Note 1. Types of relationship that the endorsement/guarantee provider has with the guaranteed party:

(1) An entity with which it does business.

(2) A Company in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) An entity that directly and indirectly holds more than 50% of its voting shares.

(4) Between the companies in which the Company directly or indirectly holds more than 90% 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 securities 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 securities, 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 statements.

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 statements.

Note 6. the above transactions had been written off in preparing the consolidated financial report.

3. Marketable securities (excluding equity investments in subsidiaries, associates, and joint ventures) held at the reporting date:

Unit: NT$ thousand/ thousand shares

Investing Company	Types and names of securities	Relationship with the Security Issuer	Financial Statement Account	Ending Balance				Highest Percentage of Ownership or Capital Invested during the period	Remarks
				Number of Shares	Carrying amount	Shareholding ratio	Fair value (note)		
Kindom Development	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	505	23,622	- %	23,622	- %	
〃	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	198	2,411	0.20 %	2,411	0.20%	
〃	Stock - Clientron Corp.	-	〃	29	495	0.05 %	495	0.05%	
Jiequn Investment	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	472	22,043	- %	22,043	- %	
〃	Stock - SinoPac Securities Corporation	-	〃	211	2,417	- %	2,417	- %	
〃	Stock - Huei Ding Computer	-	Financial assets measured at FVTOCI - non-current	405	-	0.78 %	-	0.78%	
Guanqing Electromechanica	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	419	19,579	- %	19,579	- %	
〃	Stock - Commonwealth Publishing Group	-	Financial assets measured at FVTOCI - non-current	132	5,825	0.59 %	5,825	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. Accumulated to buy or sell the same marketable securities amount to NT$ 300 million or more than 20% of the paid-up capital: None.

5. Acquisition of individual real estate properties at costs of at least NT$ 300 million or 20% of the paid-in capital:

Unit: NT$ thousand

Acquiring Company	Property Name	Date of transaction or event	Transaction amount	Payment collection status	Related Party	Relationship	For related parties, the information on previous transaction				Reference for price determination	Purpose of Acquisition and Status in Use	Other stipulations of the transaction
							Possessor	Relationship with the issuer	Date of transfer	Amount			
Global Mall	Right-of-use assets	2020.04	933,460	Not Applicable	Railway Bureau, MOTC	Not related	-	-	-	-	tender	For business	None
Kindom Development	Song Chang Duan	2020.08	1,485,865	1,485,865	Yumaowu Enterprise Co., Ltd.	Not related	-	-	-	-	Valuation	Planning and construction	None

6. isposal of real estate at prices exceeding NT$ 300 million or 20% of the paid-in capital:

Unit: NT$ thousand

Disposing Company	Property Name	Transaction Date	Date of acquisition	Carrying amount	Transaction amount	Receivable Collection	Gains (Losses) on Disposal	Related Party	Relationship	Purpose of disposal	Reference for price determination	Other stipulations of the transaction
Kindom Development	Inventory - buildings and land held for sale	2020.03	Not applicable: inventory produced, not acquired	Not Applicable	693,052	693,052	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: NT$ thousand

			Transaction details				Transactions with Terms Different from Others		Notes/accounts receivable (or payable)		
Company name	**Name of transaction counterpart**	**Relation**	**Purchases/sales**	**Amount (Note 1)**	**Percentage of total purchase (sales)**	**Payment Terms**	**Unit price**	**Payment Terms**	**Ending Balance**	**Percentage of total notes/accounts receivable (or payable)**	**Remarks**
Kindom Development	Kedge Construction	Investees valued under equity method	Purchases for 103G etc.	5,733,902	66.88 %	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(1,908,630)	74.60%	Note 2
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	041B etc.	(5,733,902)	(37.99) %	Received payment by installment per contract or equivalent to a general transaction	〃	〃	1,908,630	48.95%	〃
Kedge Construction	Dingtian Construction	Investor in which Kedge Construction is accounted for using equity method	043A etc.	195,988	1.50 %	Per Payment Schedule in Contract or Equivalent to Other Transactions	〃	Equivalent to other transactions	(19,719)	(0.50)%	〃
Kedge Construction	Guanqing Electromechanical Co., Ltd.	〃	023A etc.	128,132	0.98 %	〃	〃	〃	(32,994)	(0.83)%	〃
Dingtian Construction	Kedge Construction	〃	043A etc.	(195,988)	(100.00) %	Received payment by installment per contract or equivalent to a general transaction	〃	〃	19,719	100.00%	〃
Guanqing Electromechanical Co., Ltd.	〃	〃	023A etc.	(128,132)	(70.17) %	〃	〃	〃	32,994	68.55%	〃

Note 1. Refers to the valuation amount for current period

Note 2. The above transactions had been written off in preparing the consolidated financial report.

8. Receivables from related parties with amounts exceeding NT$100 million or 20% of the paid-in capital:

Unit: NT$ thousand

The companies that record such transactions as receivables	Related Party	Relationship	Ending Balance	Turnover Rate	Receivable Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	1,908,630	2.76	-	-	507,020	-

9. Engaging in the trading in derivative instruments: none

10. Business relationships and significant interCompany transactions among parent and subsidiaries:

				Transactions			
No.	**Name of transaction counterparty**	**Counterparty**	**Relationship with trader**	**Account**	**Amount**	**Trading Terms**	**As a percentage of consolidated revenue or total assets**
0	The Company	Kedge Construction	1	Cost of construction	5,304,012	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	19.40%
0	The Company	Kedge Construction	1	Buildings and land held for sale	211,667	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90	0.37%

No.	Name of transaction counterparty	Counterparty	Relationship with trader	Transactions			
				Account	Amount	Trading Terms	As a percentage of consolidated revenue or total assets
						days	
0	The Company	Kedge Construction	1	Construction in progress	206,014	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	0.36%
0	The Company	Kedge Construction	1	Notes and accounts payable - related party-	1,908,630	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	3.33%
1	Kedge Construction	The Company	2	Operating revenue	5,304,012	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	19.40%
1	Kedge Construction	The Company	2	Operating costs	417,681	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	1.53%
1	Kedge Construction	The Company	2	Notes and accounts receivable related party, contract asset-	1,908,630	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	3.33%
2	Global Mall	Guan Cheng	3	Accounts Receivable - Related Party-	48,246	Once a Year	0.08%
2	Global Mall	Guan Cheng	3	Operating revenue	44,477	Once a Year	0.16%
2	Global Mall	Guan You	3	Operating revenue	2,913	Once a Year	0.01%
3	Guan Cheng	Global Mall	3	Accounts payable - related parties-	48,246	Once a Year	0.08%
3	Guan Cheng	Global Mall	3	Operating expenses	44,477	Once a Year	0.16%
4	Guan You	Global Mall	3	Operating expenses	2,913	Once a Year	0.01%

Note 1. Instruction for numbering.

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2. The type of relations with transaction party is marked as follows:

1. The transactions form parent company to subsidiaries.
2. The transactions from subsidiaries to parent company.
3. The transactions between subsidiaries.

Note 3. The above transactions had been written off in preparing the consolidated quarterly financial report.

(2) Information on Reinvestment:

The information on the enterprises by the venture capital of merged companies in 2020 is as follows:

Unit: NT$ thousand/ thousand shares

				Original investment amount		Ending shareholding						
Name of investor	Name of investee	Location	Principal business	End of the period	End of last year	Number of shares	Percentage of Ownership	Carrying amount	Highest Percentage of Ownership or Capital Invested during the period	Net income (loss) of the investee	Share of profit/loss of investee	Remarks
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	36,248	34.18%	723,754	34.18%	626,440	257,349	Subsidiary
〃	Global Mall	Taiwan	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	3,209,395	3,209,395	320,105	84.02%	4,149,825	84.02%	348,418	292,730	〃
〃	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	102,000	102,000	10,200	51.00%	160,104	51.00%	77,771	39,663	〃
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	Investment	163,935	163,935	16,396	99.98%	395,247	99.98%	10,544	10,542	Sub-subsidiary
〃	Guanqing Electromechanical Co., Ltd.	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	210,000	99.96%	4,082	4,080	〃
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	16,256	30.00%	757	227	Third-tier subsidiary
Guanqing Electromechanical Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	37,931	70.00%	757	530	〃
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	20,507	46.67%	1	-	Investments accounted for using equity method
Global Mall	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	98,000	98,000	9,800	49.00%	153,826	49.00%	77,771	38,108	Subsidiary
〃	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	5,000	5,000	500	3.70%	952	3.70%	(18,585)	(688)	Sub-subsidiary
〃	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	143,605	100.00%	6,246	6,246	〃
〃	KGM	Hong Kong	Investment and operation of shopping mall in Mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	213,766 (HKD 54,435 thousand)	213,766 (HKD54,435 thousand)	- (Co., Ltd.)	100.00%	46,945	100.00%	19,656	19,656	〃
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	130,000	130,000	13,000	96.30%	24,783	96.30%	(18,585)	(17,897)	〃

(3) Information on Investments in Mainland China:

1. Relevant information incl. names and principal business of investee in Mainland China

Unit: Thousands of USD, HKD, RMB or NTD

Name of investee in Mainland China	Principal business	Paid-in capital	Method of investment	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	The Company's percentage of ownership directly or indirectly	Highest Percentage of Ownership or Capital Invested during the period	Investment gains (losses) recognized in the current period	Book value of investment at the end of the period	Investment income received at the end of the current period
					Outward remittance	Recover							
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 operation and management.	213,766 (CNY48,000)	Note	213,766 (CNY48,000)	- (CNY)-	- (CNY -)	213,766 (CNY48,000)	19,705 (HKD5,162)	100.00%	-%	19,705 (HKD5,162)	47,274 (HKD12,871)	-

Note: Reinvest in mainland China through existing companies in a third location

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
CNY48,000	USD11,100	9,142,741

Note: The limited amount is capped at 60% of the Company's net equity.

3. Significant transactions with investees in mainland China: none

(4) Information on Major Shareholders:

Expressed in shares

Shareholding / Name of substantial shareholders	No. of shares held	Shareholding ratio
Yute Investment Co., Ltd.	96,304,670	19.11%
Mei-Chu, Liu	61,104,811	12.12%

14. Segment Information

(1) General information

The Group's reportable segments comprise of development business unit, construction business unit, and shopping mall business unit. The market nature and marketing strategies of each business unit are not identical and hence are explained as follows:

Development segment: Commissions construction companies to develop residential and commercial real estate for rental or sales.

Construction segment: Comprehensively organizes all works involved in constructions, including building and management, as a general contractor.

Shopping mall segment: Manages operations of shopping malls, supermarkets, and businesses in international trading.

(2) Information involving profit or loss, asset, liability and measurement basis and adjustment of reportable segments

The management's resource allocation and performance evaluation is based on the unit's profit before tax (excluding extraordinary profit or loss and exchange gain or loss) in the internal governance report reviewed by the chief operating decision maker of the Group. As tax expenses (income), extraordinary profit or loss and exchange gain or loss are recognized on the Group level, the Group does not allocate tax expenses (income), extraordinary profit or loss and exchange gain or loss to the reportable segments. Thus, not every reportable segment includes material non-monetary items besides depreciation and amortization in the profit or loss. The reported amounts are in line with the amounts in the reports for operating decision makers.

Except that the pension expenses of each unit are paid in cash to pension plans, the accounting policies of the operating department are the same as the summary of the significant accounting policies described in Note 4.

The Group deems the inter-unit sales and transfer as transaction with third parties. And such transactions are measured at current market price.

The information and adjustments to operating units of the Group are as follows:

	2020				
	Development business unit	**Construction business unit**	**Shopping mall business unit**	**Adjustments and elimination**	**Total**
Revenue:					
Revenues from external customers	$ 17,181,862	8,822,340	1,341,203	-	27,345,405
Inter-segment income	3,149	5,308,289	50,504	(5,361,942)	-
Interest income	9,081	8,280	3,675	-	21,036
Total revenue	$ 17,194,092	14,138,909	1,395,382	(5,361,942)	27,366,441
Interest expenses	$ 258,244	3,009	105,543	-	366,796
Depreciation and amortization	14,059	12,080	388,025	(7,250)	406,914
Share of profits (losses) of associates accounted for using equity method	589,742	1	19,523	(609,265)	1
Reportable segment profits (losses)	$ 4,137,235	782,192	452,254	(482,882)	4,888,799
Asset:					
Investment accounted for using equity method	$ 5,033,683	20,507	179,561	(5,213,244)	20,507
Capital expenditure on non-current asset	6,490	80,717	52,645	-	139,852
Reportable segment assets	$ 43,545,424	9,433,656	12,868,851	(8,470,890)	57,377,041
Reportable segment liabilities	$ 28,307,523	6,364,378	7,619,687	(2,280,104)	40,011,484

	2019				
	Development business unit	**Construction business unit**	**Shopping mall business unit**	**Adjustments and elimination**	**Total**
Revenue:					
Revenues from external customers	$ 8,115,011	5,829,910	1,381,978	-	15,326,899
Inter-segment income	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**

Significant reconciliation items of reportable segments are as follows:

In the years of 2020 and 2019, the total amount of reportable segment revenue shall deduct the inter-segment revenue of NT$5,361,942 thousand and NT$5,680,787 thousand, respectively.

(3) Product and service information

Refer to Note 6(22) for details on the Group's product and service information.

(4) Geographic information

There is no export transaction in the Group, and therefore information by geographical distribution will not be disclosed.

(5) 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. Parent Company Only Financial Report of 2020

Independent Auditors' Report

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

Opinion

We have audited the parent company only Balance Sheets of Kindom Development Co., Ltd. as of December 31, 2020, and 2019, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual periods from January 1 to December 31, 2020, and 2019.

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

Basis for Opinion

We conducted our 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 Company 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 key matters refer to those most material key matters for the audit on the Parent Company Only Financial Statements of the year 2020 of Kindom Development Co., Ltd., based on the professional judgment of the accountant. 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:

1. Revenue recognition

   Refer to Note 4(14) for the accounting policies on recognizing revenue and Note 6(20) for details of related disclosure.

   Description of key audit matters:

   Kindom Development Co., Ltd. engages 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 98% of the company's total revenue, which is material to the fair presentation of Parent Company Only Financial Statements. Consequently, the Kindom Development Co., Ltd.'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. In addition, it also includes 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.

2. Inventory valuation

Refer to Note 4(7) for the accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimations and assumptions for inventory valuation, and Note 6(5) for details of inventory valuation.

Description of key audit matters:

As of December 31, 2020, Kindom Development Co., Ltd.'s inventory amounts to NT$28,851,383 thousand and accounts for 66% 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 net realizable value depends on the subjective judgment or estimation of the management. Therefore, inventory evaluation is one of the important evaluation items in the accountant's auditing on the financial review of the Kindom Development Co., Ltd.

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 Kindom Development Co., Ltd.'s internal procedures and accounting processes over inventory valuation; obtaining the net realizable value of inventory 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 contract prices of recent sales of the Company's developments, the registered price with the Ministry of the Interior, or confirming and recalculating the investment return analysis of each developments, 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 Kindom Development Co., Ltd.'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 may be caused by fraud or errors. The misstated amounts are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the Parent Company Only Financial Statements of Kindom Development Co., Ltd. for 2020. 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 26 2021

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.
Parent Company Only Balance Sheets
As of December 31, 2020, and 2019

Unit: NT$ thousand

	Assets	2020.12.31 Amount	%	2019.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (23))	$ 5,068,316	12	2,012,378	5
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and (23))	23,622	-	23,445	-
1141	Contract assets - current (Note 6(20))	394,633	1	151,622	-
1150	Notes receivable, net (Note 6(4) and (23))	355	-	2,157	-
1170	Accounts receivable, net (Note 6(4), (20) and (23))	1,232,054	3	233,089	1
1320	Inventories - construction (Note 6(5) and 8)	28,851,383	66	32,659,659	75
1410	Prepayments	43,744	-	78,029	-
1476	Other financial assets - current (Notes 6(11), (20), (23) and 8)	1,995,393	5	3,187,328	7
1479	Other current assets- others	22,199	-	12,688	-
1480	Incremental costs of obtaining a contract - current (Note 6(11))	121,038	-	144,525	-
		37,752,737	87	38,504,920	88
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(3) and (23))	2,906	-	2,659	-
1550	Investments accounted for using the equity method (Note 6(6) and 8)	5,033,683	11	4,553,884	10
1600	Property, plant and equipment (Note 6(7) & 8)	280,130	1	280,822	1
1755	Right-of-use assets (Note 6(8))	3,884	-	4,101	-
1760	Investment property (Note 6(9), (15) and 8)	470,750	1	474,942	1
1780	Intangible assets (Note 6(10))	1,334	-	2,274	-
1915	Prepayments for equipment	-	-	5,222	-
		5,792,687	13	5,323,904	12
	Total assets	$ 43,545,424	100	43,828,824	100

	Liabilities and equity	2020.12.31 Amount	%	2019.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(12) and (23))	$ 14,941,351	34	18,745,374	43
2130	Contract liabilities - current (Note 6(20))	4,264,068	10	5,195,802	12
2150	Notes payable (Note 6(23))	54,625	-	36,026	-
2160	Notes payable - related parties (Note 6(23) and 7)	1,119,596	3	1,287,602	3
2170	Accounts payable (Note 6(23))	595,097	1	470,113	1
2181	Accounts receivables - related parties (Note 6 (23) and 7)	789,034	2	647,267	2
2200	Other payables (Note 6(23))	459,050	1	121,079	-
2230	Current tax liabilities	496,701	1	6,242	-
2251	Employee benefit liability reserve - current (Note 6(16))	2,849	-	3,104	-
2280	Lease liabilities - current (Note 6(14) and (23))	3,924	-	4,108	-
2321	Bonds Payable or Put Option Execution - Current Portion (Note 6(13) and (23))	1,500,000	4	-	-
2399	Other current liability - others	43,054	-	145,842	-
		24,269,349	56	26,662,559	61
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(13) and (23))	4,000,000	9	4,500,000	10
2640	Net Defined Benefit Liability - Non-current (Note 6(16))	5,979	-	6,681	-
2645	Refundable deposits (Note 6(23))	3,447	-	3,418	-
2670	Other non-current liabilities - others	28,748	-	28,662	-
		4,038,174	9	4,538,761	10
	Total liabilities	28,307,523	65	31,201,320	71
	Equity (Note 6 (18)):				
3100	Share capital	5,037,910	12	5,037,910	12
3200	Capital surplus	1,396,097	3	1,379,873	3
3300	Retained earnings	8,902,937	20	6,306,721	14
3400	Other equity interest	(27,847)	-	(25,804)	-
3500	Treasury stock	(71,196)	-	(71,196)	-
	Total equity	15,237,901	35	12,627,504	29
	Total liabilities and equity	$ 43,545,424	100	43,828,824	100

(Refer to the subsequent Notes to Parent Company Only Financial Statements)

Kindom Development Co., Ltd.
Parent Company Only Statements of Comprehensive Income
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

		2020		2019	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6 (15) and (20))**	$ 17,185,011	100	8,117,436	100
5000	**Operating Costs (Note 6(5))**	12,601,628	73	6,085,189	75
	Gross profit	4,583,383	27	2,032,247	25
5920	Less: Realized profit or loss on sales	85	-	85	-
	Gross profit	4,583,298	27	2,032,162	25
	Operating costs (Notes 6(21) and 7):				
6100	Selling and marketing expenses	425,871	3	390,095	5
6200	General and administrative expenses	385,729	2	312,309	4
		811,600	5	702,404	9
	Net operating profit	3,771,698	22	1,329,758	16
	Non-operating income and expenses:				
7100	Interest income (Note 6(22))	9,081	-	9,510	-
7010	Other income (Note 6(22))	1,243	-	1,211	-
7020	Other benefits and losses (Note 6(22))	23,715	-	9,674	-
7050	Financial cost (Notes 6(22))	(258,244)	(2)	(342,771)	(4)
7070	Share of the profit of subsidiaries, associates, and joint ventures accounted for using the equity method	589,742	4	453,404	6
		365,537	2	131,028	2
	Net income before tax from continuing operating department	4,137,235	24	1,460,786	18
7950	**Less: Income tax expense (Note 6(17))**	783,264	5	177,260	2
	Net income	3,353,971	19	1,283,526	16
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	(2,502)	-	(284)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	247	-	(366)	-
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	401	-	772	-
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-	(2,257)	-	(354)	-
8300	**Other comprehensive loss (net of taxes)**	(4,111)	-	(232)	-
	Total comprehensive income	**$ 3,349,860**	**19**	**1,283,294**	**16**
	Earnings per share (Note 6(19))				
9750	**Basic Earnings Per Share (NT$)**	**$ 6.80**		**2.60**	
9850	**Diluted Earnings Per Share (NT$)**	**$ 6.77**		**2.60**	

(Refer to the subsequent Notes to Parent Company Only Financial Statements)

Kindom Development Co., Ltd.

Parent Company Only Statements of Changes in Equity

From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

	Share capital		Retained earnings				Other equity interest			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
Balance as of January 1, 2019	$ 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	-	-	-	-	1,283,526	1,283,526	-	-	-	1,283,526
Other comprehensive income	-	-	-	-	26	26	(354)	96	-	(232)
Total comprehensive income	-	-	-	-	1,283,552	1,283,552	(354)	96	-	1,283,294
Earnings appropriation and distribution:										
Legal reserve appropriated	-	-	50,724	-	(50,724)	-	-	-	-	-
Special reserve appropriated	-	-	-	(6,975)	6,975	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(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
Net income	-	-	-	-	3,353,971	3,353,971	-	-	-	3,353,971
Other comprehensive income (loss)	-	-	-	-	(2,068)	(2,068)	(2,257)	214	-	(4,111)
Total comprehensive income (loss)	-	-	-	-	3,351,903	3,351,903	(2,257)	214	-	3,349,860
Earnings appropriation and distribution:										
Legal reserve appropriated	-	-	128,355	-	(128,355)	-	-	-	-	-
Special reserve appropriated	-	-	-	258	(258)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(755,687)	(755,687)	-	-	-	(755,687)
Changes in equity of associates and joint ventures accounted for under the equity method	-	18	-	-	-	-	-	-	-	18
Changes in capital reserve from dividends paid to subsidiaries	-	15,938	-	-	-	-	-	-	-	15,938
Unclaimed dividends after effective period	-	268	-	-	-	-	-	-	-	268
Balance as of December 31, 2020	**$ 5,037,910**	**1,396,097**	**1,816,778**	**25,804**	**7,060,355**	**8,902,937**	**(28,521)**	**674**	**(71,196)**	**15,237,901**

(Refer to the subsequent Notes to Parent Company Only Financial Statements)

Kindom Development Co., Ltd.
Parent Company Only Statements of Cash Flows
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

	2020	2019
Cash flows from operating activities:		
Net income before tax	$ 4,137,235	1,460,786
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	13,119	11,522
Amortization expense	940	466
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(177)	328
Interest expense	258,244	342,771
Interest income	(9,081)	(9,510)
Dividend income	(1,243)	(1,211)
Share of profit of subsidiaries, associates and joint ventures using equity method recognition	(589,742)	(453,404)
Gains on disposal of property, plant and equipment	(164)	(81)
Total adjustments to reconcile profit (loss)	(328,104)	(109,119)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in contract assets	(243,011)	(151,622)
Decrease (increase) in notes receivable	1,802	(2,157)
(Increase) decrease in accounts receivable	(998,965)	267,257
Decrease in inventory	3,985,706	390,063
Decrease in prepayments	34,285	206,285
Other financial assets - liquidity decrease (increase)	1,191,935	(1,246,938)
(Increase) decrease in other current assets	(9,511)	6,008
Decrease (increase) in costs of obtaining a contract	23,487	(41,175)
Total changes in operating assets	3,985,728	(572,279)
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(931,734)	1,258,509
Increase in notes receivable	18,599	27,076
Decrease in notes payable - related parties	(168,006)	(612,349)
Increase (decrease) in accounts payable	124,984	(39,952)
Increase (decrease) in accounts payable - related parties	141,767	(133,451)
Increase (decrease) in other payables	336,777	(23,793)
Increase (decrease) in provisions for employee benefit - current	(255)	393
Increase in guarantee deposits received	29	1,607
Increase (decrease) in other current liabilities	(102,788)	15,795
Decrease in net defined benefit liability	(3,204)	(4,714)
Increase in other non-current liabilities	86	84
Total changes in operating liabilities	(583,745)	489,205
Total changes in operating assets and liabilities	3,401,983	(83,074)
Total adjustments	3,073,879	(192,193)
Cash inflow generated from operations	7,211,114	1,268,593
Income taxes paid	(292,805)	(236,589)
Net cash inflow generated from operating activities	6,918,309	1,032,004

Cash flows from investing activities:		
Acquisition of property, plant and equipment	(6,490)	(1,199)
Proceeds from disposals of property, plant and equipment	164	1,429
Acquisition of intangible assets	-	(1,603)
Decrease in equipment prepayment	5,222	-
Interests received	9,081	9,510
Dividends received	125,286	134,434
Net cash inflow generated from investing activities	133,263	142,571
Cash flows from financing activities:		
Increase in short-term loans	6,843,595	8,938,885
Decrease in short-term loans	(10,647,618)	(9,378,019)
Increase in short-term notes and bills payable	1,010,000	479,000
Decrease in short-term notes and bills payable	(1,010,000)	(479,000)
Issuance of convertible corporate bonds	1,000,000	1,000,000
Redemption of convertible corporate bonds	-	(1,000,000)
Repayments of lease principal	(1,712)	(234)
Cash dividends paid	(755,687)	(503,791)
Interests paid	(434,212)	(512,821)
Net cash outflow generated financing Activities	(3,995,634)	(1,455,980)
Net increase (decrease) in cash and cash equivalents	3,055,938	(281,405)
Cash and cash equivalents at beginning of the period	2,012,378	2,293,783
Cash and cash equivalents at end of the period	**$ 5,068,316**	**2,012,378**

(Refer to the subsequent Notes to Parent Company Only Financial Statements)

Kindom Development Co., Ltd.

Notes to the Parent Company Only Financial Statements

For 2020 and 2019

(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company Overview

1.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.

2. The Approval Date and Procedures of the Financial Report

2.The Parent Company Only Financial Statements were published upon approval by the Board of Directors on March 26, 2021.

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

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

3.The Company has adopted the following newly amended IFRSs starting from January 1, 2020, which have not had a material impact on the Parent Company Only Financial Statements.

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

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

4.The Company has assessed that the application of the above newly endorsed IFRS, effective on January 1, 2021, will not result in a material impact on the parent company only financial statements.

- Amendments to IFRS 4 "Deferral of Effective Date of IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase II"

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

5.For IFRSs issued by IASB but not yet endorsed by the FSC, the impact on the Company are as follows:

New or amended standards	Main amendments to the content	Effective date per IASB
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification requirements for debts that may be repaid through convert into equity.	2023.1.1

6.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.

7.The Company expects that the following newly published and amended IFRS unendorsed will not result in a material impact on the Parent Company Only Financial Statements.

·Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

·IFRS 17 “Insurance Contracts” and Amendments to IFRS 17

·Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"

·Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

·Annual Improvements to IFRSs 2018-2020 cycle-

·Amendments to IFRS 3, "Reference to the Conceptual Framework"

Amendments to IAS 1 "Disclosure of Accounting Policies"

Amendments to IAS 8 "Definition of Accounting Estimates"

4. Summary of Material Accounting Policies

The summary of material accounting policies adopted in the parent company only financial statements is as follows. Other than the description of accounting variations in note 3, the following accounting policies have been consistently applied to all stated periods in the Parent Company Only Financial Statements.

(1) Compliance Statement

The Company's Parent Company Only Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations").

(2) 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 liabilities are measured by the fair value of pension fund assets minus the present value of the defined benefit obligations and the cap effects measurement mentioned in Note 4(15).

2. Functional and presentation currency

The Company takes the currency of the main economic environment in which each business operates as its functional currency. The Parent Company Only Financial Statements are expressed in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) 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.

When the disposal of foreign operation leads to loss of control, joint control or material influence, the cumulative exchange difference amount related to them will be re-classified into profit or loss. When partially disposing of affiliated enterprises or joint investments containing foreign operation, the cumulative exchange difference amount will be re-classified into profit or loss according to proportion.

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.

(4) 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. Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

(5) Cash and Cash Equivalents

Cash includes inventory cash and current deposit. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

(6) Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were recognized when the Company became a party to the financial instrument contract. Financial assets not measured at fair value through profit or loss (other than accounts receivable excluding material financial components) or financial liabilities primitively at fair value may be measured directly attributable to the transaction cost of the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

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 accrued based on the original recognized amount plus or minus the effective interest method, and adjusted for the amortized cost of any allowance losses. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and 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 instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit and 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)

Financial assets not measured at the aforementioned amortized cost or fair value through other comprehensive income as decribed above are measured at fair value through profit or loss, 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 measured at fair value through other comprehensive income, as at fair value through profit and loss 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.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Company can collect according to the contract and the expected cash flow that the Company will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

On each reporting date, the Company assesses whether there is credit impairment on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. The evidences for credit impairment of financial assets include the observable data for the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue more than one year;
- 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.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets. The loss allowance of debt instrument investment measured at fair value through other comprehensive income is adjusted profit and loss and recognized in other comprehensive income (without reducing the carrying amount of assets).

When the Company cannot reasonably expect the whole or part of the recovered financial assets, it directly reduces the total carrying amount of its financial assets. For companies, the Company analyzes the timing and amount of write-offs individually based on whether it is reasonably expected to be recoverable. The Company expects that the amount written off will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Company to recover the overdue amount.

(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

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. The equity instrument issued by the Company shall be recognized by the payment net of the direct cost of issuance.

(3) Treasury stock

When buying back the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

(4) Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently assessed at amortized cost employing an effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

(5) Derecognition of financial liabilities

The company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

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.

(7) Inventories

Inventory is measured by the lower of cost and 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.

(8) 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.

(9) Investment Property

Investment property refers to property held for earning rent or asset appreciation or both, rather than for normal business sale, production, provision of goods or services, or administrative purposes. Investment property is initially measured by cost and subsequently measured by cost minus accumulated depreciation and accumulated impairment. Its depreciation method, service life, and residual value are treated following the provisions of 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.

Rental income from investment property is recognized in operating revenue on a straight-line basis during the lease term. The lease incentive is recognized as part of the lease income during the lease term.

(10) 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 to 55 years
(2)	Transportation, office and others	3 to 15 years
(3)	Leasehold improvement	2 to 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.

(11) Leases

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) The contract involves the use of an identified asset, which is explicitly designated in the contract or implicitly designated when it is available for use, and its substance can

distinguish or represent all the actual production capacity. If the supplier poses substantive rights to replace the asset, 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 subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the consolidated company is used. Generally speaking, the Company uses its incremental borrowing rate of interest 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 in which the Company is the lessor, it is to classify the tenancy agreement according to whether it transfers almost all risks and remuneration attached to the ownership of the underlying asset on the lease establishment date. If so, it is classified as a financial lease, otherwise, it is classified as an operating lease. At the time of evaluation, the Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

If the Company is a sublease lessor, the main lease and sublease transactions are processed separately, and the classification of the sublease transaction is evaluated by the right-of-use asset generated by the main lease. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

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

(12) Intangible Assets

1. Recognition and measurement

   Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenses

   Subsequent expenditures are 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 of property, plant, and equipment 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.

(13) Impairments of Non-financial Assets

The Company assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventory, contractual assets, deferred income tax assets) may be impaired. If there is any sign, an estimate is made of its recoverable amount.

For the impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is regarded as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

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.

(14) Revenue Recognition

1. Revenue from contracts with customers

The revenue is measured by the consideration expected to be entitled to for the transfer of goods or services. The Company recognizes the revenue when the control over goods or services is transferred to the client, and the performance obligations are met. 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 residential property, and often pre-sells property during or before construction. The Company recognizes the income upon transfer of control over property asset. Due to contractual restrictions, the property usually has no other use for the Company. Therefore, if the Company transfers the legal ownership of the property to the client, and the date of the actual delivery of the property shall prevail. However, if only one item is completed before the reporting date, but the other item is actually completed during the subsequent period, it is also recognized as income.

Revenue is measured based on the transaction price of the contractual agreement. 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). The contract includes fixed and variable consideration. The client pays a fixed amount of money according to the agreed schedule. Some variable consideration (such as penalty and price adjustment calculated based on overdue days) is estimated by the expected value based on the accumulated experience in the past. The Company recognizes revenue only within the range where the accumulated income is highly unlikely to have a material reversal. If the amount of recognized revenue has not yet been claimed, it shall be recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset shall be transferred to the accounts receivable.

When the Company is unable to measure the stage of completion of a contractual performance obligation, 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. Cost of customer contracts - Incremental costs of obtaining a contract-

If the Company expects to recover the incremental cost for acquiring the customer contract, the cost will be recognized as asset. The incremental cost of acquiring contract is cost that will arise in acquiring customer contract and will not arise otherwise the contract acquisition cost no matter the contract will happen or not is recognized as expense, unless the cost is explicitly collectable from customer no matter the contract is acquired or not.

(15) 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 net obligation of the Company to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value and deducting the fair value of any plan assets.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation result may be beneficial to the Company, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The remeasurement of net defined benefit liabilities, including actuarial gains and losses, plan asset returns (excluding interest), and any changes in the impact of the asset ceiling (excluding interest), are immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) determined by the Company is the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest paid and other expenses of the benefit plan are recognized in profit and loss.

When the plan is revised or reduced, the number of changes in benefits related to the past service costs or reduced benefits or losses is immediately recognized as profit or loss. When the settlement occurs, the Company shall recognize the settlement profit and loss of the defined benefit plan.

3. Short-term employee benefits

   Short-term employee benefit obligations are recognized as expenses when services are provided. If the Company has current legal or constructive payment obligations due to the past services provided by employees and the obligations can be estimated reliably, the amount shall be recognized as liabilities.

(16) Income Taxes

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

Current income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to income tax payable or tax refund receivable in previous years. The amount is the best estimate of the expected payment or receipt based on the legal tax rate or substantively enacted tax rate on the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

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.

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

(17) Earnings Per Share

The Company presents the basic and diluted earnings per share attributable to the Company's common equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stock holders and weighted average number of common shares outstanding. The Company's dilutive potential ordinary shares of the Company include stock options for employees.

(18) 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.

5. Significant Accounting Judgments and Key Sources of Estimation and Assumption Uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations 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.

Uncertainty of the following assumptions and estimates carries a significant risk of major adjustments of the resulting asset and liability book amount in the next financial year. It has already reflected the impact of the COVID-19 pandemic. The information is as follows:

Inventory valuation

As inventory shall be measured based on the cost or realizable value, whichever is lower; if on the Company's evaluation report date, the inventory has no market value, the inventory cost shall be offset to net realizable value. The net realizable value of the inventory is mainly determined based on the current market conditions. However, due to political, economic and real estate tax reforms, the above estimation may have a significant change. See Note 6(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:

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

(2) Level 2: 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).

(3) Level 3: 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 6(9) Investment Property
2. Note 6(23) Financial instrument.

6. Description of Significant Accounting Items

(1) Cash and cash equivalents

	2020.12.31	2019.12.31
Petty cash and cash on hand	$ 323	252
Bank deposits		
Check deposits	2,086,133	670,405
Demand deposits	155,917	13,781
Cash equivalents	2,825,943	1,327,940
Cash and cash equivalents in the parent company only statements of cash flows	**$ 5,068,316**	**2,012,378**

These cash equivalents are short-term notes expiring in February 2021 and February 2020, respectively; interest rate of these cash equivalents ranges from 0.24% to 0.28% and from 0.52% to 0.55%.

Disclosure of interest rate risk and sensitivity analysis of our financial assets and liabilities of the Company is detailed in Note 6(23).

(2) Financial assets at fair value through profit and loss

		2020.12.31	2019.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEx) listed company shares	$	23,622	23,445

Fair value remeasurement was recognized in profit or loss. Refer to Note 6(23) for details.

As of December 31, 2020, and 2019, none of the financial assets of the Company was pledged as collateral.

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

		2020.12.31	2019.12.31
Equity investments measured at FVTOCI			
Listed stock - Clientron Corp.	$	495	656
Unlisted stock - Everterminal Co. Ltd.		2,411	2,003
Total	$	2,906	2,659

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 equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Company in 2020 and 2019 were NT$232 thousand and NT$200 thousand.

   The Company did not dispose of strategic investment in 2020 and 2019, and accumulated profit and loss during that period were not transferred within the equity.

2. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(23).

3. No financial assets measured as FVTOCI were pledged as collateral.

(4) Notes and accounts receivable

		2020.12.31	2019.12.31
Notes receivable - incurred due to operating	$	355	2,157
Accounts receivables - measured at amortized cost		1,232,054	233,089
	$	1,232,409	235,246

The Company adopted a simplified method to estimate expected credit loss for notes receivable and accounts receivable, namely measurement through lifetime expected credit loss. For this purpose of measurement, the notes receivable and accounts receivable are grouped by the joint credit risk characteristics of the ability to pay the due amount according to the contract terms of representative customers, and incorporated into prospective information. As of December 31, 2018, analysis of expected credit losses on notes and accounts receivable in Taiwan was as follows:

	2020.12.31		
	Carrying amount	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Not past due	$ 1,232,409	-	-

	2019.12.31		
	Carrying amount	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Not past due	$ 235,246	-	-

For the years ended December 31, 2020 and 2019, no loss allowance on doubtful accounts and reversal of receivables written down were recognized.

(5) Inventories

	2020.12.31	**2019.12.31**
Prepayment for buildings and land	$ 4,235	4,235
Land held for construction	2,766,445	1,239,027
Construction in progress	13,090,422	16,647,598
Buildings and land held for sale	12,990,281	14,768,799
Total	$ 28,851,383	32,659,659

The amounts of the reversal of allowance for valuation loss written down due to sales of inventories were NT$0 and NT$30,262 thousand for 2020 and 2019, respectively.

For the years ended December 31, 2020 and 2019, the capitalization rates applied in the calculation of construction in progress were 1.869% and 2.101%. Refer to Note 6(22) for details on the amounts of capitalization.

See Note 8 for details about the provision of inventories of the Company as the pledge guarantee as of December 31, 2020, and 2019.

As of December 31, 2020, and 2019, the Company entrusted the statutory parking spaces held for sale to other parties, which amounted to NT$16,332 thousand in all periods.

(6) Investments accounted for using equity method

Investments of the company under equity method at reporting date are listed below:

	2020.12.31	**2019.12.31**
Subsidiary	$ 5,033,683	4,553,884

1. Subsidiaries

Please refer to the 2020 Consolidated Financial Statements.

2. Collateral

As of December 31, 2020, and 2019, please refer to Note 8 for the investments under the equity method of the Company was pledged as collateral.

3. 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.

(7) Property, plant, and equipment

The changes in the cost, depreciation and impairment losses of property, plant and equipment in 2020 and 2019 of the Company are as follows:

		Land	Buildings and constructions	Leasehold improvements	Other equipment (including transportation and other equipment)	Total
Cost or identified cost:						
Balance as of January 1, 2020	$	138,488	267,203	1,178	7,443	414,312
Additions		-	5,764	509	217	6,490
Disposal		-	-	-	(1,930)	(1,930)
Balance as of December 31, 2020	$	138,488	272,967	1,687	5,730	418,872
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
Depreciation and impairment Losses						
Balance as of January 1, 2020	$	-	126,822	976	5,692	133,490
Depreciation for the year		-	6,021	288	873	7,182
Disposal		-	-	-	(1,930)	(1,930)
Balance as of December 31, 2020	$	-	132,843	1,264	4,635	138,742
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
Carrying amount:						
December 31, 2020	$	138,488	140,124	423	1,095	280,130
December 31, 2019	$	138,488	140,381	202	1,751	280,822

Please refer to Note 8 for details of collateral for the financing line as of December 31, 2020, and 2019.

(8) Right-of-use assets

The cost and depreciation of leased transportation equipment were as follows:

	Transportation equipment
Cost:	
Balance as of January 1, 2020	$ 4,342
Additions	1,528
Balance as of December 31, 2020	**$ 5,870**
Balance as of January 1, 2019	$ -
Additions	4,342
Balance as of December 31, 2019	**$ 4,342**
Depreciation and impairment losses of the right-of-use assets:	
Balance as of January 1, 2020	$ 241
Depreciation	1,745
Balance as of December 31, 2020	**$ 1,986**
Balance as of January 1, 2019	$ -
Depreciation for the period	241
Balance as of December 31, 2019	**$ 241**
Carrying amount:	
December 31, 2020	**$ 3,884**
December 31, 2019	**$ 4,101**

(9) Investment Property

	Land and improvements	Buildings and constructions	Total
Cost or identified cost:			
Balance as of January 1, 2020	**$ 282,087**	**213,814**	**495,901**
Balance as of December 31, 2020	**$ 282,087**	**213,814**	**495,901**
Balance as of January 1, 2019	**$ 282,087**	**213,814**	**495,901**
Balance as of December 31, 2019	**$ 282,087**	**213,814**	**495,901**
Depreciation and impairment Losses			
Balance as of January 1, 2020	$ -	20,959	20,959
Depreciation for the year	-	4,192	4,192
Balance as of December 31, 2020	**$ -**	**25,151**	**25,151**
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**
Carrying amount:			
December 31, 2020	**$ 282,087**	**188,663**	**470,750**
December 31, 2019	**$ 282,087**	**192,855**	**474,942**
Fair value:			
December 31, 2020			**$ 1,091,823**
December 31, 2019			**$ 1,057,839**

Investment properties are commercial real estates leased to third parties. Refer to Note 6(15) 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 2020 and 2019 was 1.85% and 1.95%, respectively.

See Note 8 for details about the provision of investment property of the Company as the pledge guarantee as of December 31, 2020, and 2019.

(10) Intangible assets

The changes of cost, amortization, and impairment loss of the intangible assets of the Company for 2020 and 2019 are as follows

		Computer software
Cost:		
Balance as of January 1, 2020	$	11,098
Balance as of December 31, 2020	$	11,098
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
Amortization and impairment loss:		
Balance as of January 1, 2020	$	8,824
Amortization for the year		940
Balance as of December 31, 2020	$	9,764
Balance as of January 1, 2019	$	8,358
Amortization for the year		466
Balance as of December 31, 2019	$	8,824
Carrying amount:		
Balance as of December 31, 2020	$	1,334
Balance as of December 31, 2019	$	2,274

Amortization expense

Intangible assets amortization expenses for 2020 and 2019 are presented in the income statement under the following items:

	2020	2019
Operating expenses	$ 940	466

(11) Other financial assets - current and incremental costs of obtaining a contract

	2020.12.31	2019.12.31
Other financial assets - current	$ 1,995,393	3,187,328
Incremental costs to obtain contract with customers	121,038	144,525
	$ 2,116,431	3,331,853

1. Other financial assets

   For details on collateral pledged on restricted assets (reserve accounts and trust) and construction refundable deposits, please refer to Note 8.

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, 2020 and 2019, the amount of incremental costs were NT$246,654 thousand and NT$132,950 thousand, respectively.

(12) Short-term loans

Details of the company's short-term borrowings were as follows:

	2020.12.31	2019.12.31
Unsecured bank loans	$ 4,250,000	4,500,000
Secured bank loans	10,691,351	14,245,374
Total	$ 14,941,351	18,745,374
Range of effective rates	1.10%~2.44%	1.40%~2.55%

Refer to Note 8 for details on assets pledged as collateral for secured bank borrowings.

(13) 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:

	2020.12.31	2019.12.31
Secured ordinary corporate bonds - current-	$ 1,500,000	-
Secured ordinary corporate bonds - non-current-	4,000,000	4,500,000
Total	$ 5,500,000	4,500,000

1. The Company issued a secured corporate bond on October 7, 2020, in the amount of NT$ 1,000,000 thousand, at the rate of 0.60%, for the duration of 5 years.
2. 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.
3. For details on the aforementioned secured ordinary corporate bonds, please refer to Note 8.

(14) Lease liabilities

The carrying amount of lease liability is as follows:

	2020.12.31	2019.12.31
Current	$ 3,924	4,108

For maturity analysis, please refer to Note 6(23) Financial Instruments.

The amount related to lease liability in the consolidated statements of comprehensive income is as follows:

	2020	2019
Interest expense on lease liability	$ 90	15
Expenses relating to short-term leases and low-value asset leases	$ 22,137	51,128

The amount related to lease liability in the consolidated statements of cash flows is as follows:

	2020		2019
Total cash used in lease	$	23,939	51,377

Others lease

The Company leases transportation equipment and the lease period is 3 years. The Company leases office equipment and outdoor fixed-spot advertising. These leases are for short term and low-value items, and the Company chooses to apply the exemption recognition requirement instead of recognizing their right-of-use assets and lease liabilities.

(15) Operation lease

Lessor lease

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 6(9) for details.

The maturity analysis of the lease payment is listed as follows according to the non-discounted future cash flows of lease receivable after the reporting date:

	2020.12.31		2019.12.31
Not later than 1 year	$	10,526	10,526
Later than 1 year but not later than 2 years		6,556	10,526
Later than 2 years but not later than 3 years		4,571	6,556
Later than 3 years but not later than 4 years		4,590	4,571
Later than 4 years but not later than 5 years		4,820	4,590
Later than 5 years		4,620	9,440
Non-discounted future cash flows of lease	$	35,683	46,209

For the years ended on December 31, 2020, and 2019, the rental income from investment property both amounted to NT$10,526 thousand, respectively; no significant repair and maintenance expenses were recognized.

(16) 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:

	2020.12.31		2019.12.31
Present value of defined benefit obligations	$	12,649	12,949
Fair value of plan assets		(6,670)	(6,268)
Net defined benefit (assets) liabilities	$	5,979	6,681

Details on employee benefit liabilities were as follows:

	2020.12.31		2019.12.31
Short-term compensated absences liability	$	2,849	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 contributions to the pension funds were deposited with Bank of Taiwan, which amounted to NT$6,670 thousand on the reporting date. 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

The changes in the present value of defined benefit obligations of the Company in 2020 and 2019 are as follows:

		2020	**2019**
Defined benefit obligations at January 1	$	12,949	12,805
Current service costs and interest cost (income)		93	147
Remeasurement on the net defined benefit liabilities (assets)			
- Actuarial loss (gain) arising from changes in financial assumption		235	197
- Experience adjustments		2,449	172
Benefits paid by the plan		(3,077)	(372)
Fair value of plan assets at December 31	**$**	**12,649**	**12,949**

(3) Movements in fair value of plan assets

Changes in fair value of defined benefit plan assets of the Company in 2020 and 2019 are as follows:

		2020	**2019**
Fair value of plan assets at January 1	$	6,268	1,694
Interest income		27	21
Remeasurement on the net defined benefit liabilities (assets)			
- Return on plan assets (excluding amounts included in net interest expense)		183	84
Contributions paid by the employer		3,269	4,841
Benefits paid by the plan		(3,077	
	)		(372)
Fair value of plan assets at December 31	**$**	**6,670**	**6,268**

(4) The Company had no upper limit impact on defined benefit plan assets in 2020 and 2019.

(5) Expenses recognized in profit or loss

The expenses recognized as profit and loss of the Company in 2020 and 2019 are as follows:

	2020	2019
Interest costs of defined benefit obligations	$ 93	147
Net interest of net defined benefit liabilities (assets)	(27)	(21)
	$ 66	**126**

(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:

	2020	2019
Cumulative balance as of January 1	$ (10,169)	(9,884)
Recognized for the year	(2,502)	(285)
Cumulative Balance as of December 31	**$ (12,671)**	**(10,169)**

(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2020.12.31	2019.12.31
Discount rate	0.80%	1.00%
Future salary increases rate	1.75%	1.75%

Based on the actuarial report, the Company is expected to make a contribution payment of NT$198 thousand to the defined benefit plans for the one-year period after the reporting date of 2020.

The weighted average survival period of defined benefit plan is 10.1 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2020, and 2019 on the present value of defined benefit obligations is as follows:

	The impact on the defined benefit obligation	
	Increase by	**Decrease by**
December 31, 2020		
Discount rate (change by 0.25%)	(293)	303
Future salary increases rate (change by 1%)	1,244	(1,119)
December 31, 2019		
Discount rate (change by 0.25%)	(326)	337
Future salary increases rate (change by 1%)	1,394	(1,246)

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.

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

2. Defined contribution plans

The Company's defined contribution plan contributes 6% of the worker's monthly wage to the individual labor pension accounts at the Bureau of Labor Insurance per 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.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2020, and 2019 amounted to NT$4,168 thousand and NT$4,260 thousand, respectively.

(17) Income taxes

1. Income tax expense
Details of income tax expenses of the Company in 2020 and 2019 are as follows:

		2020	2019
Current tax expenses			
Accrued in current year	$	477,718	49,998
Surtax on unappropriated earnings		19,664	8,777
Adjustments to income tax expenses of precious period		(5,038)	13,791
Land revaluation increment tax		290,920	104,694
Income tax expense	**$**	**783,264**	**177,260**

For 2020, and 2019, no income tax expenses of the Company are recognized in equity or other comprehensive income.

The relationship between the income tax expense and the profit before tax of the Company in 2020 and 2019 is adjusted as follows:

		2020	2019
Net income before tax	$	4,137,235	1,460,786
Income tax using the Company's domestic tax rate	$	827,447	292,157
Non-taxable incomes on land		(214,210)	(155,448)
Timing differences on recognition of income and cost		29,165	9,424
Deferred tax on interest expenses		17,555	(2,428)
Domestic investment gain accounted for using equity method		(117,948)	(90,681)
Valuation (gain) loss on financial assets measured at fair value through profit or loss		(35)	66
Deferred tax on interest expenses		(21,343)	4,602
Total land price increase		(42,118)	-
Under (over) provision for the prior periods		(5,038)	13,791
Land revaluation increment tax		290,920	104,694
Surtax on unappropriated earnings		19,664	8,777
Others		(795)	(7,694)
	$	**783,264**	**177,260**

2. The Company's business income tax declaration has been approved by the collection authority until 2018.

(18) Capital and other equity interest

As of December 31, 2020 and 2019, the total value of nominal common stocks both amounted to NT$6,500,000 thousand, with a par value of NT$10 per share, both consisting of 650,000 thousand shares issued. There was 503,791 thousand shares of ordinary shares already issued.

1. Capital reserve

   The details of capital surplus were as follows:

		2020.12.31	2019.12.31
Shares premium	$	827,906	827,906
Premium on conversion of corporate bonds		236,408	236,408
Treasury stock transactions		270,473	254,535
Gains on disposal of assets		34,912	34,912
Others		26,398	26,112
	$	1,396,097	1,379,873

   In accordance with the Company Act, realized capital surplus can only be distributed to shareholders based on their original shareholding percentage as new shares or cash dividends after offsetting losses. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the processing standards regarding issuers' collection and issuance of negotiable securities, the capital reserve for capital has to be appropriated, and the total amount of appropriation every year shall not exceed 10% of the 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 there is no loss in the company, the legal reserve will be used to issue new shares or cash dividends upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in capital.

   (2) Special reserve

   A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve appropriated 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. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of December 31, 2020, the balance of special reserve is NT$25,804 thousand.

   (3) Earnings distribution

   The 2019 and 2018 distributions of earnings were resolved at the shareholders' meetings on June 19, 2020 and June 10, 2019, respectively. The dividends distributed to owners are as follows:

	2019		2018	
	Dividend rate (NT$)	Amount	Dividend rate (NT$)	Amount
Dividends to ordinary shareholders:				
Cash dividend	$ 1.50	755,687	1.00	503,791

3. Treasury stock

As of December 31, 2020, and 2019, the details of shares of the Company held by the Company's subsidiaries are as follows:

Unit: thousands shares

	2020.12.31			2019.12.31		
Subsidiary name	Number of shares	Carrying amount	Market value	Number of shares	Carrying amount	Market value
Kedge Construction	500	$ 1,222	16,825	500	1,222	15,950
Jiequn Investment Co., Ltd.	8,518	55,384	286,646	8,518	55,384	271,739
Guanqing Electromechanical Co., Ltd.	1,607	14,590	54,076	1,607	14,590	51,263
	10,625	$ 71,196	357,547	10,625	71,196	338,952

4. Other equity (net of tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2020	$ (26,264)	460	(25,804)
The exchange differences yielded by net assets of overseas operating institutions	(2,257)	-	(2,257)
Shares of unrealized gain (loss) from financial assets measured at FVTOCI	-	214	214
Balance as of December 31, 2020	$ (28,521)	674	(27,847)
Balance as of January 1, 2019	$ (25,910)	364	(25,546)
The exchange differences yielded by net assets of overseas operating institutions	(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)

(19) Earnings per Share

The basic and diluted earnings per share of the Company in 2020 and 2019 are calculated as follows:

1. Basic earnings per share

(1) Net income attributable to the shareholders of common stocks of the company

	2020	2019
	Units in continuing operations	Units in continuing operations

Net income attributable to the holders of common shares of the Company	$ 3,353,971	1,283,526

(2) Weighted-average number of ordinary shares outstanding

	2020	2019
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	**$ 6.80**	**2.60**

2. Diluted earnings per share

(1) Net income attributable to the shareholders of common stocks of the company (diluted)

	2020	2019
	Units in continuing operations	**Units in continuing operations**
Net income attributable to the shareholders of common stocks of the company (diluted)	$ 3,353,971	1,283,526

(2) Weighted-average number of outstanding ordinary shares (diluted)

	2020	2019
Weighted-average number of outstanding common stocks (basic) as of December 31	493,166	493,166
Influence of employees' share bonus	2,497	1,049
Weighted-average number of outstanding common stocks (diluted) as of December 31	**495,663**	**494,215**
Diluted earnings per share	**$ 6.77**	**2.60**

(20) Revenue of Customer Contract

1. Disaggregation of revenue

Details of income in 2020 and 2019 are as follows:

	2020	2019
Revenue from contracts with customers	$ 17,170,158	8,103,874
Revenue from investment properties	14,853	13,562
	$ 17,185,011	**8,117,436**

2. Disaggregation of revenue from contracts with customers

	2020	2019
Primary geographical markets:		
Taiwan	**$ 17,185,011**	**8,117,436**
Main products/services:		
Sales of real estate developments	$ 16,776,116	7,848,371
Sales of construction contracts	384,452	227,813
Service revenue	9,590	27,690

	2020	2019
Other incomes	14,853	13,562
	$ 17,185,011	8,117,436
Timing of revenue recognition:		
Upon transfer of products	$ 16,785,706	7,876,061
On the basis of stage of completion of contract activity	384,452	227,813
On the basis of time passed for services rendered	14,853	13,562
Total	$ 17,185,011	8,117,436

3. Contract balances

	2020.12.31	2019.12.31	2019.1.1
Accounts receivable	$ 1,232,054	233,089	500,346
Less: loss allowance	-	-	-
Total	$ 1,232,054	233,089	500,346
Contract assets - construction	$ 394,633	151,622	-
Less: loss allowance	-	-	-
Total	$ 394,633	151,622	-
Contract liabilities - construction	$ 6,703	18,415	-
Contract liabilities - buildings	4,257,365	5,177,387	3,937,293
Total	$ 4,264,068	5,195,802	3,937,293

Refer to Note 6(4) for details on accounts receivable and related loss allowance.

The beginning balance of contract liability on January 1, 2020, and 2019, were NT$1,289,250 thousand and NT$397,232 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, 2020, and 2019, no material changes were recognized.

As of December 31, 2020, the Company's 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$384,925 thousand. Details on the trust accounts were as follows:

Project code	**2020.12.31**
105A	$ 20,596
950B	364,329
	$ 384,925

(21) Compensation of employees, directors, and supervisors

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, profits must first be taken to offset against cumulative losses if any.

In 2020 and 2019, the Company's employee bonus was set aside for NT$70,829 thousand and NT$30,433 thousand respectively, and the Director's remuneration was set aside for NT$70,829 thousand and NT$30,433 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and Directors in each period multiplied by the distribution percentage of the bonus of employees and Directors stipulated in the Articles of Incorporation of the Company, and reported as the operating expenses of 2020 and 2019. 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 2020 and 2019.

(22) Non-operating income and expenses

1. Interest income

Details of interest income of the Company in 2020 and 2019 are as follows:

	2020	2019
Bank deposits (including short-term securities)	$ 6,906	8,079
Discounted construction refundable deposits	1,065	1,431
Others	1,110	-
	$ 9,081	**9,510**

2. Other income

Details of other income of the Company in 2020 and 2019 are as follows:

	2020	2019
Dividend income	$ 1,243	1,211

3. Other gains or losses

Details of other gains and losses of the Company in 2020 and 2019 are as follows:

	2020	2019
Net gain (loss) of financial assets measured at fair value through profit or loss	$ 177	(328)
Gain on disposal of assets	164	81
Foreign exchange losses	-	(4)
Other incomes	33,017	20,018
Others	(9,643)	(10,093)
	$ 23,715	**9,674**

4. Financial costs

Details of the financial cost of the Company in 2020 and 2019 are as follows:

	2020	2019
Interest expenses		
Interests on bank loans and deposits	$ 347,179	421,393
Transaction fees and interests on corporate bonds	88,405	86,563
Other financing costs	90	15
Less: Capitalization of interest	(177,430)	(165,200)
	$ 258,244	**342,771**

(23) Financial instrument

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	Less than 1 year	1 to 3 years-	3 to 5 years-
December 31, 2020					
Non-derivative financial liabilities					
Secured bank loans	$ 10,691,351	10,931,211	7,525,439	3,304,827	100,945
Unsecured bank loans	4,250,000	4,379,017	1,822,632	2,556,385	-
Notes and accounts payable and other payables (including related parties)	3,017,402	3,017,402	3,017,402	-	-
Ordinary bond (including current portion due within one year)	5,500,000	5,612,975	1,506,775	2,045,975	2,060,225
Lease liabilities	3,924	4,011	2,021	1,990	-
Guarantee deposits received	3,447	3,447	-	3,447	-
	$ 23,466,124	23,948,063	13,874,269	7,912,624	2,161,170
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 and accounts payable and other payables (including related parties)	2,562,087	2,562,087	2,562,087	-	-
Ordinary bond (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 received	3,418	3,418	-	3,418	-
	$ 25,814,987	26,639,796	9,320,479	10,820,297	6,499,020

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 interest rate exposure of derivatives and non-derivatives on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The 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 December 31, 2020, and 2019, 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$149,414 thousand and NT$187,454 thousand, respectively, and after considering capitalization of interest, to cause decrease (increase) by NT$88,565 thousand and NT$126,491 thousand, respectively. This change is mainly due to the Company's loans in variable rates.

4. Other market price risk

If the equity securities price changes on the reporting date (the same basis is adopted for the analysis for both periods, with the assumption that other variable factors remain unchanged), the impacts on the comprehensive gains or losses are as follows:

Securities price on the reporting date	2020 Other comprehensive income after tax	2020 Net income after tax	2019 Other comprehensive income after tax	2019 Net income after tax
Increasing 10%	$ 291	2,362	266	2,345
Decreasing 10%	$ (291)	(2,362)	(266)	(2,345)

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):

	2020.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	$ 23,622	23,622	-	-	23,622
Financial assets measured at FVTOCI - non-current	$ 2,906	495	-	2,411	2,906
Financial assets measured at cost after amortization					
Cash and cash equivalents	$ 5,068,316	-	-	-	-
Notes and accounts receivable	1,232,409	-	-	-	-
Other financial assets - current-	1,995,393	-	-	-	-
Subtotal	8,296,118	-	-	-	-
Total	$ 8,322,646	24,117	-	2,411	26,528
Financial liabilities measured at amortized costs					
Short-term borrowing	$ 14,941,351	-	-	-	-
Notes and accounts payable and other payables (including related parties)	3,017,402	-	-	-	-
Bonds payable (including current portion due within one year)	5,500,000	-	-	-	-
Lease liabilities	3,924	-	-	-	-
Guarantee deposits received	3,447	-	-	-	-
Total	$ 23,466,124	-	-	-	-

	2019.12.31				
		Fair value			
	Carrying amount	**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 cost after amortization					
Cash and cash equivalents	$ 2,012,378	-	-	-	-
Notes and accounts receivable	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 and accounts payable and other payables (including related parties)	2,562,087	-	-	-	-
Bonds payable (including current portion due within one year)	4,500,000	-	-	-	-
Lease liabilities	4,108	-	-	-	-
Guarantee deposits received	3,418	-	-	-	-
Total	**$ 25,814,987**	**-**	**-**	**-**	**-**

(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

	Measured at fair value through other comprehensive income		
	Equity instruments without public quotes	Debt instruments	Total
January 1, 2020	$ 2,003	-	2,003
December 31, 2020	$ 2,411	-	2,411
January 1, 2019	$ 2,674	-	2,674
December 31, 2019	$ 2,003	-	2,003

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among them, the assets still held on December 31, 2020 and 2019 are as follows:

	2020	2019
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets measured at fair value through other comprehensive income")	$ 408	(671)

(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 (22.3 for 2020 and 10.6 for 2019) - Discount for lack of marketability (15% for both 2020 and 2019)	- 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, 2020						
Financial assets measured at FVTOCI						
Equity investments without active market quotes	Price/earnings ratio	10%	-	-	219	(219)
Equity investments without active market quotes	Discount for lack of marketability	10%	-	-	284	(284)
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)

(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, 2020 and 2019, no changes in fair value hierarchy occurred, and therefore, no transfer were recognized.

(24) 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

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. 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 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) 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:

Organization name	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 December 31, 2020, and 2019, 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 stipulate that guarantees can be made available to subsidiaries and counterparties of whom the Company owns more than 50% of shares. As of December 31, 2020, and 2019, the Company provides no endorsements/guarantees mentioned above.

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.

(25) 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 December 31, 2020 and 2019, the Company had the same policy on capital management and maintained the debt-to-capital ratio between 60% to 70% to ensure reasonable cost of capital. The debt-to-capital ratios on December 31 of 2020 and 2019 are as follows:

	2020.12.31	2019.12.31
Total liabilities	$ 28,307,523	31,201,320
Less: cash and cash equivalents	(5,068,316)	(2,012,378)
Net liability	23,239,207	29,188,942
Total equity	15,237,901	12,627,504
Capital after adjustment	$ 38,477,108	41,816,446
Debt-to-capital ratio	60%	70%

(26) Investment and financing activities for non-cash transaction

The Company's non-cash investing and financing activities for the year ended on December 31, 2020, and 2019, are to acquire right-of-use assets through leases. Refer to Note 6(8) for details.

7. Related-Party Transactions

(1) Name of related parties and relations

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 Construction Co., Ltd. (Dingtian Construction)	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. (Global Mall (Tianjin) Co., Ltd.)	Subsidiary
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (the "Guan You")	Subsidiary
ReadyCom eServices Co. Ltd.	Associates
Retrieving data. Wait a few seconds and try to cut or copy again.	The entity's chairman is the second-degree relatives of the Company's Chairman

Name of related party	Relations with the company

(2) 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:

2020	Total Contract Amount (before tax)	Purchase (Current Price)	Cumulative Amount
Subsidiary - Kedge Construction	$ 17,709,729	5,733,902	11,592,336
2019			
Subsidiary - Kedge Construction	$ 20,037,538	5,000,015	10,158,533

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

	Purchases	
	2020	2019
Subsidiary - Global Mall	$ 190	-
Subsidiary - Dingtian	917	-
	$ 1,107	-

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	2020.12.31	2019.12.31
Notes payable - related parties	Subsidiary - Kedge Construction	$ 1,119,596	1,287,602
Accounts Payable - Related Party	Subsidiary - Kedge Construction	789,034	642,097
Accounts payable - related parties	Subsidiary - Dingtian	-	5,170
		$ 1,908,630	1,934,869

4. Endorsements/guarantees

Detail of the Company's endorsements/guarantees provided to its related parties were as follows:

Name of related party	2020.12.31	2019.12.31
Subsidiary	$ 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, 2020, and 2019, 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, 2020, and 2019, were NT$3,206 thousand and NT$2,482 thousand, respectively.

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. For the year ended December 31, 2019, all rights and obligations related to the identified lease asset were transferred to the subsidiary.

(2) In 2020 and 2019, the Company donated NT$5,500 thousand and NT$4,000 thousand to Yu San Foundation, a syndicate legal entity, for the promotion of the foundation's business.

(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.

(3) Key management personnel transactions

Remuneration to major management personnel includes:

		2020	2019
Short-term employee benefits	$	50,204	30,500
Post-employment benefits		95	117
	$	50,299	30,617

8. Pledged Assets

Carrying values of pledged assets were as follow:

Name of assets	Pledge guarantee object		2020.12.31	2019.12.31
Buildings and land held for sale	Bank loans	$	9,437,586	9,347,838
Land held for construction	Secured by bank		211,953	211,953
Construction in progress	Secured by bank		9,837,329	13,458,598
Investment properties and net value of property, plant, and equipment	Secured by bank		749,362	753,810
Other financial assets - current-	Bank loans, pre-sales payments in trust accounts, guarantees, and bonds payable		1,454,365	2,639,130
Long-term equity instruments accounted for using equity method	Bank loans and guarantees		2,879,806	3,515,098
		$	24,570,401	29,926,427

9. Significant, Contingent and Unrecognized Contract Liabilities

(1) Significant unrecognized contract commitments:

1. The total amount of contract construction contracts signed by the company was as follows:

		2020.12.31	2019.12.31
Total amount of contract construction	$	603,719	95,238
Amount of payments received	$	6,703	18,415

2. Total amount of sales contracts signed before and after the completion of construction were as follows:

	2020.12.31	2019.12.31
Amount of sales contracts signed	$ 11,127,512	14,898,155
Amount of payments received per contracts	$ 4,257,365	5,177,387

3. Details on refundable deposits and notes paid for co-developments with land owners and third-party developers as follows:

	2020.12.31	2019.12.31
Refundable deposits	$ 540,740	538,675
Refundable notes	$ 1,138,095	982,599

4. It is passed by the Board Meeting in December 2020, and 2019, that the Company promised to donate NT$6,000 thousand and NT$5,500 thousand in 2021 and 2020, respectively, to Kindom Yu San Education Foundation for the promotion of foundation affairs.

10. Significant Disaster Loss: None

11. Significant Events after the End of the Financial Reporting Period: None

12. Others:

A summary of employee benefits, depreciation, depletion, and amortization expenses, by function, is as follows:

Function / Nature	2020			2019		
	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefits:						
Salaries and wages	-	189,447	189,447	-	131,527	131,527
Labor insurance and national health insurance	-	8,347	8,347	-	8,109	8,109
Pension expenses	-	4,234	4,234	-	4,386	4,386
Directors' remuneration	-	73,981	73,981	-	32,398	32,398
Other employee benefits expenses	-	10,614	10,614	-	7,510	7,510
Depreciation expense	4,611	8,508	13,119	4,610	6,912	11,522
Amortization expense	-	940	940	-	466	466

The Company's employee number and employee benefit expenses in 2020 and 2019 are as follows:

	2020	2019
Number of employees	96	100
Number of Board members who are not employee	5	5
Average employee benefit expense	$ 2,337	1,595
Average salary expense	$ 2,082	1,384
Average salary adjustment	50.43%	
Remuneration to supervisors	$ -	212

The Company's salary and remuneration policy (including directors, managers, and employees) is as follows:

(1) Directors (including Independent Directors and other Directors):

The Board of Directors is authorized to determine the salary for the Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within Taiwan (R.O.C.). Remuneration for Independent Directors is paid on a monthly basis and is not involved in the annual director remuneration distribution.

If the Company has a profit for the year, no more than 2% shall be set aside as Directors' compensation. However, if the Company has accumulated losses, the amount shall first be reserved in advance.

(2) Company employees (including managers and general employees):

1. Fixed salary (basic salary and various fixed allowances)
2. Bonuses (such as development bonuses, business sales bonuses, etc.)
3. Employee compensation: According to the Company's Articles of Incorporation, if there is a profit, no less than 0.5% should be allocated as employee compensation, but when the company still has accumulated losses, it should reserve the loss recover amount in advance.
4. Others (compensation items provided based on special projects or special reasons, such as substitute supervisor allowance, transportation allowance, etc.)

13. Disclosure Notes

(1) Information on Material Transactions

In 2020, under Regulations Governing the Preparation of Financial Reports by Securities Issuers, information related to material transactions should be disclosed by the Company is as the following:

1. Loaning of fund to other parties: none
2. Providing endorsements/guarantees to other parties:

Unit: NT$ thousand

No.	Name of endorsement/ guarantee provider	Subject of endorsements/guarantees		Limits on Endorsement/ guarantee Provided to A Single Entity	Outstanding Endorsements/ guarantees - Maximum in current period	Ending Balance	Actual amount used	Amount of endorsement/ guarantees collateralized with assets	Ratio of Cumulative Balance of Endorsement/ guarantee to Net Equity as Stated in its Latest Financial Statement	Maximum endorsement/guarantee amount	Endorsement/guarantees provided by parent company to subsidiaries	Endorsement/guarantees provided by subsidiaries to parent company	Endorsement/guarantee provided to subsidiary in China
		Company name	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	$ 6,138,218	14,192	14,192	14,192	-	0.46%	6,138,218	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	54,187	14,192	14,192	14,192	-	26.19%	54,187	N	Y	N
2	〃	Kedge Construction	Parent company and subsidiary	8,128,105	1,376,500	1,376,500	1,376,500	-	2,540.28%	16,256,210	N	Y	N
3	Global Mall	Guan You	3	2,945,699	200,000	200,000	5,000	-	4.07%	5,891,398	Y	N	N
3	〃	Guan Hua	2	2,945,699	210,000	155,000	70,000	-	3.16%	5,891,398	Y	N	N

Note 1. Types of relationship that the endorsement/guarantee provider has with the guaranteed party:

(1) An entity with which it does business.

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

(3) An entity that directly and indirectly holds more than 50% of its voting shares.

(4) Between the companies in which the company directly or indirectly holds more than 90% 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 statements.

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 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	Types and names of securities	Relationship with the Security Issuer	Financial Statement Account	Ending Balance				Remarks
				Number of Shares	Carrying amount	Shareholding ratio	Fair value (Note)	
Kindom Development	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	505	23,622	- %	23,622	
〃	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	198	2,411	0.20 %	2,411	
〃	Stock - Clientron Corp.	-	〃	29	495	0.05 %	495	
Jiequn Investment	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	472	22,043	- %	22,043	
〃	Stock - SinoPac Securities Corporation	-	〃	211	2,417	- %	2,417	
〃	Stock - Huei Ding Computer	-	Financial assets measured at FVTOCI - non-current	405	-	0.78 %	-	
Guanqing Electromechanica	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTPL - current	419	19,579	- %	19,579	
〃	Stock - Commonwealth Publishing Company	-	Financial assets measured at FVTOCI - non-current	132	5,825	0.59 %	5,825	

Note: If market price is not available, the carrying amount of the security at the reporting date is determined as the market price.

4. Accumulated to buy or sell the same marketable securities amount to NT$ 300 million or more than 20% of the paid-up capital: None.

5. Acquisition of individual real estate properties at costs of at least NT$ 300 million or 20% of the paid-in capital:

Unit: NT$ thousand

Acquiring company	Property Name	Date of transaction or event	Transaction amount	Payment collection status	Related Party	Relationship	For related parties, the information on previous transaction				Reference for price determination	Purpose of acquisition and usage status	Other stipulations of the transaction
							Possessor	Relationship with the issuer	Date of transfer	Amount			
Global Mall	Right-of-use assets	2020.04	933,460	Not Applicable	Railway Bureau, MOTC	Not related	-	-	-	-	tender	For business	None
Kindom Development	Song Chang Duan	2020.08	1,485,865	1,485,865	Yumaowu Enterprise Co., Ltd.	Not related	-	-	-	-	Valuation	Planning and construction	None

6. Disposal of real estate at prices exceeding NT$ 300 million or 20% of the paid-in capital:

Unit: NT$ thousand

Disposing company	Property Name	Transaction Date	Date of acquisition	Carrying amount	Transaction amount	Receivable Collection	Gains (Losses) on Disposal	Related Party	Relationship	Purpose of disposal	Reference for price determination	Other stipulations of the transaction
Kindom Development	Inventory - buildings and land held for sale	2020.03	Not applicable: inventory produced, not acquired	Not Applicable	693,052	693,052	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: NT$ thousand

Company name	Name of transaction counterpart	Relation	Transaction details				Transactions with Terms Different from Others		Notes/accounts receivable (or payable)		Remarks
			Purchases/sales	Amount (Note 1)	Percentage of total purchase (sales)	Payment Terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (or payable)	
Kindom Development	Kedge Construction	Investees valued under equity method	Purchases for 103G and other projects	5,733,902	66.88 %	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(1,908,630)	74.60%	Note 2
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	041B etc	(5,733,902)	(37.99) %	Received payment by installment per contract or equivalent to a general transaction	〃	〃	1,908,630	48.95%	〃
Kedge Construction	Dingtian Construction	Investor in which Kedge Construction is accounted for using equity method	043A. etc	195,988	1.50 %	Per Payment Schedule in Contract or Equivalent to Other Transactions	〃	Equivalent to other transactions	(19,719)	(0.50)%	〃
Kedge Construction	Guanqing Electromechanical Co., Ltd.	〃	023A etc.	128,132	0.98 %	〃	〃	〃	(32,994)	(0.83)%	〃
Dingtian Construction	Kedge Construction	〃	043A etc.	(195,988)	(100.00) %	Received payment by installment per contract or equivalent to a general transaction	〃	〃	19,719	70.89%	〃
Guanqing Electromechanical Co., Ltd.	〃	〃	023A etc.	(128,132)	(70.17) %	〃	〃	〃	32,994	62.76%	〃

Note 1: Refers to the valuation amount for current period

Note 2: the above transactions had been written off in preparing the consolidated financial report.

8. Receivables from related parties with amounts exceeding NT$100 million or 20% of the paid-in capital:

Unit: NT$ thousand

The companies that record such transactions as receivables	Related Party	Relation	Ending Balance	Turnover Rate	Receivable Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	1,908,630	2.76	-	-	507,020	-

9. Engaging in the trading in derivative instruments: none

(2) Information on Reinvestment:

The information on the enterprises by the venture capital of merged companies in 2020 is as follows:

Unit: Thousands of New Taiwan Dollars or Thousands of Shares

Investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			investee Gain or loss in current period	Share of profit/loss of investee	Remarks
				End of the period	End of last year	Number of shares	Percentage of Ownership	Carrying amount			
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	36,248	34.18%	723,754	626,440	257,349	Subsidiary
〃	Global Mall	Taiwan	Supermarkets, department stores, international trading, wholesales of	3,209,395	3,209,395	320,105	84.02%	4,149,825	348,418	292,730	〃

				Original investment amount		Ending shareholding			investee		
Investor	Name of investee	Location	Principal business	End of the period	End of last year	Number of shares	Percentage of Ownership	Carrying amount	Gain or loss in current period	Share of profit/loss of investee	Remarks
			medical equipment, and retails								
″	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	102,000	102,000	10,200	51.00%	160,104	77,771	39,663	″
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	Investment	163,935	163,935	16,396	99.98%	395,247	10,544	10,542	Sub-subsidiary
″	Guanqing Electromechanical Co., Ltd.	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	210,000	4,082	4,080	″
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	16,256	757	227	Third-tier subsidiary
Guanqing Electromechanical Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	37,931	757	530	″
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	20,507	1	-	Investments accounted for using equity method
Global Mall	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	98,000	98,000	9,800	49.00%	153,826	77,771	38,108	Subsidiary
″	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	5,000	5,000	500	3.70%	952	(18,585)	(688)	Sub-subsidiary
″	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	143,605	6,246	6,246	″
″	KGM	Hong Kong	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	213,766 (HKD54,435 thousand)	213,766 (HKD54,435 thousand)	- (Co., Ltd.)	100.00%	46,945	19,656	19,656	″
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	130,000	130,000	13,000	96.30%	24,783	(18,585)	(17,897)	″

(3) Information on Investments in Mainland China:

1. Relevant information incl. names and principal business of investee in Mainland China

Unit: Thousands of USD, HKD, RMB or NTD

Names of investees in China	Principal business	Paid-in Capital	Method of investment	Cumulative Investment Outflow from Taiwan as of January 1, 2019	Investment Cash Flows: Outward remittance	Investment Cash Flows: Recover	Cumulative Investment Outflow from Taiwan as of December 31, 2019	Net income (loss) of the investee	The Company's percentage of ownership directly or indirectly	Share of Investee's Profit (Loss) Recognized	Carrying Amount as of December 31, 2019	Investment income received at the end of the current period
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 operation and management.	213,766 (CNY48,000)	Note 2	213,766 (CNY48,000)	- (CNY-)	- (CNY-)	213,766 (CNY48,000)	19,705 (HKD5,162)	100.00%	19,705 (HKD5,162)	47,274 (HKD12,871)	-

Note: Reinvest in mainland China through existing companies in a third location

2. Limitation on investment in mainland China:

Cumulative Investment Outflow from Taiwan at end of the year	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
CNY48,000	USD11,100	9,142,741

Note: The limited amount is capped at 60% of the parent company's net equity.

3. Significant transactions with investees in mainland China: none

(4) Information on Major shareholders:

Expressed in shares

Shareholding / Name of substantial shareholders	No. of shares held	Shareholding ratio
Yute Investment Co., Ltd.	96,304,670	19.11%
Mei-Chu, Liu	61,104,811	12.12%

14. Segment Information

Please refer to the 2020 Consolidated Financial Report.

VII. 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$ 1,000

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	45,563,542	46,414,826	851,284	1.87
Property, plant and equipment	6,703,794	6,586,166	(117,628)	(1.75)
Other assets	3,557,629	4,376,049	818,420	23.00
Total assets	55,824,965	57,377,041	1,552,076	2.78
Current liabilities	31,849,885	30,183,305	(1,666,580)	(5.23)
Non-current liabilities	9,562,171	9,828,179	266,008	2.78
Total liabilities	41,412,056	40,011,484	(1,400,572)	(3.38)
Equity capital	5,037,910	5,037,910	-	-
Capital surplus	1,379,873	1,396,097	16,224	1.18
Retained earnings	6,306,721	8,902,937	2,596,216	41.17
Other equity interest	(25,804)	(27,847)	(2,043)	7.92
Treasury stock	(71,196)	(71,196)	-	-
Non-controlling interests	1,785,405	2,127,656	342,251	19.17
Total shareholder's equity	14,412,909	17,365,557	2,952,648	20.49

Cause of an increase or decrease of 20% or more:
Other assets: Mainly due to the increase in the right to use assets.
Retained earnings and total shareholders' equity: Mainly due to the increase in net income for the period.

II. Financial performance:

(I) Comparative analysis on the consolidated income statement:

Unit: NT$ 1,000

Item \ Year	2019	2020	Increase (decrease)	Change as percentage
Operating revenue	15,326,899	27,345,405	12,018,506	78.41
Operating costs	11,298,605	20,234,794	8,936,189	79.09
Gross profit from operations	4,028,294	7,110,611	3,082,317	76.52
Operating expenses	1,829,565	1,941,779	112,214	6.13
Operating benefits	2,198,729	5,168,832	2,970,103	135.08
Non-operating income and expenditure	(384,465)	(280,033)	104,432	(27.16)
Net income before tax from continuing operating department	1,814,264	4,888,799	3,074,535	169.46
Less: Income tax expenses	268,041	983,662	715,621	266.98
Add: Cumulative implications of changes to GAAP	-	-	-	-
After-tax net profit of continuing operations	1,546,223	3,905,137	2,358,914	152.56

Cause of an increase or decrease of 20% or more: 1. Operating revenue, operating costs, gross profit from operations, operating benefits, net income before tax from continuing operating department, income tax expense, net profit after tax from continuing operating department: Mainly due to the substantial sales of existing houses in the construction department and the accounting of new completed projects 980F, 100C and 103G. 2. Non-operating income and expenditure: Mainly from impairment losses caused by reversal disposal of real estate, plant and equipment.

(II) Analysis on the change in gross operating profit

Unit: NT$ 1,000

	Before and after Amount of increase (decrease)	Cause of the difference			
		Selling price difference	Cost difference	Sales portfolio variance	Quantity variance
Gross profit from operations	3,082,317	-	-	-	-
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, 830I, 950B, 103G, 105A, 103B, 980F, 100C, and 101B completed in the building operation segment, under construction or on pre-sale, with a total number of saleable households exceeding 320. The building operation segment has implemented nearly 20 projects from external customers, with a total contract value over NT$32 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:

Year / Item	2019	2020	Increase (decrease) as percentage
Cash flow ratio (%)	10.04	32.75	226.20
Cash flow sufficiency ratio (%)	88.96	167.54	88.33
Cash re-investment ratio (%)	10.23	30.66	199.71
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) Corrective measures to be taken in response to illiquidity:

The consolidated cash inflow for 2020 was NT$5,281,364 thousand and the ending cash balance was NT$11,510,749 thousand, indicating normal liquidity.

(III) Cash liquidity analysis for the following year:

Unit: NT$ 1,000

Beginning 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
11,510,749	12,830,538	10,300,833	14,040,454	-	-

Analysis of changes in cash flow in the coming year:

1. Operating activities: It is expected that the new projects, construction in progress or pre-sale projects will be completed successively in the coming year, resulting in net cash inflow generated 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:

More than NT$388,105 thousand required by the department stores to carry out renovation works in 2020 was financed by bank loans and funds generated from operations.

(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 2020, for which the Company recognized the investment benefits respectively in the amount of NT$292,730,000, NT$39,663,000 and NT$257,349,000 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. 24, 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 June 28, 2019. Both parties rescinded the lease contract and completed the shopping mall handover in July 2019. The margin has been collected and the relevant profits and losses have been accounted as of December 31, 2020.

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, benchmark interest rate for financial institutions is currently at a low level, 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 in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company has been Transferred or has otherwise Changed Hands, and Mitigation Measures 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) Litigious and non-litigious matters. List major litigious, non-litigious or administrative events that: (1) involve the company and/or any company Director, any company supervisor, the General Manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

1. As to litigation and non-litigation events: For the company's Directors, Supervisors, President, person in charge, and shareholders who own 10% or more of the company's stock having, in the most recent two years up to the publication date of the Annual Report, been involved in litigation cases that have been settled or are still ongoing, and non-litigation cases or administrative disputes, the company shall disclose the facts in dispute, subject amount, starting date of litigation, major party concerned in litigation and action as of the publication date of the annual report.

Subject matter	Cause and current status	Impact on the Company's Financial Operation
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. The arbitration mediation was completed on June 28, 2019. Both parties rescinded the lease contract and completed the shopping mall handover in July 2019. The margin has been collected in 2020 and the relevant profits and losses have been accounted for.	There should be no significant implications.
041A Project	In 041A project contracted by the Consolidated Company, the construction firm of the neighboring factory owner claimed that damages were	There should be no significant implications.

	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.	

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	Responsibilities
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.
Internal Audit	To conduct inspect the day-to-day risk management.

	To supervise risk management activities, and report the implementation status to the Board of Directors and the Audit Committee.
Others	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.

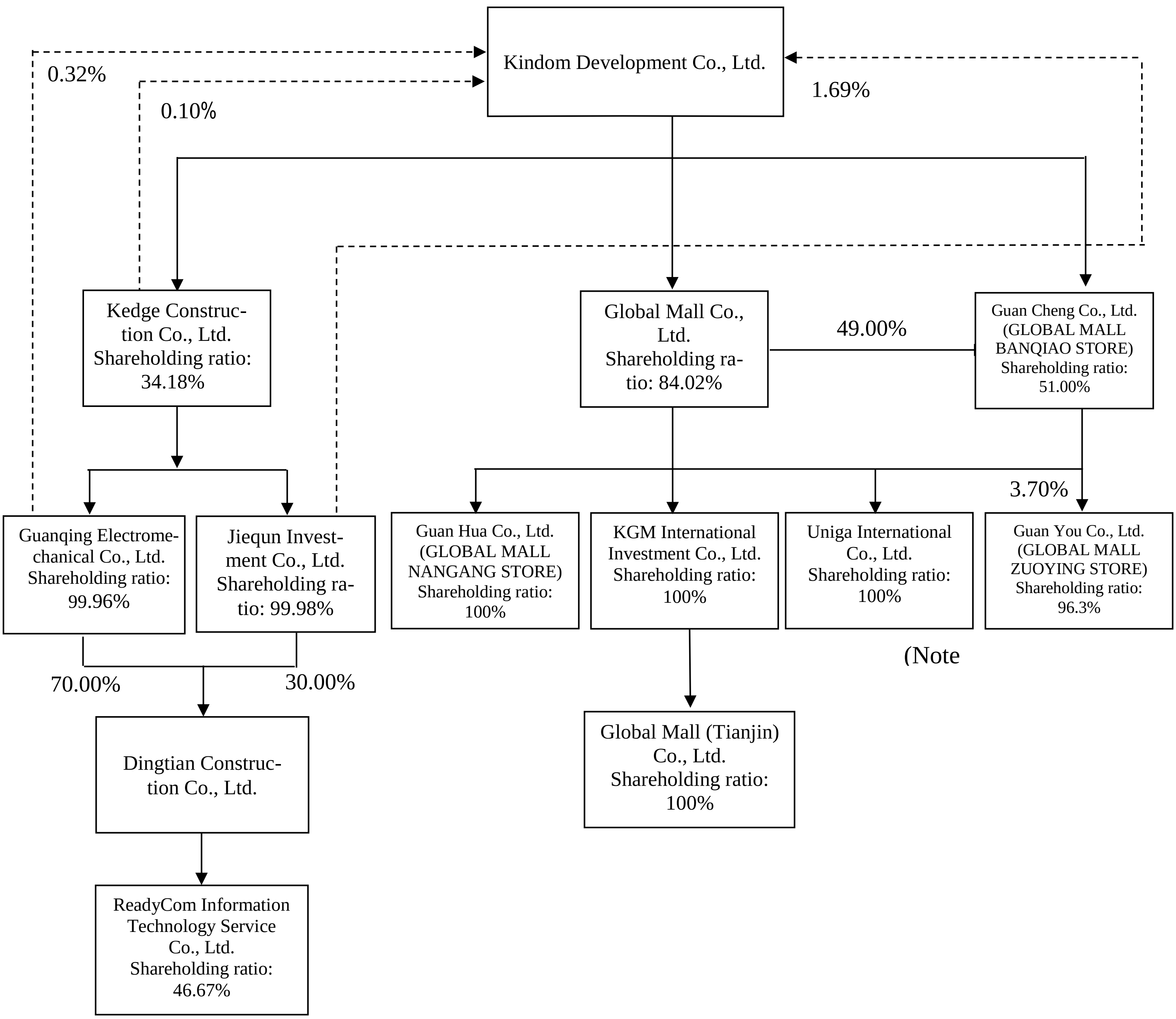
VII Other important matters: None.

Chapter 8 Special Disclosure

I. Information of Affiliated Companies:

(I) Organization Chart of Related Companies (Note 1):

December 31, 2020



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 November 5, 2018.

(II) Basic information of affiliated companies:

December 31, 2020 (Unit: NT$ 1,000)

Company name	Date of incorporation	Address	Paid-in capital	Principal business
Kindom Development Co., Ltd.	1979.11	2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (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	3F., No. 131, Sec. 6, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (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	3F., No. 131, Sec. 8, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (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	3F., No. 131, Sec. 8, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (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 November 5, 2018.
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	2015.07	3F., No. 131, Sec. 8, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (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 Center, 46 Gloucester Road 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$ 1,000

Presumed reason	Name	Shareholding		Date of incorporation	Address	Paid-in capital	Principal business
		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:

December 31, 2020 (Unit: NT$ 1,000; thousand shares; %)

Company name	Title	Name or representative	Number of Shares Held/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 9,000	19.12% 1.79%
	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: Ai-Wei Yuan	36,248 -	34.18% -
	Director	Kindom Development Co., Ltd. Legal Representative: Mike Ma	36,248 1,831	34.18% 1.73%
	Director	Kindom Development Co., Ltd. Legal Representative: Mei-Chu Liu	36,248 2,825	34.18% 2.66%
	Director	Kindom Development	36,248	34.18%

		Co., Ltd. Legal representatives: Ching-Sung Tseng	-	-
	Director	Kindom Development Co., Ltd. Legal representative: Yi-Fang, Huang	36,248 -	34.18% -
	Director	Kindom Development Co., Ltd. Legal representative: Shih-Hsuan Chou	36,248 74	34.18% 0.07%
	Independent Director	Shen-Yu Kung	-	-
	Independent Director	Hung-Chin Huang	-	-
	Independent Director	Kuo-Feng Lin	-	-
	General Manager	Hui-Jen Huang	24	0.02%

Note: Holding 144 shares.

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
Guanqing Electromechanical Co., Ltd.	Chairman	Kedge Construction Co., Ltd. Legal Representative: Chin-Hua Fan	7,747 -	99.96% -
	Director	Kedge Construction Co., Ltd. Legal Representative: Mike Ma	7,747 -	99.96% -
	Director	Kedge Construction Co., Ltd. Legal Representative: Jung-Tai Chen	7,747 -	99.96% -
	Director	Kedge Construction Co., Ltd. Legal Representative: Chien-fang Huang	7,747 -	99.96% -
	Director	Kedge Construction Co., Ltd. Legal representative: Shu-Lian, Chang	7,747 -	99.96% -
	Supervisor	Ming-Nai Ma	-	-
Global Mall Co., Ltd.	Chairman and General Manager	Kindom Development Co., Ltd. Legal Representative: Mike Ma	320,105 -	84.02% -
	Director	Kindom Development Co., Ltd. Legal Representative: Ming-Tao, Chen	320,105 -	84.02% -
	Director	Kindom Development Co., Ltd. Legal representatives: Ching-Sung Tseng	320,105 -	84.02% -
	Director	Kindom Development Co., Ltd. Legal Representative: Jung-Tai Chen	320,105 -	84.02% -
	Director	Kindom Development	320,105	84.02%

		Co., Ltd. Legal Representative: Hui-Jen Huang	-	-
	Director	Kindom Development Co., Ltd. Legal Representative: Chin-Hua Fan	320,105 -	84.02% -
	Director	Kindom Development Co., Ltd. Legal Representative: Sheng-An Chang	320,105 -	84.02% -
	Director	Qilu Enterprise Co., Ltd. Legal Representative: Chang-Jung Huang	54,095 -	14.20% -
	Director	Kindom Development Co., Ltd. Legal Representative: Vacancy	320,105 -	84.02% -
	Supervisor	Ho Chin-Fu	-	-
	Supervisor	Qiyang Development Co., Ltd. Legal Representative: Kuo-Ping Chen	(Note) -	- -

Note: Holding 100 shares.

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Sharehold-ing/capital contribution ratio
Jiequn Investment Co., Ltd.	Chairman	Kedge Construction Co., Ltd. Number of legal repre-sentatives: Shu-Yuan Lin	16,396 -	99.98% -
	Director	Kedge Construction Co., Ltd. Legal Representative: Mike Ma	16,396 -	99.98% -
	Director	Kedge Construction Co., Ltd. Legal Representative: Ming-Nai Ma	16,396 -	99.98% -
	Director	Kedge Construction Co., Ltd. Legal Representative: Chun-Ming Chen	16,396 -	99.98% -
	Director	Kedge Construction Co., Ltd. Legal Representative: Wen-Yen Lin	16,396 -	99.98% -
	Supervisor	Ko-Hou Kuo	-	-
	Supervisor	Wen-Hsiung Chou	-	-
Dingtian Construction Co., Ltd.	Chairman	Guanqing Electrome-chanical Co., Ltd. Legal representative: Shih-Hsuan Chou	1,610 -	70.00% -
ReadyCom Infor-mation Technology Service Co., Ltd.	Chairman	Yu-Chang Li	-	-
	Director	Ming-Nai Ma	-	-
	Director	Ta-Lung Ho	-	-
	Supervisor	Dingtian Construction Co., Ltd. Legal Representative: Shau-Ling Ma	1,400 -	46.67% -
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	Chairman	Kindom Development Co., Ltd. Legal Representative: Mike Ma	10,200 -	51.00% -

	Director	Kindom Development Co., Ltd. Legal Representative: Chuan-Chieh Tan	10,200 -	51.00% -
	Director	Kindom Development Co., Ltd. Legal Representative: Yi-Hwa Chen	10,200 -	51.00% -
	Supervisor	Global Mall Co., Ltd. Legal Representative: Ming-Nai Ma	9,800 -	49.00% -
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE)	Chairman	Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE) Legal Representative: Mike Ma	13,000 -	96.3% -
	Supervisor	Legal representative of Global Mall Co., Ltd.: Li-Ya Chen	500 -	3.7% -

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
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% -
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% -

Note: The amount represents the capital contribution.

(VI) An overview of the operations of each affiliate

December 31, 2020 (Unit: NT$ 1,000) (except for earnings per share)

Company name	Capital	Total assets	Total liabilities	Net	Operating revenue	Operating (losses) profits	Gain or loss in current period (After-tax)	Earnings per share (NT$) (After-tax)
Kindom Development Co., Ltd.	5,037,910	43,545,424	28,307,523	15,237,901	17,185,011	3,771,698	3,353,971	6.80
Kedge Construction Co., Ltd.	1,060,357	9,289,889	6,220,780	3,069,109	14,103,408	770,471	626,440	5.91
Guanqing Electromechanical Co., Ltd.	77,500	330,947	120,866	210,081	160,519	168	4,082	0.53
Jiequn Investment Co., Ltd.	164,000	396,229	894	395,335	12,957	11,067	10,544	0.64
Dingtian Construction Co., Ltd.	23,000	141,818	87,631	54,187	178,290	1,022	757	(Note 2)
ReadyCom Information Technology Service Co., Ltd.	30,000	65,344	21,401	43,943	61,087	(2,385)	-	-
Global Mall Co., Ltd.	3,810,000	10,903,901	5,994,402	4,909,499	964,742	362,787	348,418	0.91
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	200,000	1,219,165	905,235	313,930	306,321	123,226	77,771	3.89
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE)	135,000	121,609	95,874	25,735	35,623	(12,141)	(18,585)	(1.38)
Uniga International Co., Ltd. (Note1)	175,000	87,495	-	87,495	-	8	8	0.00
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	140,000	778,048	634,443	143,605	98,408	13,473	6,246	0.45
KGM International Investment Co., Ltd.	213,766	47,327	381	46,946	-	(49)	19,656	(Note 2)
Global Mall(Tianjin)Co., Ltd.	213,766	50,915	3,642	47,273	-	(2,255)	19,705	(Note 2)

Note 1: Uniga International Co., Ltd. completed liquidation on November 5, 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 of Declaration

It is hereby declared that the Company's 2020 Affiliation Report (from January 1, 2020 to December 31, 2020) has been prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period.

Hereby declared,

Company name: Kindom Development Co., Ltd.

Chairman: Mike Ma

Date: March 26, 2021

CPA's Review Opinion on the Affiliation Report

To: Kindom Development Co., Ltd.

The Affiliation Report for 2020 of Kindom Development 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 2020 of Kindom Development 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 26, 2021, 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

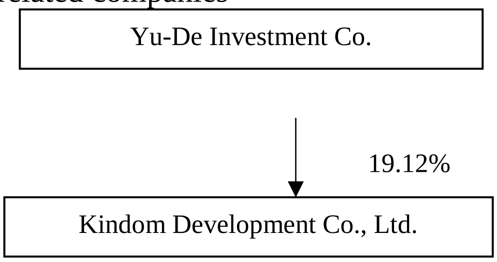
CPA :

The original Ministry of Finance Securities & Futures Commission Letter No.	: No. (88) Taiwan-Finance-Securities-(6)-18311
Certified No.	: Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1090332798

March 26, 2021

Kindom Development Co., Ltd.

1. Organizational chart of related companies



2. Summary of relations between subsidiaries and controlling companies:

December 31, 2020 (Unit: shares; %)

Name of controlling company	Reason	Shareholding and share pledge of controlling company			Directors, Supervisor or managers appointed by the controlling company	
		No. of shares held	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:

March 31, 2021 (Unit: NT$ 1,000; thousand shares; %)

Subsidiary name (Note 1)	Paid-in capital	Capital source	The Company's shareholding ratio	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%	2020	-Shares -NT$1,000	-Shares -NT$1,000	-	1,607,000 shares 54,076 thousand	None	-	-
				The current year as of the date of this Annual Report	-Shares -NT$1,000	-Shares -NT$1,000	-	1,607,000 shares 63,557 thousand	None	-	-
Kedge Construction Co., Ltd.	1,060,357	Cash	34.18%	2020	-Shares -NT$1,000	-Shares -NT$1,000	-	500,000 shares 16,825 thousand	None	-	-
				The current year as of the date of this Annual Report	-Shares -NT$1,000	-Shares -NT$1,000	-	500,000 shares 19,775 thousand	None	-	-
Jiequn Investment Co., Ltd.	164,000	Cash	34.17%	2020	-Shares -NT$1,000	-Shares -NT$1,000	-	8,518,450 shares 286,646 thousand	None	-	-
				The current year as of the date of this Annual Report	-Shares -NT$1,000	-Shares -NT$1,000	-	8,518,450 shares 336,905 thousand	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