Stock Code: 2520

Kindom Development Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

For 2021 and 2020

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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 the Republic of China If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

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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, 2021, and 2020, 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, 2021, and 2020.

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, 2021, and 2020, and its financial performance and cash flows for the annual periods ended December 31, 2021, and 2020, 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 2021 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 99% 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, 2021, Kindom Development Co., Ltd.'s inventory amounts to NT$21,328,692 thousand and accounts for 56% 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 the most recent nearby transaction, 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 2021. 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 25 2022

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, 2021, and 2020

Unit: NT$ thousand

Code	Assets	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Notes 6(1) & (23))	$ 9,855,789	25	5,068,316	12
1110	Financial assets measured at fair value through profit or loss - current (Notes 6(2) & (23))	43,878	-	23,622	-
1141	Contract assets - current (Note 6(20))	39,235	-	394,633	1
1150	Net notes receivable (Notes 6(4) & (23))	-	-	355	-
1170	Net accounts receivable (Notes 6(4), (20) & (23))	120,179	-	1,232,054	3
1320	Inventories - construction (Notes 6(5) & 8)	21,328,692	56	28,851,383	66
1410	Prepayments	28,786	-	43,744	-
1476	Other financial assets - current (Notes 6(11), (20), (23) & 8)	1,565,806	4	1,995,393	5
1479	Other current assets, others	18,020	-	22,199	-
1480	Incremental costs of obtaining a contract - current (Note 6(11))	50,897	-	121,038	-
		33,051,282	85	37,752,737	87
	Non-current assets:				
1517	Financial assets measured at fair value through other gain or loss - non-current (Notes 6(3) & (23))	4,591	-	2,906	-
1550	Investments accounted for using the equity method (Notes 6(6) & 8)	5,244,133	13	5,033,683	11
1600	Property, plant and equipment (Notes 6(7) & 8)	283,095	1	280,130	1
1755	Right-of-use assets (Note 6(8))	3,294	-	3,884	-
1760	Investment-based real estate (Notes 6(9), (15) & 8)	466,558	1	470,750	1
1780	Intangible assets (Note 6(10))	474	-	1,334	-
		6,002,145	15	5,792,687	13
	Total assets	**$ 39,053,427**	**100**	**43,545,424**	**100**

Code	Liabilities and equity	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans (Notes 6(12) & (23))	$ 14,279,725	37	14,941,351	34
2130	Contract liabilities - current (Note 6(20))	1,055,713	3	4,264,068	10
2150	Notes payable (Note 6(23))	43,258	-	54,625	-
2160	Notes payable - related parties (Notes 6(23) & 7)	176,942	-	1,119,596	3
2170	Accounts payable (Note 6(23))	536,877	1	595,097	1
2181	Accounts receivables - related parties (Notes 6 (23) & 7)	659,813	2	789,034	2
2200	Other payables (Note 6(23))	225,469	1	459,050	1
2230	Current tax liabilities	428,952	1	496,701	1
2251	Employee benefit liability reserve - non-current (Note 6(16))	2,884	-	2,849	-
2280	Lease liabilities - current (Notes 6(14) & (23))	3,344	-	3,924	-
2321	Bonds Payable or Put Option Execution - Current Portion (Notes 6(13) & (23))	-	-	1,500,000	4
2399	Other current liabilities - others	44,878	-	43,054	-
		17,457,855	45	24,269,349	56
	Non-current liabilities:				
2530	Corporate bonds payable (Notes 6(13) & (23))	4,000,000	10	4,000,000	9
2640	Net Defined Benefit Liability - Non-current (Note 6(16))	2,935	-	5,979	-
2645	Refundable deposits (Note 6(23))	1,042	-	3,447	-
2670	Other non-current liabilities - others	28,834	-	28,748	-
		4,032,811	10	4,038,174	9
	Total liabilities	21,490,666	55	28,307,523	65
	Equity (Note 6 (18)) :				
3100	Share capital	5,541,701	14	5,037,910	12
3200	Capital reserve	1,421,924	4	1,396,097	3
3300	Retained earnings	10,697,059	27	8,902,937	20
3400	Other equity	(26,727)	-	(27,847)	-
3500	Treasury stock	(71,196)	-	(71,196)	-
	Total equity	17,562,761	45	15,237,901	35
	Total liabilities and equity	**$ 39,053,427**	**100**	**43,545,424**	**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, 2021 and 2020

Unit: NT$ thousand

		2021 Amount	%	2020 Amount	%
4000	**Operating income (Notes 6 (15) & (20))**	$ 16,105,554	100	17,185,011	100
5000	**Operating Costs (Note 6(5))**	11,536,161	72	12,601,628	73
	Gross profit	4,569,393	28	4,583,383	27
5920	Less: Realized profit or loss on sales	85	-	85	-
	Gross profit from operations	4,569,308	28	4,583,298	27
	Operating costs (Notes 6(21) & 7):				
6100	Selling expenses	255,126	2	425,871	3
6200	General and administrative expenses	365,097	2	385,729	2
		620,223	4	811,600	5
	Net operating income	3,949,085	24	3,771,698	22
	Non-operating income and expenses:				
7100	Interest income (Note 6(22))	12,117	-	9,081	-
7010	Other income (Note 6(22))	1,680	-	1,243	-
7020	Other benefits and losses (Note 6(22))	31,575	-	23,715	-
7050	Finance costs (Notes 6(22))	(214,898)	(1)	(258,244)	(2)
7070	Share of the profit of subsidiaries, associates, and joint ventures accounted for using the equity method	417,232	3	589,742	4
		247,706	2	365,537	2
	Profit before tax from continuing operating department	4,196,791	26	4,137,235	24
7950	**Less: Income tax expense (Note 6(17))**	688,688	4	783,264	5
	Net income	3,508,103	22	3,353,971	19
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	(553)	-	(2,502)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,974	-	247	-
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	(262)	-	401	-
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	(1,131)	-	(2,257)	-
8300	**Other comprehensive loss (net of taxes)**	28	-	(4,111)	-
	Total comprehensive income for the year	**$ 3,508,131**	**22**	**3,349,860**	**19**
	Earnings per share (Note 6(19))				
9750	**Basic Earnings Per Share (NT$)**	**$ 6.47**		**6.18**	
9850	**Diluted Earnings Per Share (NT$)**	**$ 6.44**		**6.15**	

(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, 2021 and 2020

Unit: NT$ thousand

	Share capital		Retained earnings				Other equity interest			
	Share capital of ordinary shares	Capital reserve	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, 2020	$ 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 for the period	-	-	-	-	(2,068)	(2,068)	(2,257)	214	-	(4,111)
Total comprehensive income for the year	-	-	-	-	3,351,903	3,351,903	(2,257)	214	-	3,349,860
Appropriation of earnings:										
Legal reserve appropriated	-	-	128,355	-	(128,355)	-	-	-	-	-
Special reserve appropriated	-	-	-	258	(258)	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	(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
Net income	-	-	-	-	3,508,103	3,508,103	-	-	-	3,508,103
Other comprehensive income for the period	-	-	-	-	(1,092)	(1,092)	(1,131)	2,251	-	28
Total comprehensive income for the year	-	-	-	-	3,507,011	3,507,011	(1,131)	2,251	-	3,508,131
Appropriation of earnings:										
Legal reserve appropriated	-	-	335,191	-	(335,191)	-	-	-	-	-
Special reserve appropriated	-	-	-	2,043	(2,043)	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	(1,209,098)	(1,209,098)	-	-	-	(1,209,098)
Share dividends of common stocks	503,791	-	-	-	(503,791)	(503,791)	-	-	-	-
Changes in equity of associates and joint ventures accounted for under the equity method	-	37	-	-	-	-	-	-	-	37
Changes in capital reserve from dividends paid to subsidiaries	-	25,501	-	-	-	-	-	-	-	25,501
Unclaimed dividends after effective period	-	289	-	-	-	-	-	-	-	289
Balance as of December 31, 2021	$ 5,541,701	1,421,924	2,151,969	27,847	8,517,243	10,697,059	(29,652)	2,925	(71,196)	17,562,761

(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, 2021 and 2020

Unit: NT$ thousand

		2021	2020
Cash flows from operating activities:			
Income before income tax	$	4,196,791	4,137,235
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation		18,102	13,119
Amortization		860	940
Net gain on financial assets and liabilities measured at fair value through profit or loss		(19,121)	(177)
Interest expense		214,898	258,244
Interest income		(12,117)	(9,081)
Dividend income		(1,680)	(1,243)
Share of profit of subsidiaries, associates and joint ventures using equity method recognition		(417,232)	(589,742)
Gains on disposal of property, plant and equipment		-	(164)
Total adjustments to reconcile profit (loss)		(216,290)	(328,104)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (increase) in contract assets		355,398	(243,011)
Decrease in notes receivable		355	1,802
Decrease (increase) in accounts receivable		1,111,875	(998,965)
Decrease in inventory		7,645,798	3,985,706
Decrease in prepayments		14,958	34,285
Decrease in other financial assets - current		429,587	1,191,935
Decrease (increase) in other current assets		4,179	(9,511)
Decrease in costs of obtaining a contract		70,141	23,487
Total changes in operating assets		9,632,291	3,985,728
Total changes in operating liabilities:			
Decrease in contract liabilities		(3,208,355)	(931,734)
Increase (decrease) in notes payable		(11,367)	18,599
Decrease in notes payable - related parties		(942,654)	(168,006)
Increase (decrease) in accounts payable		(58,220)	124,984
Increase (decrease) in accounts payable - related parties		(129,221)	141,767
Increase (decrease) in other payables		(224,215)	336,777
Increase (decrease) in provisions for employee benefit - current		35	(255)
Increase (decrease) in guarantee deposits		(2,405)	29
Increase (decrease) in other current liabilities		1,824	(102,788)
Decrease in net defined benefit liabilities		(3,597)	(3,204)
Increase in other non-current liabilities		86	86
Total changes in operating liabilities		(4,578,089)	(583,745)
Total changes in operating assets and liabilities		5,054,202	3,401,983
Total adjustments		4,837,912	3,073,879
Cash flows generated from operations		9,034,703	7,211,114
Income taxes paid		(756,437)	(292,805)
Net cash flows from operating activities		8,278,266	6,918,309

Kindom Development Co., Ltd.
Parent Company Only Statements of Cash Flows (continued)
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(703)	-
Payment returned on capital reduction of financial assets at fair value through other comprehensive income	992	-
Financial assets at fair value through profit or loss	(1,135)	-
Acquisition of property, plant and equipment	(14,393)	(6,490)
Disposal of property, plant and equipment	-	164
Decrease in equipment prepayment	-	5,222
Interests received	12,117	9,081
Dividends received	232,607	125,286
Net Cash Generated from (Used in) Investing Activities	229,485	133,263
Cash flows from financing activities:		
Increase in short-term loans	4,176,600	6,843,595
Decrease in short-term loans	(4,838,226)	(10,647,618)
Increase in short-term notes and bills payable	220,000	1,010,000
Decrease in short-term notes and bills payable	(220,000)	(1,010,000)
Issuance of convertible corporate bonds	-	1,000,000
Redemption of convertible corporate bonds	(1,500,000)	-
Repayments of lease principal	(2,472)	(1,712)
Cash dividends distributed	(1,209,098)	(755,687)
Interests paid	(347,082)	(434,212)
Net cash flows used in financing activities	(3,720,278)	(3,995,634)
Net increase in cash and cash equivalents	4,787,473	3,055,938
Cash and cash equivalents at beginning of the period	5,068,316	2,012,378
Cash and cash equivalents at end of the period	**$ 9,855,789**	**5,068,316**

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

Kindom Development Co., Ltd.

Notes to the Parent Company Only Financial Statements

For 2021 and 2020

(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 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

The Parent Company Only Financial Statements were published upon approval by the Board of Directors on March 25, 2022.

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.

The Company has adopted the following newly amended IFRSs starting from January 1, 2021, which have not had 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 2"

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 16 "COVID-19-Related Rent Concessions after June 30, 2021"

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

The Company has assessed that the application of the above newly endorsed IFRS, effective on January 1, 2022, will not result in a material impact on the parent company only financial statements.

- 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"

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

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

New, revised or amended standards and interpretations	Main amendments	Effective date released by the 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 conversion into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	The amendment restricts the scope of the recognition exemption, which is no longer applicable when the original recognition of the transaction results in an equal amount of taxable and deductible temporary differences.	January 1, 2023

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.

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 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 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 described 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. Land held for construction

   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 5 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) 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.

1. 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.

2. 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 obligations, revenue is recognized only to the extent that contract costs incurred are expected to be recoverable.

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

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

(3) Rental income

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

(4) Financing components

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

2. 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.

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.

(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.

(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 Major Sources of Estimation and Assumption Uncertainty

The preparation of the parent company only financial statements 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 Note 6(9) Investment Property

2. Note 6(23) Financial instrument.

6. Description of Significant Accounting Items

(1) Cash and cash equivalents

	2021.12.31	2020.12.31
Petty cash and cash on hand	$ 302	323
Bank deposits		
Check deposits	1,989,270	2,086,133
Demand deposits	4,045,309	155,917
Cash equivalents	3,820,908	2,825,943
Cash and cash equivalents in the parent company only statements of cash flows	$ 9,855,789	5,068,316

These cash equivalents are short-term notes expiring in February 2022 and February 2021, respectively; interest rate of these cash equivalents ranges from 0.25% to 0.27% and from 0.24% to 0.28%.

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 or loss

		2021.12.31	2020.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEx) listed company shares	$	43,878	23,622

For the gains or losses on remeasurement at fair value, please refer to Note 6(23).

As of December 31, 2021, and 2020, none of the financial assets of the Company was pledged as collateral.

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

		2021.12.31	2020.12.31
Equity investments measured at FVTOCI			
Listed stock - Fubon Financial Holding Co., Ltd. Preferred Shares C	$	704	-
Listed stock - Clientron Corp.		973	495
Unlisted stock - Everterminal Co., Ltd.		2,914	2,411
Total	$	4,591	2,906

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 2021 and 2020 were NT$164 thousand and NT$232 thousand.

   The Company did not dispose of strategic investment in 2021 and 2020, 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. None of the aforementioned financial assets has been pledged as collateral.

(4) Notes and accounts receivable

		2021.12.31	2020.12.31
Notes receivable - incurred due to operating	$	-	355
Accounts receivables - measured at amortized cost		120,179	1,232,054
	$	120,179	1,232,409

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. The analysis of expected credit losses on notes and accounts receivable in Taiwan was as follows:

	2021.12.31		
	Carrying amount	**Weighted average expected credit loss rate**	**Allowance for lifetime expected credit losses**
Not past due	$ 120,179	-	-

	2020.12.31		
	Carrying amount	**Weighted average expected credit loss rate**	**Allowance for lifetime expected credit losses**
Not past due	$ 1,232,409	-	-

For the years ended December 31, 2021 and 2020, no loss allowance on doubtful accounts and reversal of receivables written down were recognized.

(5) Inventories

	2021.12.31	2020.12.31
Prepayments for buildings and land	$ 4,235	4,235
Land held for construction	2,609,060	2,766,445
Construction in progress	8,420,374	13,090,422
Buildings and land held for sale	10,295,023	12,990,281
Total	$ 21,328,692	28,851,383

The amount of inventory valuation loss recognized in net realizable value due to written down inventories was NT$6,667 and NT$0 for 2021 and 2020, respectively, and was reported as cost of goods sold.

For the years ended December 31, 2021 and 2020, the capitalization rates applied in the calculation of construction in progress were 1.756% and 1.869%. 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, 2021, and 2020.

As of December 31, 2021, and 2020, 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:

	2021.12.31	2020.12.31
Subsidiary	$ 5,244,133	5,033,683

1. Subsidiary

   Please refer to the 2021 Consolidated Financial Statements.

2. Collateral

   As of December 31, 2021, and 2020, 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 sub-subsidiary of Global Mall, the company's investments accounted for using the equity method. On April 19, 2021, Grand Mall Tianjin the registration of cancellation and remitted the remaining shares to its parent company,KGM International Investment Co., Ltd. in December of the same year.

(7) Property, Plant and Equipment

The changes in the cost, depreciation and impairment losses of property, plant and equipment in 2021 and 2020 of the Company are as follows:

	Land	Buildings	Leasehold improvements	Other equipment (including transportation and other equipment)	Total
Cost or deemed cost:					
Balance as of January 1, 2021	$ 138,488	272,967	1,687	5,730	418,872
Addition	-	14,277	-	116	14,393
Disposal	-	-	(570)	-	(570)
Balance as of December 31, 2021	$ 138,488	287,244	1,117	5,846	432,695
Balance as of January 1, 2020	$ 138,488	267,203	1,178	7,443	414,312
Addition	-	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
Depreciation and impairment Losses					
Balance as of January 1, 2021	$ -	132,843	1,264	4,635	138,742
Depreciation for the year	-	10,679	169	580	11,428
Disposal	-	-	(570)	-	(570)

	Land	Buildings	Leasehold improvements	Other equipment (including transportation and other equipment)	Total
Balance as of December 31, 2021	$ -	143,522	863	5,215	149,600
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
Carrying amount:					
December 31, 2021	$ 138,488	143,722	254	631	283,095
December 31, 2020	$ 138,488	140,124	423	1,095	280,130

Please refer to Note 8 for details of collateral for the financing line as of December 31, 2021, and 2020.

(8) Right-of-use assets

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

	Transportation equipment
Cost:	
Balance as of January 1, 2021	$ 5,870
Addition	1,892
Balance as of December 31, 2021	$ 7,762
Balance as of January 1, 2020	$ 4,342
Addition	1,528
Balance as of December 31, 2020	$ 5,870
Depreciation and impairment losses of the right-of-use assets:	
Balance as of January 1, 2021	$ 1,986
Depreciation	2,482
Balance as of December 31, 2021	$ 4,468
Balance as of January 1, 2020	$ 241
Depreciation for the period	1,745
Balance as of December 31, 2020	$ 1,986
Carrying amount:	
December 31, 2021	$ 3,294
December 31, 2020	$ 3,884

(9) Investment Property

	Land and improvements	Buildings	Total
Cost or deemed cost:			
Balance as of January 1, 2021	$ 282,087	213,814	495,901
Balance as of December 31, 2021	$ 282,087	213,814	495,901
Balance as of January 1, 2020	$ 282,087	213,814	495,901
Balance as of December 31, 2020	$ 282,087	213,814	495,901
Depreciation and impairment Losses			
Balance as of January 1, 2021	$ -	25,151	25,151
Depreciation for the year	-	4,192	4,192
Balance as of December 31, 2021	$ -	29,343	29,343
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
Carrying amount:			
December 31, 2021	$ 282,087	184,471	466,558
December 31, 2020	$ 282,087	188,663	470,750
Fair value:			
December 31, 2021			$ 596,191
December 31, 2020			$ 1,091,823

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 2021 and 2020 was 1.55% and 1.85%, respectively.

See Note 8 for details about the provision of investment property of the Company as the pledge guarantee as of December 31, 2021, and 2020.

(10) Intangible assets

The changes of cost, amortization, and impairment loss of the intangible assets of the Company for 2021 and 2020 are as follows:

		Computer software
Cost:		
Balance as of January 1, 2021	$	11,098
Balance as of December 31, 2021	$	11,098
Balance as of January 1, 2020	$	11,098
Balance as of December 31, 2020	$	11,098
Amortization and impairment loss:		
Balance as of January 1, 2021	$	9,764
Amortization for the year		860
Balance as of December 31, 2021	$	10,624
Balance as of January 1, 2020	$	8,824
Amortization for the year		940
Balance as of December 31, 2020	$	9,764
Carrying amount:		
Balance as of December 31, 2021	$	474
Balance as of December 31, 2020	$	1,334

Amortization expense

Intangible assets amortization expenses for 2021 and 2020 are presented in the income statement under the following items:

		2021	2020
Operating expenses	$	860	940

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

		2021.12.31	2020.12.31
Other financial assets - current	$	1,565,806	1,995,393
Incremental costs of obtaining a contract		50,897	121,038
	$	1,616,703	2,116,431

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, 2021 and 2020, the amount of incremental costs were NT$110,885 thousand and NT$246,654 thousand, respectively.

(12) Short-term loans

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

	2021.12.31	2020.12.31
Unsecured bank loans	$ 4,413,667	4,250,000
Secured bank loans	9,866,058	10,691,351
Total	$ 14,279,725	14,941,351
Range of effective rates	1.05%~2.44%	1.10%~2.44%

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:

	2021.12.31	2020.12.31
Secured ordinary corporate bonds-current	$ -	1,500,000
Secured ordinary corporate bonds-non-current	4,000,000	4,000,000
Total	$ 4,000,000	5,500,000

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. 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:

	2021.12.31	2020.12.31
Current	$ 3,344	3,924

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:

		2021	2020
Interest expense on lease liability	$	90	90
Expenses relating to short-term leases and low-value asset leases	$	12,344	22,137

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

		2021	2020
Total cash used in lease	$	14,906	23,939

Other leases

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:

		2021.12.31	2020.12.31
Not later than 1 year	$	5,789	10,526
1~2 years		5,726	6,556
2~3 years		5,726	4,571
3~4 years		5,726	4,590
4~5 years		5,726	4,820
Above 5 years		18,768	4,620
Non-discounted future cash flows of lease	$	47,461	35,683

For the years ended on December 31, 2021,and 2020, the rental income from investment property both amounted to NT$8,811 thousand and 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:

		2021.12.31	2020.12.31
Present value of defined benefit obligations	$	9,982	12,649
Fair value of plan assets		(7,047)	(6,670)
Net defined benefit (assets) liabilities	$	2,935	5,979

Details on employee benefit liabilities were as follows:

		2021.12.31	2020.12.31
Short-term compensated absences liability	$	2,884	2,849

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$7,047 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 2021 and 2020 are as follows:

		2021	2020
Defined benefit obligations at January 1	$	12,649	12,949
Current service costs and interest cost (income)		101	93
Remeasurement on the net defined benefit liabilities (assets)			
— Actuarial loss (gain) arising from changes in financial assumption		152	235
Experience adjustments		486	2,449
Benefits paid by the plan		(3,406)	(3,077)
Fair value of plan assets at December 31	**$**	**9,982**	**12,649**

(3) Movements in fair value of plan assets

Changes in fair value of defined benefit plan assets of the Company in 2021 and 2020 are as follows:

		2021	2020
Fair value of plan assets at January 1	$	6,670	6,268
Interest income		54	27
Remeasurement on the net defined benefit liabilities (assets)			
Return on plan assets (excluding amounts included in net interest expense)		85	183
Contributions paid by the employer		3,644	3,269
Benefits paid by the plan		(3,406)	(3,077)
Fair value of plan assets at December 31	**$**	**7,047**	**6,670**

(4) The Company had no upper limit impact on defined benefit plan assets in 2021 and 2020.

(5) Expenses recognized in profit or loss

The expenses recognized as profit and loss of the Company in 2021 and 2020 are as follows:

	2021	2020
Interest costs of defined benefit obligations	$ 101	93
Net interest of net defined benefit liabilities (assets)	(54)	(27)
	$ 47	**66**

(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:

	2021	2020
Cumulative balance as of January 1	$ (12,671)	(10,169)
Recognized for the year	(553)	(2,502)
Cumulative Balance as of December 31	**$ (13,224)**	**(12,671)**

(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2021.12.31	2020.12.31
Discount rate	0.55%	0.80%
Future salary increases rate	1.75%	1.75%

Based on the actuarial report, the Company is expected to make a contribution payment of NT$3,644 thousand to the defined benefit plans for the one-year period after the reporting date of 2021.

The weighted average survival period of defined benefit plan is 8.5 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2021, and 2020 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, 2021		
Discount rate (change by 0.25%)	(152)	157
Future salary increases rate (change by 1%)	642	(587)
December 31, 2020		
Discount rate (change by 0.25%)	(293)	303
Future salary increases rate (change by 1%)	1,244	(1,119)

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, 2021, and 2020 amounted to NT$4,383 thousand and NT$4,168 thousand, respectively.

(17) Income taxes

1. Income tax expense

Details of income tax expenses of the Company in 2021 and 2020 are as follows:

	2021	2020
Current tax expenses		
Accrued in current period	$ 365,051	477,718
Surtax on unappropriated earnings	65,089	19,664
Adjustments to income tax expenses of previous period	(3,231)	(5,038)
Land revaluation increment tax	261,779	290,920
Income tax expense	$ 688,688	783,264

For 2021,and 2020, 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 2021 and 2020 is adjusted as follows:

	2021	2020
Net income before tax	$ 4,196,791	4,137,235
Income tax using the Company's domestic tax rate	$ 839,358	827,447
Non-taxable incomes on land	(299,352)	(214,210)
Timing differences on recognition of income and cost	(51,221)	29,165
Deferred tax on interest expenses	(2,550)	17,555
Domestic investment gain accounted for using equity method	(83,446)	(117,948)
Valuation gain on financial assets measured at fair value through profit or loss	(3,824)	(35)
Deferred tax on interest expenses	(8,009)	(21,343)
Total land price increase	(26,176)	(42,118)
Under (over) provision for the prior periods	(3,231)	(5,038)
Land revaluation increment tax	261,779	290,920
Surtax on unappropriated earnings	65,089	19,664
Others	271	(795)
	$ 688,688	783,264

2. The Company's business income tax declaration has been approved by the collection authority until 2019.

(18) Capital and other equity interest

As of December 31, 2021 and 2020, 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. The aforementioned additional share capital are ordinary shares, with 554,170 thousand and 503,791 thousand ordinary shares in issue, respectively. Payment for all issued shares has been received.

1. Issuance of common shares

   The company was approved by the shareholders' meeting on July 2, 2021 to increase capital by surplus amounted to NT$503,791 thousand with a par value of NT$10 per share, totaling 50,379 thousand shares; the board of directors resolved on July 23, 2021 that the base date for the capital increase was set on August 15, 2021, and the relevant statutory registration procedures have been completed.

2. Capital reserve

   The details of capital reserve were as follows:

		2021.12.31	2020.12.31
Shares premium	$	827,906	827,906
Premium on conversion of corporate bonds		236,408	236,408
Treasury stock transactions		295,974	270,473
Gains on disposal of assets		34,912	34,912
Others		26,724	26,398
	$	1,421,924	1,396,097

   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.

3. Retained earnings

   The company's Articles of Incorporation stipulate 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, 2021, the balance of special reserve was NT$27,847 thousand.

(3) Earnings distribution

The 2020 and 2019 distributions of earnings were resolved at the general shareholders' meetings on July 2, 2021 and June 19, 2020, respectively. The earnings distributed to owners are as follows:

	2020		2019	
	Dividend rate (NT$)	**Amount**	**Dividend rate (NT$)**	**Amount**
Dividends to common shareholders:				
Cash	$ 2.40	1,209,098	1.50	755,687
Stock	1.00	503,791	-	-
Total		$ 1,712,889		755,687

4. Treasury stock

As of December 31, 2021, and 2020, the details of shares of the Company held by the Company's subsidiaries are as follows:

Unit: thousands shares

	2021.12.31			2020.12.31		
Subsidiary name	**Number of shares**	**Carrying amount**	**Market value**	**Number of shares**	**Carrying amount**	**Market value**
Kedge Construction	550	$ 1,222	20,763	500	1,222	16,825
Jiequn Investment	9,373	55,384	353,834	8,518	55,384	286,646
Guanqing Electromechanical	1,768	14,590	66,731	1,607	14,590	54,076
	11,691	$ 71,196	441,328	10,625	71,196	357,547

5. 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, 2021	$ (28,521)	674	(27,847)
The exchange differences yielded by net assets of overseas operating institutions	(1,131)	-	(1,131)
Shares of unrealized gain (loss) from financial assets measured at FVTOCI	-	2,251	2,251
Balance as of December 31, 2021	$ (29,652)	2,925	(26,727)
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)

(19) Earnings per Share

The basic and diluted earnings per share of the Company in 2021 and 2020 are calculated as follows:

1. Basic earnings per share

(1) Net income attributable to the holders of common shares of the company

	2021	2020
	Units in continuing operations	**Units in continuing operations**
Net income attributable to the shareholders of ordinary shares of the company	$ 3,508,103	3,353,971

(2) Weighted average number of ordinary shares outstanding

	2021	2020
Number of ordinary shares issued as of January 1	503,791	503,791
Effects of treasury stocks	(11,691)	(11,691)
Effects of stock dividends	50,379	50,379
Weighted-average number of outstanding ordinary shares as of December 31	**542,479**	**542,479**
Basic earnings per share	**$ 6.47**	**6.18**

2. Diluted earnings per share

(1) Net income attributable to the holders of common shares of the company (diluted)

	2021	2020
	Units in continuing operations	**Units in continuing operations**
Net income attributable to the shareholders of common stocks of the company (diluted)	**$ 3,508,103**	**3,353,971**

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

	2021	2020
Weighted-average number of outstanding common stocks (basic) as of December 31	542,479	542,479
Influence of employees' share bonus	1,874	2,497
Weighted-average number of outstanding common stocks (diluted) as of December 31	**544,353**	**544,976**
Diluted earnings per share	**$ 6.44**	**6.15**

(20) Revenue from contracts with customers

1. Disaggregation of revenue

Details of income in 2021 and 2020 are as follows:

	2021	2020
Revenue from contracts with customers	$ 16,088,554	17,170,158
Rental income	17,000	14,853
	$ 16,105,554	**17,185,011**

2. Disaggregation of revenue from contracts with customers

	2021	2020
Primary geographical markets:		
Taiwan	$ 16,105,554	17,185,011
Main products/services:		
Sales of real estate developments	$ 15,886,329	16,776,116
Sales of construction contracts	187,440	384,452
Service revenue	2,659	9,590
Other income	29,126	14,853
	$ 16,105,554	17,185,011
Timing of revenue recognition:		
Transfer of products upon a point in time	$ 15,901,114	16,785,706
On the basis of stage of completion of contract activity	187,440	384,452
On the basis of time passed for services rendered	17,000	14,853
Total	$ 16,105,554	17,185,011

3. Contract balances

	2021.12.31	2020.12.31	2020.1.1
Accounts receivable	$ 120,179	1,232,054	233,089
Less: Allowance for losses	-	-	-
Total	$ 120,179	1,232,054	233,089
Contract assets - construction	$ 39,235	394,633	151,622
Less: Allowance for losses	-	-	-
Total	$ 39,235	394,633	151,622
Contract liabilities - construction	$ 9,767	6,703	18,415
Contract liabilities - buildings	1,045,946	4,257,365	5,177,387
Total	$ 1,055,713	4,264,068	5,195,802

For details of accounts receivable and their impairments, please refer to Note 6(4).

The beginning balance of contract liability on January 1, 2021, and 2020, were NT$4,049,760 thousand and NT$1,289,250 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, 2021, and 2020, no material changes were recognized.

As of December 31, 2021, 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$185,968 thousand. Details on the trust accounts were as follows:

Project code	2021.12.31
103C	$ 119,277
104A	66,691
	$ 185,968

(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 cumulative losses if any.

In 2021 and 2020 the Company's employee bonus was set aside for NT$53,929 thousand and NT$70,829 thousand respectively, and the Director's remuneration was set aside for NT$53,929 thousand and NT$70,829 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 2021 and 2020. 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 2021 and 2020.

(22) Non-operating revenue and expense

1. Interest income

Details of interest income of the Company in 2021 and 2020 are as follows:

	2021	2020
Bank deposits (including short-term securities)	$ 11,946	6,906
Discounted construction refundable deposits	162	1,065
Others	9	1,110
	$ 12,117	9,081

2. Other income

Details of other income of the Company in 2021 and 2020 are as follows:

		2021	2020
Dividend income	$	1,680	1,243

3. Other gains or losses

Details of other gains and losses of the Company in 2021 and 2020 are as follows:

		2021	2020
Gain on financial assets measured at fair value through profit or loss	$	19,121	177
Gain on disposal of assets		-	164
Other income		28,410	33,017
Others		(15,956)	(9,643)
	$	31,575	23,715

4. Finance costs

Details of the finance costs of the Company in 2021 and 2020 are as follows:

		2021	2020
Interest expense			
Interests on bank loans and deposits	$	255,355	347,179
Transaction fees and interests on corporate bonds		81,550	88,405
Interests on lease liabilities		90	90
Other financing costs		1,010	-
Less: Capitalization of interest		(123,107)	(177,430)
	$	214,898	258,244

(23) Financial instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(2) Concentration of credit risk

The Company is engaged in the development and sales of real estate. Its clientele is primarily the vast majority of individual consumers and is not concentrated on single key accounts or in particular regions. Consequently, the credit risks in relations to these receivables are determined to have no significant concentration concerns.

2. Liquidity risk

   The following table shows the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Book value	Contractual cash flows	Less than 1 year	1-3 years	3-5 years
December 31, 2021					
Non-derivative financial liabilities					
Secured bank loans	$ 9,866,058	10,115,187	4,387,746	5,727,441	-
Unsecured bank loans	4,413,667	4,486,203	3,317,911	1,168,292	-
Notes and accounts payable and other payables (including related parties)	1,642,359	1,642,359	1,642,359	-	-
Ordinary bond (including current portion due within one year)	4,000,000	4,072,900	-	3,050,281	1,022,619
Lease liabilities	3,344	3,397	2,421	976	-
Guarantee deposits received	1,042	1,042	-	1,042	-
	$ 19,926,470	20,321,088	9,350,437	9,948,032	1,022,619
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

   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, 2021, and 2020, 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$142,797 thousand and NT$149,414 thousand, respectively, and after considering capitalization of interest, to cause decrease (increase) by NT$90,788 thousand and NT$88,565 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:

	2021		2020	
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%	$ 459	4,388	291	2,362
Decrease by 10%	$ (459)	(4,388)	(291)	(2,362)

5. Fair value information

(1) Type 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):

	2021.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at FVTPL	$ 43,878	43,878	-	-	43,878
Financial assets measured at FVTOCI - non-current	$ 4,591	1,677	-	2,914	4,591
Financial assets measured at cost after amortization					
Cash and cash equivalents	$ 9,855,789	-	-	-	-
Notes and accounts receivable	120,179	-	-	-	-
Other financial assets-current	1,565,806	-	-	-	-
Subtotal	11,541,774	-	-	-	-
Total	$ 11,590,243	45,555	-	2,914	48,469
Financial liabilities at					

Notes to the Parent Company Only Financial Statements of Kindom Development Co., Ltd. (continued)

	2021.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
amortized costs					
Short-term loans	$ 14,279,725	-	-	-	-
Notes and accounts payable and other payables (including related parties)	1,642,359	-	-	-	-
Bonds payable (including current portion due within one year)	4,000,000	-	-	-	-
Lease liabilities	3,344	-	-	-	-
Guarantee deposits received	1,042	-	-	-	-
Total	$ 19,926,470	-	-	-	-

	2020.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 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 at amortized costs					
Short-term loans	$ 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	-	-	-	-

(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 the investee's EBITDA with P/E ratio of comparable companies listed in the market. The calculation is then discounted for lack of marketability.

(3) Changes in Level 3 financial assets

	Measured at fair value through other comprehensive income		
	Equity instruments without public quotes	Bond investment	Total
January 1, 2021	$ 2,411	-	2,411
December 31, 2021	$ 2,914	-	2,914
January 1, 2020	$ 2,003	-	2,003
December 31, 2020	$ 2,411	-	2,411

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, 2021 and 2020 are as follows:

	2021	2020
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	$ 1,495	408

(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	Net Asset Value Method	· Net asset value (NT$2,914 thousand as of December 31, 2021)	· The higher the net asset value, the higher the fair value
Financial assets measured at FVTOCI - equity instruments without active market quotes	Comparable company valuation	· Price/earnings ratio (22.3 as of December 31, 2020) · Discount for lack of marketability (15% as of December 31, 2020)	· 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, 2021						
Financial assets at fair value through other comprehensive income						
Equity investments without active market quotes	Net asset value	10%	-	-	291	(291)
December 31, 2020						
Financial assets measured at fair value through other comprehensive income (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)

(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, 2021 and 2020, 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, 2021, and 2020, 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, 2021, and 2020, 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, 2021 and 2020, the Company had the same policy on capital management and maintained the debt-to-capital ratio between 40% to 60% to ensure reasonable cost of capital. The debt-to-capital ratios on December 31, 2021 and 2020 are as follows:

	2021.12.31	2020.12.31
Total liabilities	$ 21,490,666	28,307,523
Less: cash and cash equivalents	(9,855,789)	(5,068,316)
Net liability	11,634,877	23,239,207
Total equity	17,562,761	15,237,901
Capital after adjustment	**$ 29,197,638**	**38,477,108**
Debt-to-capital ratio	**40%**	**60%**

(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, 2021, and 2020, 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.	Subsidiary
(Global Mall (Tianjin) Co., Ltd.)	
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

(2) Significant related-party transactions

Notes to the Parent Company Only Financial Statements of Kindom Development Co., Ltd. (continued)

1. Purchases

Detail of the company's significant purchases with its related parties were as follows:

2021	Total Contract Amount (before tax)	Purchase (Current Price)	Cumulative Amount
Subsidiary - Kedge Construction	$ 10,935,738	2,444,757	7,358,430

2020			
Subsidiary - Kedge Construction	$ 17,709,729	5,733,902	11,592,336

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 50% due immediately and 50% due in 90 day or 100% due immediately and 100% due in 90 days.

2. Purchases of services from related parties

	Purchases	
	2021	2020
Subsidiary - Global Mall	$ -	190
Subsidiary - Dingtian	1,010	917
	$ 1,010	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	2021.12.31	2020.12.31
Notes payable - related parties	Subsidiary - Kedge Construction	$ 176,942	1,119,596
Accounts Payable - Related Party	Subsidiary - Kedge Construction	659,813	789,034
		$ 836,755	1,908,630

4. Endorsements/guarantees

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

Name of related party	2021.12.31	2020.12.31
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, 2021, and 2020, 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, 2021, and 2020, were NT$6,825 thousand and NT$3,206 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, 2020, all rights and obligations related to the identified lease asset were transferred to the subsidiary.

(2) In 2021 and 2020, the Company donated NT$6,000 thousand and NT$5,500 thousand to Yu San Foundation, a syndicate legal entity, for the promotion of the foundation's business.

(3) In 2021, the Company received NT$929 thousand as remuneration for providing mall planning services to its subsidiaries, which was recorded under other gains or losses.

(3) Key management personnel transactions

Remuneration to major management personnel includes:

	2021	2020
Short-term employee benefits	$ 42,860	50,204
Benefits after retirement	79	95
	$ 42,939	50,299

8. Pledged Assets

Carrying values of pledged assets were as follow:

Name of assets	Pledge guarantee object	2021.12.31	2020.12.31
Buildings and land held for sale	Bank loans	$ 7,091,204	9,437,586
Land held for construction	〃	1,709,071	211,953
Construction in progress	〃	8,098,053	9,837,329
Investment properties and net value of property, plant, and equipment	〃	748,768	749,362
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, and bonds payable	1,034,608	1,454,365
Long-term equity instruments accounted for using equity method	Bank loans and guarantees	2,902,148	2,879,806
		$ 21,583,852	24,570,401

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:

	2021.12.31	2020.12.31
Total amount of contract construction	$ 189,714	603,719
Amount of payments received	$ 29,925	95,274

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

	2021.12.31	2020.12.31
Amount of sales contracts signed	$ 4,427,490	11,127,512
Amount of payments received per contracts	$ 1,045,946	4,257,365

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

	2021.12.31	2020.12.31
Refundable deposits	$ 531,160	540,740
Refundable notes	$ 1,438,635	1,138,095

4. It is passed by the Board Meeting in December 2021, and 2020, that the Company promised to donate NT$9,000 thousand and NT$6,000 thousand in 2022 and 2021, respectively, to Kindom Yu San Education Foundation for the promotion of foundation affairs.
5. In November 2021, the Company entered into a lease agreement with Taiwan Power Company Limited (hereinafter referred to as TPC) for the urban renewal project of the "Land at the Norther Warehousing Center of TPC Nangang Former Site (AR-1-2) Specific Commercial Area (10) ", under which the Company is required to lease back all commercial facilities (including parking spaces) to TPC for a term of 10 years and the lease renewal is limited to 10 years. The lease of the relevant commercial facilities was signed one year prior to the acquisition of the license to use the premises.

10. Significant Disaster Loss: None.

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

12. Others

The employee benefits, depreciation, depletion, and amortization expenses are summarized by function as follows:

Function / Nature	2021			2020		
	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefit expenses						
Salaries and wages	-	170,771	170,771	-	189,447	189,447
Labor insurance and national health insurance	-	9,593	9,593	-	8,347	8,347
Pension expenses	-	4,430	4,430	-	4,234	4,234
Directors' remuneration	-	57,410	57,410	-	73,981	73,981
Other employee benefits expenses	-	10,536	10,536	-	10,614	10,614
Depreciation	4,611	13,491	18,102	4,611	8,508	13,119
Amortization	-	860	860	-	940	940

The Company's employee number and employee benefit expenses in 2021 and 2020 are as follows:

	2021	2020
Number of employees	97	96
Number of Board members who are not employee	5	5
Average employee benefit expense	$ 2,123	2,337
Average salary expense	$ 1,856	2,082
Average salary adjustment	(10.85)%	50.43%
Remuneration to supervisors	$ -	-

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

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

1. 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.
2. 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 significant transactions

In 2021, 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. Endorsement/guarantees for others:

Expressed in thousands of New Taiwan Dollars

No.	Name of endorsement/ guarantee provider	Subject of endorsements/guarantees		Limit on endorsements/ guarantees provided for a single party	Maximum balance for this period	Closing balance of endorsement/ guarantees	Actual amount used	Amount of endorsement/ guarantees collateralized with assets	Ratio of accumulated endorsement/guarantees to net equity per latest financial statements	Maximum endorsement/ guarantee amount	Endorsement /guarantees provided by parent company to subsidiaries	Endorsement /guarantees provided by subsidiaries to parent company	Endorsement /guarantees provided to subsidiaries in China
		Company name	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	$ 7,021,866	14,192	14,192	14,192	-	0.40%	7,021,866	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	48,073	14,192	14,192	14,192	-	29.52%	48,073	N	Y	N
2	〃	Kedge Construction	Parent company and subsidiary	7,210,955	1,376,500	1,376,500	1,376,500	-	2,863.35%	14,421,910	N	Y	N
3	Global Mall	Guan You	3	2,968,897	200,000	180,000	-	-	3.64%	5,937,794	Y	N	N
3	〃	Guan Hua	2	2,968,897	155,000	110,000	20,000	-	2.22%	5,937,794	Y	N	N
3	〃	Guan Cheng	1	2,968,897	61,550	61,550	61,550	-	1.24%	5,937,794	Y	N	N

Notes to the Parent Company Only Financial Statements of Kindom Development Co., Ltd. (continued)

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

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

(5) A company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company 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 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.

Notes to the Parent Company Only Financial Statements of Kindom Development Co., Ltd. (continued)

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

Expressed in thousands of New Taiwan Dollars/thousand shares

Holding company	Type and name of securities	Relationship with the securities issuer	Account title in book	End of period				Remark
				Number of shares	Book value	Percentage of shareholding	Fair value (Note)	
Kindom Development	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	575	43,878	- %	43,878	
〃	Stock - Everterminal Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	99	2,914	0.20 %	2,914	
〃	Stock - Clientron Corp.	-	〃	29	973	0.05 %	973	
〃	Stock - Fubon Financial Holding Co., Ltd. Preferred Shares C	-	〃	12	704	- %	704	
Jiequn Investment	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	537	40,945	- %	40,945	
〃	Stock - SinoPac Financial Holdings Co., Ltd.	-	〃	211	3,410	- %	3,410	
〃	Stock - Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets measured at FVTOCI - non-current	11	657	- %	657	
〃	Stock - Huei Ding Computer	-	〃	405	-	0.78 %	-	
Guanqing Electromechanical Co., Ltd.	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	477	36,367	- %	36,367	
〃	Stock - Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets measured at FVTOCI - non-current	10	583	- %	583	
〃	Stock - Commonwealth Publishing Group	-	〃	145	6,633	0.59 %	6,633	

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: None.
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Disposing company	Asset title	Date of event	Date of acquisition	Carrying amount	Transaction amount (Note 2)	Receivable Collection	Gain or loss on disposal	Transaction counterparty	Relationship	Purpose of disposal	Reference for price determination	Other stipulations of the transaction
Kindom Development	Inventories - buildings and	2021.01 to 2021.12	Not applicable: inventory produced,	N/A	1,798,113	1,797,512	N/A	More than one third	Non-related party	Selling inventories	Reference based on	None

	land held for sale		not acquired					party			market price	

Notes to the Parent Company Only Financial Statements of Kindom Development Co., Ltd. (continued)

Note 1. The amounts above are expressed before taxes.

Note 2. The transaction amount includes a discount of NT$601 thousand.

7. Related-party transactions for purchases and sales with amounts exceeding NT$100 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Company name	Name of transaction counterparty	Relationship	Transaction details				Transactions with Terms Different from Others		Notes/accounts receivable (or payable)		Remark
			Purchases/sales	Amount (Note)	Percentage of total purchase (sales)	Loan period	Unit price	Loan period	Balance	Percentage of total notes/accounts receivable (or payable)	
Kindom Development	Kedge Construction	Investees valued under equity method	Purchases for 101A and other projects	2,444,757	63.69 %	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(836,755)	59.05%	
Kedge Construction	Kindom Development	An investment company that evaluates Kedge Construction by the equity method	071P etc.	(2,444,757)	(27.64) %	Received payment by installment per contract or equivalent to a general transaction	〃	〃	836,755	29.46%	
Kedge Construction	Dingtian Construction	Investor in which Kedge Construction is accounted for using equity method	043A etc.	104,569	1.10 %	Per Payment Schedule in Contract or Equivalent to Other Transactions	〃	Equivalent to other transactions	(18,383)	0.42%	
Kedge Construction	Guanqing Electromechanical Co., Ltd.	〃	023A etc.	170,686	1.79 %	〃	〃	〃	(50,757)	(1.16)%	
Dingtian Construction	Kedge Construction	〃	043A etc.	(104,569)	(100.00)%	Received payment by installment per contract or equivalent to a general transaction	〃	〃	18,383	100.00%	
Guanqing Electromechanical Co., Ltd.	〃	〃	023A etc.	(170,686)	(94.81) %	〃	〃	〃	50,757	67.46%	

Note: Refers to the valuation amount for current period

Notes to the Parent Company Only Financial Statements of Kindom Development Co., Ltd. (continued)

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

Expressed in thousands of New Taiwan Dollars

Company that records such transactions as receivables	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue receivables from related parties		Amounts received in subsequent periods	Allowance for losses appropriated
					Amount	Action taken		
Kedge Construction	Kindom Development	An investment company that evaluates Kedge Construction by the equity method	836,755	2.06	-	-	95,354	-

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 2021 is as follows:

Unit: Thousands of New Taiwan Dollars or Thousands of Shares

Name of investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value			
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	36,248	34.18%	904,540	740,476	286,002	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%	4,182,308	116,210	97,636	〃
〃	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	102,000	102,000	10,200	51.00%	157,285	65,871	33,594	〃
Kedge Construction	Jiequn Investment	Taiwan	Investment	163,935	163,935	16,396	99.98%	500,444	38,059	38,050	Sub-subsidiary
〃	Guanqing Electromechanical Co., Ltd.	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	244,315	20,864	20,856	〃
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,422	(6,114)	(1,834)	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,651	(6,114)	(4,280)	〃
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	15,120	(11,543)	(5,387)	Investments accounted for using equity method
Global Mall	Guan Cheng	Taiwan	Department	98,000	98,000	9,800	49.00%	151,117	65,871	32,277	Subsidiary

Name of investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value			
			stores, supermarkets, and non-store retailing								
〃	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	5,000	5,000	500	3.70%	95	(23,173)	(857)	Sub-subsidiary
〃	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	142,225	1,419	1,419	〃
〃	KGM	Hong Kong	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	9,339 (HKD390 thousand)	213,766 (HKD54,435 thousand)	- (Co., Ltd.)	100.00%	1,777	234	234	〃
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	130,000	130,000	13,000	96.30%	2,468	(23,173)	(22,316)	〃

(3) Information on Investments in Mainland China:

1. Relevant information, including names and principal business, on investees in China

Unit: Thousands of USD, HKD, RMB or NTD

Name of investee in China	Principal business	Paid-in capital	Method of investment	Accumulated amount of investment remitted from Taiwan at beginning of period	Amount of investment remitted or recovered in the current period		Accumulated amount of investment remitted from Taiwan at end of period	Net income (loss) of the investee	The company's percentage of ownership directly or indirectly	Investment gains (losses) recognized in the current period	Book value of investment at end of period	Investment income received at end of period
					Outward remittance	Recovery						
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.	-(Note 2) (CNY-)	Note 1	1,120,404 (CNY237,787)	- (CNY-)	44,054 CNY10,138)	1,076,350 (CNY227,649)	(486) (HKD(135))	-%	(486) (HKD(135))	- (HKD-)	-

Note 1. Reinvest in mainland China through existing companies in a third location

Note 2. The cancellation of registration was completed on April 19, 2021, and the remaining balance of NT$44,054 thousand (HKD12,400 thousand) was remitted to Global Mall in December of the same year through KGM.

2. Limitation on investment in mainland China:

Accumulated investment remitted from Taiwan to Mainland China at end of period	Amount of investment approved by the Investment Commission, M.O.E.A.	Limit on amount of investment stipulated by the Investment Commission, M.O.E.A.
CNY 227,649	USD 40,327	10,537,657

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 major shareholder	Number of shares held	Shareholding ratio
Yute Investment Co., Ltd.	105,935,137	19.12%
Mei-Chu Liu	67,215,292	12.13%

14. Segment Information

Please refer to the 2021 Consolidated Financial Statements.

Kindom Development Co., Ltd.

Statement of Cash and Cash Equivalents

For the year ended December 31, 2021 **Unit: NT$ thousand**

Refer to Note 6(1) for details.

Statement of Other Financial Assets - Current

Item	Description	Amount	Note
Bank deposits	Trust and reserve accounts	$ 1,034,608	
Refundable deposits	Refundable deposits for co-developments	531,198	
		$ 1,565,806	

Kindom Development Co., Ltd.

Statement of Inventories

For the year ended December 31, 2021   Unit: NT$ thousand

Item	Description	Amount
Prepayments for buildings and land		$ 4,235
Land held for construction	870C	11,656
	970D	520,883
	980M	12,412
	990J	211,953
	103A	166,522
	103E	156,781
	108C	30,300
	109B	1,497,118
	Others	6,438
	Less: Loss allowance	(5,003)
	Subtotal	2,609,060
Construction in progress	101A	4,463,117
	103C	460,919
	104A	514,903
	106A	481,374
	106B	1,204,501
	108A	88,737
	108B	832,901
	109B	157,496
	110A	75,623
	Others	140,803
	Subtotal	8,420,374
Buildings and land held for sale	970I	456,705
	101D	53,204
	830I	568,169
	980C	104,680
	980K	1,183,225
	980L	3,060,378
	980M	1,970,582
	980F	364,584
	103G	278,324
	101B	754,203
	950B	1,160,059
	105A	340,910
	Others	17,047
	Less: Loss allowance	(17,047)
	Subtotal	10,295,023
Total		**$ 21,328,692**

Kindom Development Co., Ltd.

Statement of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2021 **Unit: NT$ thousand**

Name	Beginning Balance		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Ending Balance			Market Value or Net Equity		
	Shares (in thousands of shares)	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit price	Total Amount	Guarantee or Pledge
Kedge Construction Co., Ltd.	36,248	$ 723,754	-	311,817	-	131,031	36,248	34.18%	904,540	49.65	1,799,702	None
Global Mall Co., Ltd.	320,105	4,149,825	-	97,636	-	65,153	320,105	84.02%	4,182,308	12.99	4,157,298	Yes
Guancheng Life Co., Ltd.	10,200	160,104	-	33,594	-	36,413	10,200	51.00%	157,285	15.42	157,285	None
		$ 5,033,683		443,047		232,597			5,244,133		6,114,285	

Note 1. The increases for the year 2021 were the total of gains on investment accounted for using equity method in the amount of NT$417,232 thousand, capital reserve of subsidiaries accounted for using equity method in the amount of NT$37 thousand, cash dividends paid by the parent company to subsidiaries in the amount of NT$25,501 thousand, and other comprehensive income of subsidiaries accounted for using equity method in the amount of NT$277 thousand.

Note 2. The decreases for the year 2021 were the total of cash dividends received in the amount of NT$230,927 thousand and other comprehensive income of subsidiaries accounted for using equity method in the amount of NT$1,670 thousand.

Kindom Development Co., Ltd.

Statement of Short-term Borrowings

For the year ended December 31, 2021 Unit: NT$ thousand

Description	Type of Loan	Ending Balance	Term	Interest Rate	Collateral
Financial institutions	Credit loan	$ 1,500,000	2018.05.24~2023.05.24	Note 1	Other financial assets
〃	〃	1,000,000	2019.08.28~2022.08.28	〃	Other financial assets
〃	〃	1,713,667	2021.01.15~2023.04.26	〃	-
〃	〃	200,000	2021.09.01~2022.09.01	〃	-
	Subtotal	4,413,667			
Financial institutions	Secured bank loans	100,000	2019.07.03~2024.07.03	Note 2	Construction in progress and long-term equity instruments
〃	〃	2,377,448	2017.06.26~2023.12.31	〃	Construction in progress
〃	〃	1,075,085	2019.06.17~2022.07.26	〃	Buildings and land held for sale
〃	〃	487,500	2020.02.24~2023.06.05	〃	Property, plant and equipment and construction in progress
〃	〃	1,915,805	2021.03.26~2024.10.05	〃	Land held for construction and buildings and land held for sale
〃	〃	50,000	2020.05.26~2022.11.26	〃	Construction in progress and buildings and land held for sale
〃	〃	3,105,220	2021.01.21~2023.12.15	〃	Land held for construction, construction in progress and buildings and land held for sale
〃	〃	755,000	2020.07.28~2022.07.28	〃	Buildings and land held for sale
	Subtotal	9,866,058			
		$ 14,279,725			

Note 1. 1.05%～2.44%。

Note 2. 1.48%～1.90%。

Kindom Development Co., Ltd.

Statement of Contract Liabilities

For the year ended December 31, 2021 **Unit: NT$ thousand**

Item	Description	Amount	Note
Payments received in advance for sales of land and buildings	103G	$ 164,746	
	105A	99,262	
	830I	62,440	
	950B	415,831	
	980F	33,278	
	103C	117,245	
	101B	80,062	
	104A	65,753	
	Others	7,329	
Construction Payments	108A	9,767	
		$ 1,055,713	

Kindom Development Co., Ltd.

Statement of Bonds Payable

For the year ended December 31, 2021

Unit: NT$ thousand

Name of the Bond	Trustee	Issue date	Payment Term	Total issued	Repaid Amount	Ending Balance	Current Portion	Carrying amount	Repayment Method	Collateral
Ordinary Bond 106-1	Financial institutions	2018.01	Annual	1,000,000	-	1,000,000	-	1,000,000	Repayment in lump sum upon maturity	Reserve accounts
Ordinary Bond 107-1	〃	2018.10	〃	1,000,000	-	1,000,000	-	1,000,000	〃	Reserve accounts
Ordinary Bond 108-1	〃	2019.12	〃	1,000,000	-	1,000,000	-	1,000,000	〃	Secured by bank
Ordinary Bond 191-1	〃	2020.10	〃	1,000,000	-	1,000,000	-	1,000,000	〃	Secured by bank
Total				$ 4,000,000	-	4,000,000	-	4,000,000		

Kindom Development Co., Ltd.

Statement of Operating Revenue

For the year ended December 31, 2021 **Unit: NT$ thousand**

Item	Description	Amount	Note
Revenue from sales of land		$ 6,099,461	
Revenue from sales of building		9,789,361	
Less: Sales return or discount		(2,493)	
Subtotal		15,886,329	
Rental income	Investment Property	17,000	
Sales of construction contracts		187,440	
Other revenues	Commission and royalty income	14,785	
Total		**$ 16,105,554**	

Statement of Operating Costs

Item	Description	Amount	Note
Cost of land		$ 3,497,394	
Cost of building		7,865,333	
Subtotal		11,362,727	
Cost of lease	Depreciation of investment property	4,611	
Cost of construction contract		168,823	
Total		**$ 11,536,161**	

Kindom Development Co., Ltd.

Statement of Selling and Marketing Expenses

For the year ended December 31, 2021 **Unit: NT$ thousand**

Item	Description	Amount	Note
Salary expenses	Salaries and bonus	$ 25,544	
Rental expenses		8,961	
Taxes and donations		5,923	
Advertising and commission expenses		198,729	
Others		15,969	
		$ 255,126	

Statement of General and Administrative Expenses

Item	Description	Amount	Note
Salaries and pensions		$ 207,067	
Insurances		10,126	
Labor costs		15,589	
Taxes and donations		57,955	
Depreciation		13,491	
Employee benefits		8,017	
Endowments		14,977	
Others		37,875	
		$ 365,097	