Stock Code: 2520

Kindom Development Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

For 2022 and 2021

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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.:

Audit Opinion

We have audited the parent company only Balance Sheets of Kindom Development Co., Ltd. as of December 31, 2022, and 2021, 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, 2022, and 2021.

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, 2022, and 2021, and its financial performance and cash flows for the annual periods ended December 31, 2022, and 2021, 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 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 2022 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(15) for the accounting policies on recognizing revenue and Note 6(20) for details of related disclosure.

   Description of key audit matters:

   Kindom Development Co., Ltd. engages primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue from real estate sales amounts to 98% of the company’s total revenue in 2022, 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, 2022, Kindom Development Co., Ltd.'s inventory amounts to NT$21,099,622 thousand and accounts for 54% of total assets. The cost or net realizable value is presented as the inventory amount, whichever is the lowest. that is the price of real estate market with highly subject to large capital investment and long payback period and greatly subject to political,overall economic conditions, and real estate tax reforms. The uncertainty of future investment costs for land held for construction and construction in progress, the Company's net realizable value depends on the subjective judgment or estimation of the management. Therefore, inventory evaluation of land held for construction and construction in progress 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 land held for construction and construction in progress, and obtaining the net realizable value of the Company's land held for construction and construction in progress as of the end of the reporting period; inspecting and comparing the market price in the content mentioned above with the sales prices of the transactions in the neighborhood, registered sales prices of real estate published by contract prices of recent sales of the Company's developments, or 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 land held for construction and construction in progress 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 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 in the Republic of China, we exercise professional judgment and 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 2022. 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 Taiwan

CPA:

Securities Competent Authority Approval No. : Jin-Guan-Zheng-Shen-Zi No. 1090332798
Jin-Guan-Zheng-Liu-Zi No. 0940129108

March 14, 2023

<u>*Notices to Readers*</u>

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, 2022, and 2021

Expressed in thousands of New Taiwan Dollars

	Assets	2022.12.31 Amount	%	2021.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (23))	$ 8,563,299	22	9,855,789	25
1110	Financial assets measured at fair value through profit or loss - current (Note 6(2) and (23))	33,995	-	43,878	-
1141	Contract assets - current (Note 6(20))	50,864	-	39,235	-
1170	Net accounts receivable (Note 6(4), (20), (23), and 7)	117,096	-	120,179	-
1320	Inventories - construction (Notes 6(5) & 8)	21,099,622	54	21,328,692	56
1410	Prepayments	46,973	-	28,786	-
1476	Other financial assets - current (Notes 6(11), (20), (23), and 8)	1,629,826	5	1,565,806	4
1479	Other current assets - others	22,520	-	18,020	-
1480	Incremental costs of obtaining a contract - current (Note 6(11))	9,978	-	50,897	-
		31,574,173	81	33,051,282	85
	Non-current assets:				
1517	Financial assets measured at fair value through other gain or loss - non-current (Note 6(3) and (23))	4,605	-	4,591	-
1550	Investments accounted for using the equity method (Note 6(6) and 8)	6,753,603	17	5,244,133	13
1600	Property, plant and equipment (Notes 6(7) & 8)	283,330	1	283,095	1
1755	Right-of-use assets (Note 6(8))	5,116	-	3,294	-
1760	Investment-based real estate (Note 6(9), (15) and 8)	462,365	1	466,558	1
1780	Intangible assets (Note 6(10))	-	-	474	-
1915	Prepayments for equipment	2,036	-	-	-
		7,511,055	19	6,002,145	15
	Total assets	**$ 39,085,228**	**100**	**39,053,427**	**100**

	Liabilities and Equity	2022.12.31 Amount	%	2021.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(12) and (23))	$ 14,540,856	38	14,279,725	37
2130	Contract liabilities - current (Note 6(20))	408,379	1	1,055,713	3
2150	Notes payable (Note 6(23))	49,304	-	43,258	-
2160	Notes payable - related parties (Note 6(23) and 7)	155,777	-	176,942	-
2170	Accounts payable (Note 6(23))	393,731	1	536,877	1
2181	Accounts receivables - related parties (Note 6 (23) and 7)	464,346	2	659,813	2
2200	Other payables (Note 6(23))	150,838	-	225,469	1
2230	Current tax liabilities	347,513	1	428,952	1
2251	Employee benefit liability reserve - non-current (Note 6(16))	3,141	-	2,884	-
2280	Lease liabilities - current (Note 6(14) and (23))	5,142	-	3,344	-
2321	Bonds Payable or Put Option Execution - Current Portion (Note 6(13) and (23))	2,000,000	5	-	-
2399	Other current liabilities - others	15,240	-	44,878	-
		18,534,267	48	17,457,855	45
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(13) and (23))	2,000,000	5	4,000,000	10
2640	Net Defined Benefit Liability - Non-current (Note 6(16))	821	-	2,935	-
2645	Refundable deposits (Note 6(23))	4,742	-	1,042	-
2670	Other non-current liabilities - others	28,919	-	28,834	-
		2,034,482	5	4,032,811	10
	Total liabilities	20,568,749	53	21,490,666	55
	Equity (Note 6(18)):				
3100	Share capital	5,541,701	14	5,541,701	14
3200	Capital reserve	1,451,569	3	1,421,924	4
3300	Retained earnings	11,648,455	30	10,697,059	27
3400	Other equity interest	(26,544)	-	(26,727)	-
3500	Treasury stock	(98,702)	-	(71,196)	-
	Total equity	18,516,479	47	17,562,761	45
	Total liabilities and equity	**$ 39,085,228**	**100**	**39,053,427**	**100**

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

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

Kindom Development Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

Code	Item	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating income (Note 6 (15) and (20))**	$ 7,664,805	100	16,105,554	100
5000	**Operating costs (Note 6(5))**	4,910,864	64	11,536,161	72
	Gross profit	2,753,941	36	4,569,393	28
5920	Less: Realized profit or loss on sales	85	-	85	-
	Gross profit	2,753,856	36	4,569,308	28
	Operating costs (Notes 6(21) and 7):				
6100	Selling and marketing expenses	219,758	3	255,126	2
6200	General and administrative expenses	356,284	5	365,097	2
		576,042	8	620,223	4
	Net operating income	2,177,814	28	3,949,085	24
	Non-operating income and expenses:				
7100	Interest income (Note 6(22))	40,566	-	12,117	-
7010	Other income (Note 6(22))	3,245	-	1,680	-
7020	Other benefits and losses (Note 6(22) and 7)	(1,220)	-	31,575	-
7050	Financial cost (Note 6(22))	(207,558)	(3)	(214,898)	(1)
7070	Share of the profit of subsidiaries, associates, and joint ventures accounted for using the equity method	735,853	10	417,232	3
		570,886	7	247,706	2
	Profit before tax from continuing operating department	2,748,700	35	4,196,791	26
7950	**Less: Income tax expense (Note 6(17))**	414,804	5	688,688	4
	Net income	2,333,896	30	3,508,103	22
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	1,956	-	(553)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	14	-	1,974	-
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	979	-	(262)	-
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	159	-	(1,131)	-
8300	**Other comprehensive income (loss)(net of taxes)**	3,108	-	28	-
	Total comprehensive income for the year	**$ 2,337,004**	**30**	**3,508,131**	**22**
	Earnings per share (Note 6(19))				
9750	**Basic Earnings Per Share (NT$)**	**$**	**4.31**		**6.47**
9850	**Diluted Earnings Per Share (NT$)**	**$**	**4.29**		**6.44**

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

Chairman: Chih-Kang, Ma　General Manager: Chang-Jung, Hsieh Sheng-An, Chang　Chief Accounting Officer: Shu-Lien, Chang

Kindom Development Co., Ltd.

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2022, and 2021

Expressed in thousands of New Taiwan Dollars

	Share capital		Retained earnings				Other equity			
	Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
Balance as of January 1, 2021	$ 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 ordinary share	-	-	-	-	(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
Net income	-	-	-	-	2,333,896	2,333,896	-	-	-	2,333,896
Other comprehensive income for the period	-	-	-	-	2,925	2,925	159	24	-	3,108
Total comprehensive income for the year	-	-	-	-	2,336,821	2,336,821	159	24	-	2,337,004
Appropriation of earnings:										
Legal reserve appropriated	-	-	350,701	-	(350,701)	-	-	-	-	-
Special reserve reversed	-	-	-	(1,120)	1,120	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,385,425)	(1,385,425)	-	-	-	(1,385,425)
Changes in equity of associates and joint ventures accounted for under the equity method	-	(216)	-	-	-	-	-	-	-	(216)
Buyback treasury stock	-	-	-	-	-	-	-	-	(27,506)	(27,506)
Changes in capital reserve from dividends paid to subsidiaries	-	29,227	-	-	-	-	-	-	-	29,227
Unclaimed dividends after effective period	-	634	-	-	-	-	-	-	-	634
Balance as of December 31, 2022	**$ 5,541,701**	**1,451,569**	**2,502,670**	**26,727**	**9,119,058**	**11,648,455**	**(29,493)**	**2,949**	**(98,702)**	**18,516,479**

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

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

Kindom Development Co., Ltd.

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

		2022	2021
Cash flows from operating activities:			
Income before income tax	$	2,748,700	4,196,791
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation		19,811	18,102
Amortization		474	860
Net gain (loss) on financial assets and liabilities measured at fair value through profit or loss		9,883	(19,121)
Interest expenses		207,558	214,898
Interest income		(40,566)	(12,117)
Dividend income		(3,245)	(1,680)
Share of profit of subsidiaries, associates and joint ventures using equity method recognition		(735,853)	(417,232)
Total adjustments to reconcile profit (loss)		(541,938)	(216,290)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (increase) in contract assets		(11,629)	355,398
Decrease in notes receivable		-	355
Decrease in accounts receivable		3,083	1,111,875
Decrease in inventory		376,378	7,645,798
Decrease (increase) in prepayments		(18,187)	14,958
(Increase) decrease in other financial assets - current		(64,020)	429,587
(Increase) decrease in other current assets		(4,500)	4,179
Decrease in the incremental costs to obtain contract with customers		40,919	70,141
Total changes in operating assets		322,044	9,632,291
Total changes in operating liabilities:			
Decrease in contract liabilities		(647,334)	(3,208,355)
Increase (decrease) in notes payable		6,046	(11,367)
Decrease in notes payable - related parties		(21,165)	(942,654)
Decrease in accounts payable		(143,146)	(58,220)
Decrease in accounts payable to related parties		(195,467)	(129,221)
Decrease in other payables		(74,103)	(224,215)
Increase in provisions for employee benefit - current		257	35
Increase (decrease) in guarantee deposits received		3,700	(2,405)
Increase (decrease) in other current liabilities		(29,638)	1,824
Decrease in net defined benefit liability		(158)	(3,597)
Increase in other non-current liabilities		85	86
Total changes in operating liabilities		(1,100,923)	(4,578,089)
Total changes in operating assets and liabilities		(778,879)	5,054,202
Total adjustments		(1,320,817)	4,837,912
Cash flows generated from operations		1,427,883	9,034,703
Income taxes paid		(496,244)	(756,437)
Net cash flows from operating activities		931,639	8,278,266

Kindom Development Co., Ltd.

Parent Company Only Statements of Cash Flows (continued)

January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

	2022	2021
Cash flows from investing activities:		
Obtained investments accounted for using equity method	(1,020,000)	-
Disposal of investments accounted for using equity method	182,337	-
Obtained financial assets at fair value through other comprehensive income	-	(703)
Payment returned on capital reduction of financial assets at fair value through other comprehensive income	-	992
Obtained financial assets at fair value through profit or loss	-	(1,135)
Acquisition of property, plant, and equipment	(12,634)	(14,393)
Increase in prepayments for equipment	(2,459)	-
Interest received	40,566	12,117
Dividends received	97,489	232,607
Net Cash Generated from (Used in) Investing Activities	(714,701)	229,485
Cash flows from financing activities:		
Increase in short-term loans	4,092,369	4,176,600
Decrease in short-term loans	(3,831,238)	(4,838,226)
Increase in short-term notes and bills payable	60,000	220,000
Decrease in short-term notes and bills payable	(60,000)	(220,000)
Redemption of convertible corporate bonds	-	(1,500,000)
Cost of buying back treasury stocks	(27,506)	-
Repayments of lease principal	(2,820)	(2,472)
Cash dividends distributed	(1,385,425)	(1,209,098)
Interest paid	(354,808)	(347,082)
Net cash flows used in financing activities	(1,509,428)	(3,720,278)
Net increase (decrease) in cash and cash equivalents	(1,292,490)	4,787,473
Cash and cash equivalents at beginning of the period	9,855,789	5,068,316
Cash and cash equivalents at end of the period	$ 8,563,299	9,855,789

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

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

Kindom Development Co., Ltd.
Notes to the Parent Company Only Financial Statements
For 2022 and 2021
(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company Overview

Kindom Development Co., Ltd. (hereinafter referred to as "the company") was incorporated in November 1979, located at 2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City, Taiwan. The Company primarily engages in the development of residential properties and the leases or sales of commercial buildings.

2. Approval Date and Procedures of the Financial Statements

The Parent Company Only Financial Statements were published upon approval by the Board of Directors on March 14, 2023.

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.

The Company has adopted the following newly amended IFRSs starting from January 1, 2022, which have not had 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"

(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, 2023, will not result in a material impact on the parent company only financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

(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"	Based on the current regulations of IAS 1, the corporate liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period should be classified as current liabilities. The revised Article deletes the regulations that the rights should be unconditional instead provides that the rights must exist as of the end of the reporting period and must be substantive. The revised Article clarifies how corporates should classify liabilities settled by issuing their own equity instruments (such as convertible corporate bonds).	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants”	After re-consideration of certain aspects of the amendments of 2020 IAS 1, the newly amended Articles clarify that only contract terms that were in place on the reporting date or were complied with before will affect the classification of a liability as either current or non-current. Contract terms (i.e. future terms) that corporates are required to comply with after the reporting date do not affect the classification of liabilities as of that date. However, when non-current liabilities are limited by future contract terms, corporates are required to disclose information to assist financial statement users in understanding the risk that these liabilities may be settled within the next twelve months following the reporting date.	January 1, 2024

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 IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

4. Summary of Significant Accounting Policies

The summary of material accounting policies adopted in the parent company only financial statements is as follows. 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(16).

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 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 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.

Financial assets at fair value through other comprehensive income

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).

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

Financial assets not measured at the aforementioned amortized cost or fair value through other comprehensive income as decribed above are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and net gains and losses (including dividend and interest incomes) are recognized in profit or loss.

(3) Impairment of financial assets

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

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.

(4) 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) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements include joint operation and joint venture, and has the following characteristics: (a) The parties are bound by a contractual arrangement; (b) The contractual arrangement gives at least two parties joint control of the arrangement. IFRS 11 Joint Arrangements define joint control as contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

Joint Ventures

Joint venture is a type of joint arrangement in which the parties (i.e. joint venturers) that have joint control of the arrangement have rights to the net assets of the arrangement, rather than rights to assets and obligations for the liabilities. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 unless the entity is exempted from applying the equity method as specified in that standard.

Joint operation is a type of joint arrangement in which the parties (i.e. joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator shall recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When classifying joint arrangements evaluated by the Group, the structure of the agreement, the legal form of the separate vehicle, the conditions of the contractual arrangement, and other facts and circumstances are considered. When there is a change in facts and circumstances, the Group will reevaluate whether the type of joint arrangement it is involved in has changed.

(10) 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.

(11) Property, Plant, and Equipment

1. Recognition and measurement

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

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

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

2. Subsequent costs

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

3. Depreciation

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

   Land is not depreciable.

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

(1)	Buildings	3~55 years
(2)	Transportation, office and others	3~5 years
(3)	Leasehold improvements	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.

(12) 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.

(13) 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. The 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.

(14) 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.

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

(15) Revenue Recognition

1. Revenue of Customer Contract

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.

(16) 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.

(17) Income tax

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.

(18) 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.

(19) 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

When adopting accounting policies, the Company must make judgments, estimates, and assumptions based on historical experience and other relevant factors for information that cannot be easily obtained from other sources. Actual results may differ from these estimates.

The management will continue to review estimates and basic assumptions. If amendment of the estimations only affects the current period, it will be recognized in the period of amendment. If the amendment of the accounting estimations affects both the current and future periods, it will be recognized in the current and future periods.

Major Sources of Estimation and Assumption Uncertainty:

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 an amount in which the market price is lower than the cost, the inventory cost shall be offset to net realizable value. The net realizable value of the inventory is mainly determined based on the selling price of the current market conditions. See Note 6(5) for details of inventory valuation.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	2022.12.31	2021.12.31
Petty cash and cash on hand	$ 357	302
Bank deposits		
Check deposits	1,887,859	1,989,270
Demand deposits	14,859	4,045,309
Time deposits	5,700,000	-
Cash equivalents	960,224	3,820,908
Cash and cash equivalents in the parent company only statements of cash flows	$ 8,563,299	9,855,789

These cash equivalents are short-term notes expiring in January 2023 and February 2022, respectively; interest rate of these cash equivalents are 0.98%~1.02% and 0.25%~0.27%.

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

		2022.12.31	2021.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEx) listed company shares	$	33,995	43,878

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(23).
2. For the non-derivative financial assets mandatorily measured at fair value through profit or loss, the dividend incomes recognized by the Company in 2022 and 2021 were NT$2,013 thousand and NT$1,516 thousand.
3. As of December 31, 2022, and 2021, none of the financial assets of the Company was pledged as collateral.

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

		2022.12.31	2021.12.31
Equity investments measured at FVTOCI:			
Listed stock－Fubon Financial Holding Preferred Shares C	$	645	704
Listed stock - Clientron Corp.		655	973
Unlisted stock - Everterminal Co. Ltd.		3,305	2,914
Total	$	4,605	4,591

1. 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.
2. For the equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Company in 2022 and 2021 were NT$1,232 thousand and NT$164 thousand.
3. The Company did not dispose of strategic investment in 2022 and 2021, and accumulated profit and loss during that period were not transferred within the equity.
4. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(23).
5. None of the aforementioned financial assets has been pledged as collateral.

(4) Accounts receivable

	2022.12.31	2021.12.31
Accounts receivable	$ 117,096	120,179

The Company adopted a simplified method to estimate expected credit loss for accounts receivable, namely measurement through lifetime expected credit loss. For this purpose of measurement, the 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 accounts receivable in Taiwan was as follows:

	2022.12.31		
	Carrying amount of the accounts receivable	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Not past due	$ 117,096	-	-

	2021.12.31		
	Carrying amount of the accounts receivable	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Not past due	$ 120,179	-	-

For the years ended December 31, 2022 and 2021, no loss allowance on doubtful accounts and reversal of receivables written down were recognized.

(5) Inventories

	2022.12.31	2021.12.31
Prepayment for buildings and land	$ 4,235	4,235
Land held for construction	2,899,060	2,609,060
Construction in progress	10,957,612	8,420,374
Buildings and land held for sale	7,238,715	10,295,023
Total	$ 21,099,622	21,328,692

1. The amounts of the reversal of allowance for valuation loss written down due to sales of inventories was NT$2,536 thousand for 2022.
2. For the years ended December 31, 2022 and 2021, the inventory valuation losses recognized due to inventories written down to net realizable value both amounted to NT$14,593 thousand and NT$6,667 thousand, respectively, and is recognized as cost of goods sold.

3. For the years ended December 31, 2022 and 2021, the capitalization rates applied in the calculation of construction in progress were 1.922% and 1.756%. Refer to Note 6(22) for details on the amounts of capitalization.
4. See Note 8 for details about the provision of inventories of the Company as the pledge guarantee as of December 31, 2022, and 2021.
5. As of December 31, 2022, and 2021, the Company entrusted the statutory parking spaces held for sale to other parties, which amounted to NT$13,796 thousand and NT$16,332 thousand, respectively.

(6) Investments accounted for using equity method

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

		2022.12.31	2021.12.31
Subsidiary	$	5,731,832	5,244,133
Joint Ventures		1,021,771	-
	$	6,753,603	5,244,133

1. Subsidiary

Please refer to the 2022 Consolidated Financial Statements.
Due to the adjustment of the Group's organizational structure, the Company completed a cash settlement on June 21, 2022. Guancheng Life Co. Ltd. disposed 51% of its equity to Global Mall Co., Ltd. Please refer to Note 7 for details.

2. Joint Ventures

The Company, Clevo Co., and Hua Tai Investment Corporation jointly participated in the Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station. According to the joint venture agreement, the three companies establish a joint venture Tua Tiann Co., Ltd, with shareholding ratios of 51%, 24.5%, and 24.5%, respectively, and total investments of NT$1,020,000 thousand, NT$490,000 thousand, and NT$490,000 thousand, respectively.
In September 2022, the joint venture signed the "Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station" contract with the Taipei Housing and Urban Regeneration Center. According to the contract, the joint venture is required to sign the "Lease Agreement for Shopping Malls at Highly Developed Zones" and "Lease Agreement for Low Developed Zones," respectively, with the Taiwan Railway Administration within one month after the transfer of ownership of the commercial facilities of the project building and within three months after the completion of the restoration and reuse plan for special reserved areas' open spaces. The lease term is 20 years.

The following table summarizes the financial information of Tua Tiann Co., Ltd and adjust the fair value adjustments at the time of acquisition and accounting policy differences. This table is intended to summarize the financial information to adjust the carrying amount of the Company's equity in Tua Tiann Co., Ltd.

	2022.12.31
Proportion of ownership interest right	51%
Current assets	$ 2,004,350
Non-current assets	202
Current liabilities	939
Non-current liabilities	141
Net assets	$ 2,003,472
Cash and cash equivalents	$ 208,931
Share of net assets obtained by the Company	$ 1,021,771
Book value of interest in joint ventures	$ 1,021,771

	2022
Operating revenue	$ -
Net income of units in continuing operations	$ 3,473
Total comprehensive income	$ 3,473
Operating expenses	$ 695
Interest income	$ 5,038
Interest expenses	$ 2
Income tax expense	868
Total comprehensive income obtained by the Group	$ 1,771

3. Collateral

   As of December 31, 2022, and 2021, please refer to Note 8 for the investments under the equity method of the Company was pledged as collateral.

4. The sub-subsidiary of Global Mall Co. Ltd., whose investments accounted for using the equity method, Global Mall (Tianjin) Co. Ltd., completed the cancellation registration on April 19, 2021, and remitted the remaining shares to its parent company KGM 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 2022 and 2021 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, 2022	$ 138,488	287,244	1,117	5,846	432,695
Addition	-	11,489	-	1,145	12,634
Transfer into	-	339	-	84	423
Balance as of December 31, 2022	**$ 138,488**	**299,072**	**1,117**	**7,075**	**445,752**
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**
Depreciation and impairment Losses					
Balance as of January 1, 2022	$ -	143,522	863	5,215	149,600
Depreciation for the year	-	12,219	170	433	12,822
Balance as of December 31, 2022	**$ -**	**155,741**	**1,033**	**5,648**	**162,422**
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)
Balance as of December 31, 2021	**$ -**	**143,522**	**863**	**5,215**	**149,600**
Carrying amount:					
December 31, 2022	**$ 138,488**	**143,331**	**84**	**1,427**	**283,330**
December 31, 2021	**$ 138,488**	**143,722**	**254**	**631**	**283,095**

Please refer to Note 8 for details of collateral for the financing line as of December 31, 2022, and 2021.

(8) Right-of-use assets

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

	Transportation equipment
Cost of right-of-use assets:	
Balance as of January 1, 2022	$ 7,762
Addition	4,618
Balance as of December 31, 2022	$ 12,380
Balance as of January 1, 2021	$ 5,870
Addition	1,892
Balance as of December 31, 2021	$ 7,762
Depreciation and impairment losses of the right-of-use assets:	
Balance as of January 1, 2022	$ 4,468
Depreciation	2,796
Balance as of December 31, 2022	$ 7,264
Balance as of January 1, 2021	$ 1,986
Depreciation for the period	2,482
Balance as of December 31, 2021	$ 4,468
Carrying amount:	
December 31, 2022	$ 5,116
December 31, 2021	$ 3,294

(9) Investment property

	Land and improvements	Buildings	Total
Cost or deemed cost:			
Balance as of January 1, 2022	$ 282,087	213,814	495,901
Balance as of December 31, 2022	$ 282,087	213,814	495,901
Balance as of January 1, 2021	$ 282,087	213,814	495,901
Balance as of December 31, 2021	$ 282,087	213,814	495,901
Depreciation and impairment Losses			
Balance as of January 1, 2022	$ -	29,343	29,343
Depreciation for the year	-	4,193	4,193
Balance as of December 31, 2022	$ -	33,536	33,536
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
Carrying amount:			
December 31, 2022	$ 282,087	180,278	462,365
December 31, 2021	$ 282,087	184,471	466,558
Fair value:			
December 31, 2022			$ 591,998
December 31, 2021			$ 596,191

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 2022 and 2021 was 1.55%.

See Note 8 for details about the provision of investment property of the Company as the pledge guarantee as of December 31, 2022, and 2021.

(10) Intangible assets

The changes of cost, amortization, and impairment loss of the intangible assets of the Company for 2022 and 2021 are as follows:

		Computer software
Cost:		
Balance as of January 1, 2022	$	11,098
Balance as of December 31, 2022	$	11,098
Balance as of January 1, 2021	$	11,098
Balance as of December 31, 2021	$	11,098
Amortization and impairment loss:		
Balance as of January 1, 2022	$	10,624
Amortization for the year		474
Balance as of December 31, 2022	$	11,098
Balance as of January 1, 2021	$	9,764
Amortization for the year		860
Balance as of December 31, 2021	$	10,624
Carrying amount:		
Balance as of December 31, 2022	$	-
Balance as of December 31, 2021	$	474

Amortization

Intangible assets amortization expenses for 2022 and 2021 are presented in the income statement under the following items:

		2022	2021
Operating expenses	$	474	860

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

		2022.12.31	2021.12.31
Other financial assets - current	$	1,629,826	1,565,806
Incremental costs of obtaining a contract		9,978	50,897
	$	1,639,804	1,616,703

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, 2022 and 2021, the amount of incremental costs were NT$50,897 thousand and NT$110,885 thousand, respectively.

(13) Short-term loans

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

		2022.12.31	2021.12.31
Unsecured bank loans	$	3,960,378	4,413,667
Secured bank loans		10,580,478	9,866,058
Total	$	14,540,856	14,279,725
Interest rate collars		1.58%~2.56%	1.05%~2.44%

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

(14) 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:

		2022.12.31	2021.12.31
Secured ordinary corporate bonds - current	$	2,000,000	-
Secured ordinary corporate bonds - non-current		2,000,000	4,000,000
Total	$	4,000,000	4,000,000

1. In the year 2022 and 2021, the Company did not issue, repurchase or repay corporate bonds payable.

2. For details on the aforementioned secured ordinary corporate bonds, please refer to Note 8.

(15) Lease liabilities

The carrying amount of lease liability is as follows:

	2022.12.31	2021.12.31
Current	$ 5,142	3,344

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

The amount of lease liabilities recognized in income is as follows:

	2022	2021
Interest expense on lease liability	$ 59	90
Expenses relating to short-term leases and low-value asset leases	$ 9,551	12,344

The amount of lease liabilities recognized in statements of cash flows is as follows:

	2022	2021
Total cash used in lease	$ 12,431	14,906

The Company leases transportation equipment and the lease period is 3 years. The Company leases outdoor fixed-spot advertising and reception center. 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.

(16) 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:

	2022.12.31	2021.12.31
Less than 1 year	$ 9,726	5,789
1~2 years	9,726	5,726
2~3 years	9,726	5,726
3~4 years	9,726	5,726
4~5 years	9,726	5,726
Above 5 years	29,316	18,768
Non-discounted future cash flows of lease	$ 77,946	47,461

For the years ended December 31, 2022,and 2021, the rental income from investment property amounted to NT$7,623 thousand and NT$8,811 thousand, respectively; no significant repair and maintenance expenses were recognized.

(17) 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:

		2022.12.31	2021.12.31
Present value of defined benefit obligations	$	6,526	9,982
Fair value of plan assets		(5,705)	(7,047)
Net defined benefit (assets) liabilities	$	821	2,935

Details on employee benefit liabilities were as follows:

		2022.12.31	2021.12.31
Short-term compensated absences liabilities	$	3,141	2,884

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$5,705 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 2022 and 2021 are as follows:

		2022	2021
Defined benefit obligations at January 1	$	9,982	12,649
Current service costs and interest cost (income)		55	101
Remeasurement on the net defined benefit liabilities (assets)			
— Actuarial loss (gain) arising from changes in financial assumption		(253)	152
—Experience adjustments		(1,054)	486
Benefits paid by the plan		(2,204)	(3,406)
Fair value of plan assets at December 31	$	6,526	9,982

(3) Movements in fair value of plan assets

Changes in fair value of defined benefit plan assets of the Company in 2022 and 2021 are as follows:

		2022	2021
Fair value of plan assets at January 1	$	7,047	6,670
Interest income		49	54
Remeasurement on the net defined benefit liabilities (assets)			
－ Return on plan assets (excluding amounts included in net interest expense)		649	85
Contributions paid by the employer		164	3,644
Benefits paid by the plan		(2,204)	(3,406)
Fair value of plan assets at December 31	**$**	**5,705**	**7,047**

(4) The Company had no upper limit impact on defined benefit plan assets in 2022 and 2021.

(5) Expenses recognized in profit or loss

The expenses recognized as profit and loss of the Company in 2022 and 2021 are as follows:

		2022	2021
Interest costs of defined benefit obligations	$	55	101
Net interest of net defined benefit liabilities (assets)		(49)	(54)
	$	**6**	**47**

(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:

		2022	2021
Cumulative balance as of January 1	$	(13,224)	(12,671)
Recognized for the year		1,956	(553)
Cumulative Balance as of December 31	**$**	**(11,268)**	**(13,224)**

(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2022.12.31	**2021.12.31**
Discount rate	1.25%	0.55%
Future salary increases rate	1.75%	1.75%

Based on the actuarial report, the Company is expected to make a contribution payment of NT$165 thousand to the defined benefit plans for the one-year period after the reporting date of 2022.

The weighted average survival period of defined benefit plan is 7.8 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2022, and 2021 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, 2022		
Discount rate (change by 0.25%)	(86)	88
Future salary increases rate (change by 1%)	362	(331)
December 31, 2021		
Discount rate (change by 0.25%)	(152)	157
Future salary increases rate (change by 1%)	642	(587)

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, 2022, and 2021 amounted to NT$4,564 thousand and NT$4,383 thousand, respectively.

(18) Income tax

1. Income tax expense

Details of expenses of the Company in 2022 and 2021 are as follows:

	2022	2021
Current tax expenses		
Accrued in current period	$ 263,431	365,051
Surtax on unappropriated earnings	87,968	65,089
Adjustments to income tax expenses of previous period	(1,465)	(3,231)
Land value increment tax	64,870	261,779
Income tax expense	$ 414,804	688,688

For 2022, and 2021, 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 2022 and 2021 is adjusted as follows:

	2022	2021
Net income before tax	$ 2,748,700	4,196,791
Income tax using the Company's domestic tax rate	$ 549,740	839,358
Non-taxable incomes on land	(140,259)	(299,352)
Timing differences on recognition of income and cost	-	(51,221)
Deferred tax on interest expenses	(9,436)	(2,550)
Domestic investment gain accounted for using equity method	(147,171)	(83,446)
Valuation loss (gain) on financial assets measured at fair value through profit or loss	1,977	(3,824)
Deferred tax on interest expenses	(2,650)	(8,009)
Total land price increase	(16,437)	(26,176)
Under (over) provision for the prior periods	(1,465)	(3,231)
Land value increment tax	64,870	261,779
Surtax on unappropriated earnings	87,968	65,089
Others	27,667	271
	$ 414,804	688,688

3. The Company's business income tax declaration has been approved by the collection authority until 2020.

(19) Capital and other equity interest

As of December 31, 2022 and 2021, 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 nominal common stocks are all ordinary shares. There was 554,170 thousand shares of ordinary shares already issued. All the funds of the issued shares has been collected.

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:

		2022.12.31	2021.12.31
Shares premium	$	827,906	827,906
Premium on conversion of corporate bonds		236,408	236,408
Treasury stock transactions		325,201	295,974
Gains on disposal of assets		34,912	34,912
Others		27,142	26,724
	$	1,451,569	1,421,924

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 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

According to the FSC regulations, 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, the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, are included in the undistributed earnings of the period, and 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, 2022, the balance of special reserve was NT$26,727 thousand.

(3) Earnings distribution

The 2021 and 2020 distributions of earnings were resolved at the shareholders' meetings on June 29 2022 and July 2, 2021, respectively. The dividends distributed to owners are as follows:

	2021		**2020**	
	Dividend rate (NT$)	**Amount**	**Dividend rate (NT$)**	**Amount**
Dividends to common shareholders:				
Cash	$ 2.50	1,385,425	2.40	1,209,098
Stock	-	-	1.00	503,791
Total		$ 1,385,425		1,712,889

The 2022 distributions of earnings were proposed by the Board meetings on March 14, 2023. The dividends distributed to owners are as follows:

	2022	
	Dividend rate (NT$)	**Amount**
Dividends to common shareholders:		
Cash	$ 1.75	**969,798**

4. Treasury stock

(1) On August 5, 2022, the Company's Board of Directors decided to buy back 1,000 thousand treasury stocks for the purpose of transferring shares to employees. The repurchase period was from August 8 to October 7, 2022. As of December 31, 2022, the Company had repurchased all its shares at a total repurchase amount of NT$27,506 thousand. On December 31, 2022, there were a total of 1,000 thousand uncancelled shares.

(2) As of December 31, 2022, and 2021, the details of shares of the Company held by the Company's subsidiaries are as follows:

Unit: thousands shares

	2022.12.31			2021.12.31		
Subsidiary name	**Number of shares**	**Carrying amount**	**Market value**	**Number of shares**	**Carrying amount**	**Market value**
Kedge Construction	550	$ 1,222	16,060	550	1,222	20,763
Jiequn Investment Co., Ltd.	9,373	55,384	273,694	9,373	55,384	353,834
Guanqing Electromechanical	1,768	14,590	51,617	1,768	14,590	66,731
	11,691	**$ 71,196**	**341,371**	**11,691**	**71,196**	**441,328**

Note: In addition, the total amount attributable to non-controlling interests was NT$137,036 thousand.

5. Other equity items (net of tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$ (29,652)	2,925	(26,727)
The exchange differences yielded by net assets of overseas operating institutions	159	-	159
Shares of unrealized gain (loss) from financial assets measured at FVTOCI	-	24	24
Balance as of December 31, 2022	$ (29,493)	2,949	(26,544)
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)

(20) Earnings per Share

The basic and diluted earnings per share of the Company in 2022 and 2021 are calculated as follows:

1. Basic earnings per share

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

	2022	2021
	Units in continuing operations	Units in continuing operations
Net income attributable to the holders of common shares of the company	$ 2,333,896	3,508,103

(2) Weighted average number of ordinary shares outstanding

	2022	2021
Number of ordinary shares issued as of January 1	554,170	503,791
Effects of treasury stocks	(12,072)	(11,691)
Influence of' share dividends	-	50,379
Weighted-average number of outstanding ordinary shares as of December 31	542,098	542,479
Basic earnings per share	$ 4.31	6.47

3. Diluted earnings per share

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

		2022	2021
		Units in continuing operations	**Units in continuing operations**
Net income attributable to the shareholders of common stocks of the company (diluted)	$	2,333,896	3,508,103

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

		2022	2021
Weighted-average number of outstanding common stocks (basic) as of December 31		542,098	542,479
Influence of employees' share bonus		1,785	1,874
Weighted-average number of outstanding common stocks (diluted) as of December 31		543,883	544,353
Diluted earnings per share	$	4.29	6.44

(21) Revenue of Customer Contract

1. Disaggregation of revenue

Details of income in 2022 and 2021 are as follows:

		2022	2021
Revenue from contracts with customers	$	7,649,586	16,088,554
Rental income		15,219	17,000
	$	7,664,805	16,105,554

2. Disaggregation of revenue from contracts with customers

		2022	2021
Main regional markets:			
Taiwan	$	7,664,805	16,105,554
Main products/services:			
Sales of real estate developments	$	7,498,364	15,886,329
Sales of construction contracts		137,988	187,440
Service revenue		13,234	2,659
Other income		15,219	29,126
	$	7,664,805	16,105,554
Timing of revenue recognition:			
Transfer of products upon a point in time	$	7,511,598	15,901,114
Gradually transferred construction over time		137,988	187,440
Gradually transferred revenue over time		15,219	17,000
Total	$	7,664,805	16,105,554

3. Contract balances

		2022.12.31	2021.12.31	2021.1.1
Accounts receivable	$	117,096	120,179	1,232,054
Less: Loss allowance		-	-	-
Total	$	117,096	120,179	1,232,054
Contract assets - construction	$	50,864	39,235	394,633
Less: Loss allowance		-	-	-
Total	$	50,864	39,235	394,633
Contract liabilities - construction	$	101,778	9,767	6,703
Contract liabilities - buildings		306,601	1,045,946	4,257,365
Total	$	408,379	1,055,713	4,264,068

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

The beginning balance of contract liability on January 1, 2022, and 2021, were NT$980,194 thousand and NT$4,049,760 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, 2022, and 2021, no material changes were recognized.

As of December 31, 2022, the 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$164,602 thousand. Details on the trust accounts were as follows:

Project code		**2022.12.31**
104A	$	139,038
101A		25,564
	$	164,602

(22) Remunerations to employees and directors

The company's Articles of Incorporation stipulate 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 2022 and 2021, the Company's employee bonus was set aside for NT$41,942 thousand and NT$53,929 thousand respectively, and the Director's remuneration was set aside for NT$41,942 thousand and NT$53,929 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 2022 and 2021. 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' remuneration, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2022 and 2021.

(23) Non-operating income and expenses

1. Interest income

Details of interest income in 2022 and 2021 are as follows:

		2022	2021
Bank deposits (including short-term securities)	$	38,997	11,946
Discounted construction refundable deposits (including deposits)		568	162
Others		1,001	9
	$	40,566	12,117

2. Other income

Details of other income in 2022 and 2021 are as follows:

		2022	2021
Dividend income	$	3,245	1,680

3. Other gains or losses

Details of other gains and losses of the Company in 2022 and 2021 are as follows:

		2022	2021
Profit (loss) on financial assets measured at fair value through profit or loss	$	(9,883)	19,121
Other income		30,818	28,410
Others		(22,155)	(15,956)
	$	(1,220)	31,575

4. Finance costs

Details of financial costs of the Company in 2022 and 2021 are as follows:

	2022	2021
Interest expenses		
Interests on bank loans and deposits	$ 284,723	255,355
Transaction fees and interests on corporate bonds	69,916	81,550
Lease liabilities	59	90
Other financing costs	168	1,010
Less: Capitalization of interest	(147,308)	(123,107)
	$ 207,558	214,898

(24) 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, 2022					
Non-derivative financial liabilities					
Secured bank loans	$ 10,580,478	10,888,578	6,824,226	3,318,620	745,732
Unsecured bank loans	3,960,378	4,022,083	3,380,657	641,426	-
Notes and accounts payable and other payables (including related parties)	1,213,996	1,213,996	1,213,996	-	-
Ordinary bond (including current portion due within one year)	4,000,000	4,039,600	2,007,375	2,032,225	-
Lease liabilities	5,142	5,244	3,117	2,127	-
Guarantee deposits received	4,742	4,742	-	4,742	-
	$ 19,764,736	20,174,243	13,429,371	5,999,140	745,732
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

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.

If the interest rate increases or decreases by 1% on the reporting date, while other factors remained unchanged, the Company's profit before tax in 2022 and 2021 would decrease or increase by NT$145,409 thousand and NT$142,797 thousand, respectively; net profit before tax will decrease or increase by NT$85,048 thousand and NT$90,788 thousand, respectively, after capitalization of interest. This is mainly because the Company has floating rate loans.

4. Other 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:

	2022		2021	
Securities price on the reporting date	**Other comprehensive income after tax**	**Net profit after tax**	**Other comprehensive income after tax**	**Net profit after tax**
Increase by 10%	$ 461	3,400	459	4,388
Decrease by 10%	$ (461)	(3,400)	(459)	(4,388)

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):

	2022.12.31				
		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	$ 33,995	33,995	-	-	33,995
Financial assets measured at FVTOCI - non-current	$ 4,605	1,300	-	3,305	4,605
Financial assets at amortized cost					
Cash and cash equivalents	$ 8,563,299	-	-	-	-
Notes and accounts receivable	117,096	-	-	-	-
Other financial assets-current	1,629,826	-	-	-	-
Subtotal	10,310,221	-	-	-	-
Total	$ 10,348,821	35,295	-	3,305	38,600
Financial liabilities measured at amortized costs					
Short-term loans	$ 14,540,856	-	-	-	-
Notes and accounts payable and other payables (including related parties)	1,213,996	-	-	-	-
Bonds payable (including current portion due within one year)	4,000,000	-	-	-	-
Lease liabilities	5,142	-	-	-	-
Guarantee deposits received	4,742	-	-	-	-
Total	$ 19,764,736	-	-	-	-

	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 fair value through profit or loss	$ 43,878	43,878	-	-	43,878
Financial assets measured at FVTOCI - non-current	$ 4,591	1,677	-	2,914	4,591
Financial assets at amortized cost					
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 measured at 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	-	-	-	-

(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
January 1, 2022	$ 2,914
December 31, 2022	$ 3,305
January 1, 2021	$ 2,411
December 31, 2021	$ 2,914

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, 2022 and 2021 are as follows:

	2022	2021
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")	$ 391	1,495

(25) 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, 2022, and 2021, 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, 2022, and 2021, 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.

(26) 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, 2022 and 2021, the Company had the same policy on capital management and maintained the debt-to-capital ratio between 39% to 60% to ensure reasonable cost of capital. The debt-to-capital ratios on December 31 of 2022 and 2021 are as follows:

	2022.12.31	2021.12.31
Total liabilities	$ 20,568,749	21,490,666
Less: cash and cash equivalents	(8,563,299)	(9,855,789)
Net liability	12,005,450	11,634,877
Total equity	18,516,479	17,562,761
Capital after adjustment	**$ 30,521,929**	**29,197,638**
Debt-to-capital ratio	**39%**	**40%**

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

The Company’s non-cash investing and financing activities for the year ended on December 31, 2022, and 2021, 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
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (the "Guan You")	Subsidiary
Tua Tiann Co., Ltd. (the “Da Cheng)	Joint venture of the Company
ReadyCom eServices Co. Ltd.	Associates
Hon Hui Zhu Gao Co., Ltd. (on Hui Zhu Gao)	Associates
Retrieving data. Wait a few seconds and try to cut or copy again.	The entity’s chairman is the second-degree relative of the company's chairman.

(2) Significant related-party transactions

1. Purchases

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

2022	Total Contract Amount (before tax)	Purchase (Current Price)	Cumulative Amount
Subsidiary - Kedge Construction	$ 13,491,658	1,886,595	4,286,047
Subsidiary - Dingtian	187,732	16,974	16,974
Total	$ 13,679,390	1,903,569	4,303,021

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

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 or in 60 days, or 100% due immediately or in 90 days.

2. Purchases of services from related parties

	Purchases	
	2022	2021
Subsidiary - Dingtian	$ 930	1,010
Subsidiary - Global Mall	190	-
	$ 1,120	1,010

3. Receivables from related parties

Detail of the Company's significant accounts receivables with its related parties were as follows:

Accounting Subject	Category and Name of Related Party	2022.12.31	2021.12.31
Accounts receivable	Subsidiary - Kedge Construction	$ 111	-

4. 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	2022.12.31	2021.12.31
Notes payable - related parties	Subsidiary - Kedge Construction	$ 151,348	176,942
Notes payable - related parties	Subsidiary - Dingtian	4,429	-
Accounts Payable - Related Party	Subsidiary - Kedge Construction	463,276	659,813
Accounts Payable - Related Party	Subsidiary - Dingtian	1,070	-
		$ 620,123	836,755

5. Endorsements/guarantees

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

Name of related party	2022.12.31	2021.12.31
Subsidiary	$ 28,384	28,384

6. 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, 2022, and 2021, were both NT$ 3,360 thousand.

(2) Leasing to related parties

Part of the Company’s office building was leased to its subsidiaries and the related parties in a lease term of one year and five years with a rent in the amount of NT$6,852 thousand and NT$6,825, respectively, for years ended December 31, 2022, and 2021.

7. Others

(1) The Company signed an agreement for the surface right to a land in Pingtung in the second half of the year 2011 for a period of thirty years. According to the contract, the subsidiary has undertaken the contract for the surface right to a land signed between the Company and the Pingtung County Government according to the agreement.

(2) In 2022 and 2021, the Company donated NT$9,000 thousand and NT$6,000 thousand to Yu San Foundation, a syndicate legal entity, for the promotion of the foundation's business.

(3) In June 2022, the Company sold 10,200 thousand ordinary stocks of Guan Cheng to Global Mall at a transaction price of NT$182,337 thousand. The gain on disposal of NT$1,543 thousand is considered an equity transaction between shareholders. As of December 31, 2022, the amount has been received and the equity transfer has been completed.

(4) In 2021, the Company received a service fee of NT$929,000 for providing plans for the shopping mall and consulting services to the subsidiary, which was recognized as other gains and losses.

(3) Key management personnel transactions

Remuneration to major management personnel includes:

		2022	2021
Short-term employee benefits	$	40,915	42,860
Benefits after retirement		30	79
	$	40,945	42,939

8. Pledged Assets

Carrying values of pledged assets were as follow:

Name of assets	Pledge guarantee object		2022.12.31	2021.12.31
Buildings and land held for sale	Bank loans	$	6,212,894	7,091,204
Land held for construction	〃		1,724,867	1,709,071
Construction in progress	〃		8,810,762	8,098,053
Investment properties and net value of property, plant, and equipment	〃		744,184	748,768
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, and bonds payable		943,242	1,034,608
Long-term equity instruments accounted for using equity method	Bank loans and guarantees		3,130,030	2,902,148
		$	21,565,979	21,583,852

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

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

		2022.12.31	2021.12.31
Total amount of contract construction	$	649,451	189,714
Amount of payments received	$	248,273	29,925

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

		2022.12.31	2021.12.31
Amount of sales contracts signed	$	3,166,981	4,427,490
Amount of payments received per contracts	$	306,601	1,045,946

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

	2022.12.31	2021.12.31
Refundable deposits	$ 686,090	531,160
Refundable notes	$ 1,552,737	1,438,635

4. It is passed by the Board Meeting in December 2022, and 2021, that the Company promised to donate NT$8,000 thousand and NT$9,000 thousand in 2023 and 2022, respectively, to Kindom Yu San Education Foundation for the promotion of foundation affairs.
5. In November 2021, the Company signed a contract with Taiwan Power Company (Taipower) for the urban renewal project of the former site of Nangang (AR-1-2) of the Taipower northern storage and transportation center. According to the contract, the Company is required to lease back all the commercial facilities (including parking spaces) that Taipower participated in the rights transformation and distribution, with a lease term of ten years and a renewal of ten years, and the lease contract for the relevant commercial facilities and premises is signed one year before the license is obtained.
6. In September 2022, the Company's joint venture (Tua Tiann Co., Ltd) signed the "Public Office and Urban Regeneration Investment Project at the Taipei Station" contract with the Taipei Housing and Urban Regeneration Center. The Company bears a joint liability for the compensation and performance obligations.
7. In December 2022, the Company signed the "Phase 2 and Phase 3 Public Solicitation of Investors Investment Project in Taipei City" contract with the National Housing and Urban Regeneration Center. The Company is required to lease back the commercial facilities affiliated with the administrative office building, with a lease term of 20 years.

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	2022 Operating costs	2022 Operating Expenses	2022 Total	2021 Operating costs	2021 Operating Expenses	2021 Total
Employee benefit expenses						
Salaries and wages	-	165,303	165,303	-	170,771	170,771
Labor insurance and national health insurance	-	9,987	9,987	-	9,593	9,593
Pension expenses	-	4,570	4,570	-	4,430	4,430
Directors' remuneration	-	46,197	46,197	-	57,410	57,410
Other employee benefits expenses	-	7,837	7,837	-	10,536	10,536
Depreciation	4,611	15,200	19,811	4,611	13,491	18,102
Amortization	-	474	474	-	860	860

The Company's employee number and employee benefit expenses in 2022 and 2021 are as follows:

	2022	2021
Number of employees	98	97
Number of Board members who are not employee	5	5
Average employee benefit expense	$ 2,018	2,123
Average salary expense	$ 1,717	1,856
Average salary adjustment	(4.26)%	(10.85)%
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 2022, 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. Loans provided for others: None.
2. Endorsements/Guarantees Provided 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 /guarantee provided to subsidiary in China
		Name of Company	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	$ 8,372,491	14,192	14,192	14,192	-	0.34%	8,372,491	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	47,780	14,192	14,192	14,192	-	29.70%	47,780	N	Y	N
2	〃	Kedge Construction	Parent company and subsidiary	7,166,999	1,376,500	1,376,500	1,376,500	-	2,880.91%	14,333,998	N	Y	N
3	Global Mall	Guan Hua	2	3,203,295	110,000	110,000	20,000	-	2.06%	6,406,591	Y	N	N
3	〃	Guan Cheng	2	3,203,295	61,550	61,550	61,550	-	1.15%	6,406,591	Y	N	N
3	〃	Guan You	2	3,203,295	180,000	180,000	-	-	3.37%	6,406,591	Y	N	N

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

(1) An entity with which it does business.

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

(3) 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.

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

Unit: NT$ thousand/ thousand shares

Investing 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)	
The company	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	604	33,995	- %	33,995	
〃	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	99	3,305	0.20 %	3,305	
〃	Stock - Clientron Corp.	-	〃	29	655	0.05 %	655	
〃	Stock - Fubon Financial Holding Co Ltd.	-	〃	12	645	- %	645	
Jiequn Investment	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	563	31,723	- %	31,723	
〃	Stock - SinoPac Securities Corporation	-	〃	213	3,572	- %	3,572	
〃	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	11	603	- %	603	
〃	Stock - Huei Ding Computer	-	〃	405	-	0.78 %	-	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	500	28,176	- %	28,176	
〃	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	10	535	- %	535	
〃	Stock - Commonwealth Publishing Group	-	〃	160	6,766	0.59 %	6,766	

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

Notes to the Parent Company Only Financial Statements of KINDOM DEVELOPMENT CO., LTD. (continued)

4. Accumulated to buy or sell the same marketable securities amount to NT$ 300 million or more than 20% of the paid-up capital:

Unit: NT$ thousand/thousand shares

The company that purchases and sells	Marketable securities	Recognition	Transaction	Relationship	Beginning of period		Purchase		Sell				End of period	
	Type and name	Ledger Account	Counterparty		Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gains (Losses) on Disposal	Number of shares	Amount
The company	Stock	Investments accounted for using equity method	Da Cheng	Joint venture	-	-	102,000	1,020,000	-	-	-	-	102,000	1,021,771

Note: The amount at the end of the period includes investment gains.

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

Expressed in thousands of New Taiwan Dollars

Acquiring company	Property Name	Date of transaction or event	Transaction amount	Payment collection status	Transaction counterparty	Relationship	For related parties, the information on previous transaction				Reference for price determination	Purpose of Acquisition and Status in Use	Other stipulations of the transaction
							Possessor	Relationship with the issuer	Date of transfer	Amount			
Kindom Development	Land rights of Hui Guo section in Xitun District	2022.10	927,681	927,681	C-J Construction and Development LTD	Non-related party	-	-	-	-	Valuation	Planning and construction	None

6. Disposal of real estate at prices exceeding 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	Payment collection status	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 land held for sale	2022.09~2022.12	Not applicable: inventories sold, not acquired	N/A	1,232,933	404,810	N/A	More than one third party	Non-related party	Selling inventories	Reference based on market price	None

Note 1: The amounts above are expressed before taxes.

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

Expressed in thousands of New Taiwan Dollars

Companies involved in purchases (Sales)	Name of transaction counterparty	Relationship	Transaction Situation				Transactions with Terms Different from Others		Notes/accounts receivable (or payable)		Remark
			Purchases (Sales)	Amount (Note)	Percentage of total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage of total notes/accounts receivable (or payable)	
The company	Kedge Construction	Investees valued under equity method	Contracting	1,886,595	41.39%	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	(614,624)	(57.81)%	
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	Contracting	(1,886,595)	(12.44)%	Receive payment by installment per contract or slightly longer than a normal transaction	〃	〃	614,624	20.27%	

Note: Refers to the valuation amount for the current period.

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

The companies that record such transactions as receivables	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Receivable Overdue		Amounts received in subsequent periods	Allowance for losses appropriated
					Amount	Action taken		
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	614,624	2.51	-	-	62,780	-

9. Derivative financial instrument transactions: None.

(2) Information on Invested Companies:

The information on the enterprises by the venture capital of merged companies in 2022 is as follows:

Unit: NT$ thousand/ thousand 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	39,873	34.18%	1,221,298	1,047,933	380,748	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%	4,510,534	392,562	329,818	〃
〃	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store retailing	-	102,000	-	- %	-	116,761	23,516	Sub-subsidiary
Kindom Development	Da Cheng (Note 2)	Taiwan	Commercial real estate development industry	1,020,000	-	102,000	51.00%	1,021,771	3,473	1,771	Investments accounted for using equity method
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	Investment	163,935	163,935	16,396	99.98%	434,730	14,466	14,463	Sub-subsidiary
〃	Guanqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	228,533	(759)	(759)	〃
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,334	(293)	(88)	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,446	(293)	(205)	〃
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,392	(1,560)	(728)	Investments accounted for using equity method
Global Mall	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store	280,886	98,000	20,000	100.00%	365,850	116,761	93,245	Sub-subsidiary

Notes to the Parent Company Only Financial Statements of KINDOM DEVELOPMENT CO., LTD. (continued)

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			
			retailing								
〃	Guan You (Note 3)	Taiwan	Department stores, supermarkets, and non-store retailing	-	5,000	-	- %	-	(10,545)	(101)	Third-tier subsidiary
〃	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	146,766	5,871	5,871	Sub-subsidiary
〃	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)	9,339 (HKD390 thousand)	- (Limited company)	100.00%	1,799	(167)	(167)	〃
〃	Hon Hui Zhu Gao	Taiwan	Department stores, supermarkets, and non-store retailing	100,000	-	10,000	20.00%	99,975	(225)	(45)	Investments accounted for using equity method
Guan Cheng	Guan You (Note 3)	Taiwan	Department stores, supermarkets, and non-store retailing	230,006	130,000	13,500	100.00%	92,017	(10,545)	(10,444)	Third-tier subsidiary

Note 1: In line with the Group's operational needs, the Company sold 51% of its equity of Guan Cheng to Global Mall in June 2022. For further details, please refer to Note 6(6) and 7.

Note 2: In accordance with the conditions of the development contract, the Company invested and established Tua Tiann Co., Ltd. in August 2022. For further details, please refer to Note 6(6).

Note 3: In line with the Group's operational needs, Global Mall sold 3.7% of its equity of Guan You to Guan Cheng in April 2022.

(3) Information on Investments in Mainland China:

1. Relevant information, including names and principal business, on investees in China: None.
2. Limitation on investment in mainland China:

Unit: Thousands of USD/RMB/NTD

Cumulative investment remitted from Taiwan to Mainland China at end of the year	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.
1,076,350 CNY227,649 (Note 1)	USD 38,738	11,109,887 (Note 2)

Note 1: Contains the investment amount from the dissolved company Global Mall (Tianjin) Co., Ltd., which has completed the cancellation registration on April 19, 2021, and remitted the remaining amount of NT$44,054 thousand (HK$12,400 thousand) through its parent company KGM to Global Mall in December of the same year.

Note 2: The limited amount is capped at 60% of the parent company's net equity.

3. Significant transactions with investees in mainland China: None

(4) Information on Major Shareholders:

Expressed in shares

Shareholding Name of substantial shareholders	No. of shares held	Shareholding ratio
Yu-De Investment Co.	105,935,137	19.12%
Mei-Chu Liu	67,215,292	12.13%

14. Segment Information

Please refer to the 2022 Consolidated Financial Statements.

Kindom Development Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2022

Expressed in thousands of New Taiwan Dollars

Refer to Note 6(1) for details.

Statement of Other Financial Assets - Current

Item	Description	Amount	Remark
Bank deposits	Trust and reserve accounts	$ 943,242	
Refundable deposits	Performance bond	686,584	
		$ 1,629,826	

Kindom Development Co., Ltd.

Statement of Inventories

December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Description	Amount
Prepayment 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
	110C	290,000
	Others	6,438
	Less: Loss allowance	(5,003)
	Subtotal	2,899,060
Construction in progress	101A	5,284,732
	104A	841,321
	106B	1,578,165
	108A	63,171
	108B	1,045,611
	108C	47,769
	109A	680,453
	109B	179,699
	110A	132,689
	110D	93,951
	111B	883,507
	Others	126,544
	Subtotal	10,957,612
Buildings and land held for sale	970I	180,905
	101D	53,204
	980C	104,680
	980K	1,183,225
	980L	2,823,586
	980M	1,971,974
	980F	46,291
	101B	82,491
	950B	65,880
	106A	741,072
	Others	14,511
	Less: Loss allowance	(29,104)
	Subtotal	7,238,715
Total		**$ 21,099,622**

Kindom Development Co., Ltd.

Statement of Changes in Investments Accounted for Using Equity Method

January 1 to December 31, 2022

Expressed in thousands of New Taiwan Dollars

	Beginning balance		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Ending balance			Market Value or Net Equity		
Name	Shares (in thousands of shares)	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total Amount	Guarantee or Pledge
Kedge Construction Co., Ltd.	36,248	$ 904,540	3,625	411,002	-	94,244	39,873	34.18%	1,221,298	51.50	2,053,436	None
Global Mall Co., Ltd.	320,105	4,182,308	-	329,977	-	1,751	320,105	84.02%	4,510,534	14.01	4,485,237	Yes
Guancheng Life Co. Ltd.	10,200	157,285	-	23,516	10,200	180,801	-	- %	-	14.76	-	None
Tua Tiann Co., Ltd.	-	-	102,000	1,021,771	-	-	102,000	- %	1,021,771	10.20	1,021,771	None
		$ 5,244,133		1,786,266		276,796			6,753,603		7,560,444	

Note 1: The increase for the year were the total of the acquisition of 102,000 thousand of shares at a cost of NT$1,020,000 thousand, shares distributed from the subsidiaries earnings was 3,625 thousand shares, changes in capital reserve from dividends paid to subsidiaries was NT$29,227 thousand, gains on investment accounted for using equity method in the amount of NT$735,853 thousand, capital reserve of subsidiaries accounted for using equity method in the amount of NT$48 thousand, and other comprehensive income of subsidiaries accounted for using equity method in the amount of NT$1,138 thousand.

Note 2: The decreases for the year were the total of cash dividends received in the amount of NT$94,244 thousand and disposal of the subsidiaries' shares accounted for using equity method was 10,200 thousand shares and a total of NT$180,794 thousand, and capital reserve of subsidiaries accounted for using equity method in the amount of NT$1,758 thousand.

Kindom Development Co., Ltd.

Statement of Short-term Borrowings

December 31, 2022

Expressed in thousands of New Taiwan Dollars

Explanation	Type of Loan	Ending balance	Term	Interest Rate	Collateral
Financial institutions	Credit loan	$ 1,000,000	2018.05.24~2023.05.24	Note 1	Other financial assets
〃	〃	1,290,489	2019.08.28~2024.08.28	〃	Other financial assets
〃	〃	1,169,889	2021.04.06~2023.08.24	〃	-
〃	〃	500,000	2022.08.24~2023.08.24	〃	-
	Subtotal	3,960,378			
Financial institutions	Secured bank loans	1,041,630	2019.07.03~2017.01.24	Note 2	Construction in progress and long-term equity instruments
〃	〃	2,977,448	2017.06.26~2023.12.31	〃	Construction in progress
〃	〃	775,085	2019.06.17~2024.07.26	〃	Buildings and land held for sale
〃	〃	337,500	2020.03.26~2027.06.10	〃	Property, Plant, and Equipment and Construction in Progress
〃	〃	1,735,805	2021.02.25~2024.06.11	〃	Land held for construction and buildings and land held for sale
〃	〃	451,130	2022.01.26~2027.01.26	〃	Construction in progress, buildings and land held for sale and long-term equity instruments
〃	〃	2,865,220	2021.01.21~2023.12.15	〃	Land held for construction, construction in progress and buildings and land held for sale
〃	〃	396,660	2022.07.28~2024.07.28	〃	Buildings and land held for sale
	Subtotal	10,580,478			
		$ 14,540,856			

Note 1: 1.58%～2.44%.

Note 2: 2.05%～2.56%.

Kindom Development Co., Ltd.

Statement of Contract Liabilities

December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Payments received in advance for sales of land and buildings	950B	$ 66,709	
	980F	3,211	
	101B	16,733	
	104A	188,543	
	106A	5,767	
	101A	25,560	
	Others	78	
Construction Payments	108A	12,612	
	103G	89,166	
		$ 408,379	

Kindom Development Co., Ltd.

Statement of Bonds Payable

December 31, 2022

Expressed in thousands of New Taiwan Dollars

Name of the Bond	Trustee	Issue date	Payment Term	Interest Rate	Total issued	Repaid Amount	Ending balance	Current Portion	Carrying amount	Repayment Method	Collateral
Ordinary Bond 106-1	Financial institutions	107.01	Annual	1.05%	1,000,000	-	1,000,000	(1,000,000)	-	Repayment in lump sum upon maturity	Reserve accounts
Ordinary Bond 107-1	〃	107.10	〃	0.88%	1,000,000	-	1,000,000	(1,000,000)	-	〃	Reserve accounts
Ordinary Bond 108-1	〃	108.12	〃	0.80%	1,000,000	-	1,000,000	-	1,000,000	〃	Secured by bank
Ordinary Bond 109-1	〃	109.10	〃	0.60%	1,000,000	-	1,000,000	-	1,000,000	〃	Secured by bank
Total					$ 4,000,000	-	4,000,000	(2,000,000)	2,000,000		

Kindom Development Co., Ltd.

Statement of Operating Revenue

January 1 to December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Revenue from sales of land		$ 4,653,441	
Revenue from sales of building		2,845,237	
Less: Sales return or discount		(314)	
Subtotal		7,498,364	
Rental income	Investment property	15,219	
Sales of construction contracts		137,988	
Other revenues	Commission income	13,234	
Total		$ 7,664,805	

Statement of Operating Costs

Item	Description	Amount	Remark
Cost of land		$ 2,573,388	
Cost of building		2,071,682	
Subtotal		4,645,070	
Cost of lease	Depreciation of investment property	4,611	
Cost of construction contract		261,183	
Total		$ 4,910,864	

Kindom Development Co., Ltd.

Statement of Selling and Marketing Expenses

January 1 to December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Salaries and wages	Salaries and bonus	$ 21,131	
Rental expenses		6,187	
Taxes and donations		5,957	
Advertising and commission expenses		174,284	
Others		12,199	
		$ 219,758	

Statement of General and Administrative Expenses

Item	Description	Amount	Remark
Salaries and pensions		$ 194,939	
Rental expenses		3,364	
Insurances		10,392	
Entertainment expenses		4,049	
Labor costs		13,637	
Taxes and donations		57,748	
Depreciation		15,200	
Employee benefits		3,977	
Endowments		16,748	
Others		36,230	
		$ 356,284	