

Security Code: 2520

**Meeting Handbook**  
2021 Annual General Shareholders' Meeting

**Kindom Development Co., Ltd.**



**Time: 2:00 p.m., June 17, 2021**

**Location: No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City, Taiwan  
(R.O.C.) (1F Lobby of the Company)**

# Table of Contents

Chapter 1. Meeting Procedure .....	1
Chapter 2. Meeting Agenda .....	2
I. Announcements .....	3
II. Proposals .....	5
III. Discussions .....	7
IV. Extempore Motions .....	8
Chapter 3. Attachments	
I. 2020 Business Report .....	9
II. Audit Committee's Review Report .....	12
III. Corporate Bond Status Report .....	13
IV. Supplementary Articles of the Procedures for Ethical Management and Guidelines for Conduct .....	14
V. Independent Auditors' Report and Financial Statements .....	23
VI. 2020 Earnings Distribution Table .....	42
VII. Comparison Table for the Amendments to Articles of Incorporation .....	43
VIII. Comparison Table for the Amendments to Rules of Procedures for Shareholders' Meetings .....	45
Chapter 4. Appendices	
I. Rules of Procedures for Shareholders' Meetings (Before Amendments) .....	46
II. Articles of Incorporation (Before Amendments) .....	50
III. Shareholdings of All Directors .....	55

# Kindom Development Co., Ltd.

## Procedure for the 2021 Annual General Shareholders' Meeting

- I. Call the Meeting to Order
- II. Chairman ' s remarks
- III. Announcements
- IV. Proposals
- V. Discussions
- VI. Extempore Motions
- VII. Adjournment

# Kindom Development Co., Ltd.

## Agenda for the 2021 Annual General Shareholders' Meeting

Time: 2:00 p.m. on Jun. 17, 2021 (Thursday)

Location: No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)  
(1F Lobby of the Company)

### I. Announcements:

(I) 2020 Business Report.

(II) 2020 Audit Committee's Review Report.

(III) 2020 Employees' and Directors' Remuneration Distribution Report.

(IV) Corporate Bond Status Report.

(V) Other Matters:

1. The Company's Endorsements/Guarantees for Others.

2. Formulation of the Company's Procedures for Ethical Management and Guidelines for Conduct.

### II. Proposals:

(I) The Company's 2020 Business Report and Financial Statements.

(II) The Company's 2020 Earnings Distribution.

### III. Discussions:

(I) 2020 Issuance of New Shares by Capital Increase from Surplus.

(II) Amendments to the "Articles of Incorporation".

(III) Amendments to the "Rules of Procedure for Shareholders' Meetings".

### IV. Extempore Motions:

### V. Adjournment

## I. Announcements

(I) To report on the Company's 2020 Business Report.

Explanation: For the 2020 Business Report, please refer to Attachment I on Page 9-11 of the Handbook.

(II) To report on the 2020 Audit Committee's Review Report.

Explanation: For the Audit Committee's Review Report, please refer to Attachment II on Page 12 of the Handbook.

(III) To report on the 2020 Employees' and Directors' Remuneration Distribution Report.

Explanation: As approved by the 13th meeting of the 12th-term Board of Directors on March 26, 2021, NT\$70,829,484 will be allocated for employees' compensation, and NT\$70,829,484 will be allocated for Directors' remuneration, which will be distributed in cash.

(IV) Corporate Bond Status Report.

Explanation: To repay bank loans, the Company issued the domestic secured corporate bond one single time in October 2020. The total amount was NT\$ 1 billion. For detailed information, please refer to Attachment III on Page 13 of the Handbook.

(V) Other Matters:

1. The Company's Endorsement/Guarantee for Others:

The Company did not provide endorsements/guarantees for others until December 31, 2020.

2. Formulation of the Company's Procedures for Ethical Management and Guidelines for Conduct:

To implement the policy of ethical management and prevent the dishonesty behavior actively, the "Procedures for Ethical Management

and Guidelines for Conduct” is hereby revised in accordance with the Company’s “Ethical Corporate Management Best Practice Principles” and letter No. 1090002299 issued by Taiwan Stock Exchange Corporation on Feb. 13, 2020. Please refer to Attachment IV on Page 14-22 of the Handbook.

## II. Proposals

### Proposal 1

Proposed by the Board of Directors

Proposal: To adopt the Company's 2020 Business Report and Financial Statements.

Explanation:

- I. The Company's 2020 consolidated and individual balance sheets, statements of comprehensive income, statements of changes in equity and statements of cash flows have been prepared and audited by certified public accountants, Yi-Lien Han and Ti-Nuan Chien of KPMG, and submitted to the annual shareholders' meeting in accordance with the law along with the business report, which has been reviewed by the Audit Committee.
- II. Please refer to Attachment I on Page 9-11 and the Attachment V on Page 23-41 of the Handbook for the 2020 Business Report, Independent Auditors' Report and the above Financial Statements.
- III. Request for ratification.

Resolution:

### Proposal 2

Proposed by the Board of Directors

Proposal: To adopt the proposal for 2020 Earnings Distribution.

Explanation:

- I. The proposal has been approved by the 13th meeting of the 12th-term Board of Directors on March 26, 2021.
- II. The Company's undistributed earnings at the beginning of the year of 2020 was NT\$3,708,451,428, plus net income after tax for the period was NT\$3,353,970,851 and appropriation of changes in remeasurements of defined benefit plans of NT\$2,067,779. The distributable net profit for the current period was NT\$7,060,354,500. After appropriation of legal capital reserve of NT\$335,190,307 and of special reserve of NT\$2,042,703, it is proposed that NT\$1,712,889,400 be allocated as

bonus for shareholders, which will be distributed in cash of NT\$ 1,209,098,400 and round down to NT\$1, the aggregated amount of bonus less than NT\$1 will be included as other income for the Company. In addition, the Company will allocate NT\$503,791,000 stock dividends to shareholders.

- III. After the case has been approved by the annual shareholders' meeting, the Board of Directors will be authorized to stipulate the ex-dividend date and other related matters.
- IV. Before the record date, if the placing and distributing rate of dividend is revised, because of a certain change in the numbers of the issued shares, caused by the adjustment of competent authority or the alteration in the numbers of the Company's shares purchased, the Board of Directors will be authorized by the shareholders' meeting to resolve the relevant issues.
- V. Please refer to the Attachment VI on Page 42 of the Handbook for the 2020 Earnings Distribution.
- VI. Request for ratification.

Resolution:



### III. Discussions

Proposal 1

Proposed by the Board of Directors

Proposal: To discuss the proposal for 2020 Issuance of New Shares by Capital Increase from Surplus.

Explanation:

- I. In order to expand the business and improve the financial structure, the Company intended to issue 50,379,100 new shares through capitalization of NT\$ 503,791,000 shareholders' dividends in 2020 distributable earnings, with per value of NT \$10 per share.
- II. In terms of issuance of new shares through capitalization of the earnings, as per the shareholders and their ownership percentage listed on the record date in the shareholding ratio, the Company will issue, free of charge, 100 of a 1,000 shares to shareholders. In respect of fractional shares, rather than whole shares, shareholders will, within 5 days after the book closure date, add up fractional shares into whole shares at the Company's stock agency. If shareholders fail to add up fractional shares into whole shares or a share is still a fractional share after aggregation, the Company will distribute cash (round down to NT\$ 1) at the face value. The chairman will be authorized to appoint a person to purchase the fractional shares at the face value.
- III. The rights and obligations of the new common shares issued in this capital increase would be the same as previous shares.
- IV. The dividend record date, the distribution date and other related matters shall be determined by the chairman of the Board of Directors after the resolution of the annual shareholders' meeting and the presentation to the competent authority for approval. Before the record date, if the placing and distributing rate of dividend is revised, because of a certain change in the numbers of the issued shares, caused by the adjustment of competent authority or the alteration in the numbers of the Company's shares purchased, the chairman will be authorized by the shareholders' meeting to resolve the relevant issues.
- V. Request for resolution.

Resolution:

Proposal 2

Proposed by the Board of Directors

Proposal: To discuss the Amendments to the Company's Articles of Incorporation.

Explanation:

- I. To amend certain provisions in the Articles of Incorporation of the Company in order to meet the actual operational demand of the Company. For the comparison table of the provisions before and after revision, please refer to Attachment VII on Page 43-44 of the Handbook.
- II. Request for resolution.

Resolution:

Proposal 3

Proposed by the Board of Directors

Proposal: To discuss the proposal for the Amendments to the Company's Rules of Procedure for Shareholders' Meetings.

Explanation:

- I. To amend certain provisions in the Rules of Procedure for Shareholders' Meetings of the Company, in accordance with Letter No. 1100001446, issued by Taiwan Stock Exchange Corporation on January 28, 2021. For the comparison table of the provisions before and after revision, please refer to Attachment VIII on Page 45 of the Handbook.
- II. Request for resolution.

Resolution:

IV. Extempore Motions

V. Adjournment

## **Attachment I**

### **2020 Business Report**

In 2020, our three major businesses, driven by the passionate contributions of our team members, have achieved a combined revenue increase of 78.4%, from NT\$ 15.327 billion in 2019 to NT\$ 27.345 billion, creating a new milestone. The three major businesses that are drivers of growth are the construction segment, development segment, and department store segment of the Company and that of its subsidiaries. More than 60% of the revenue was driven by the development segment, through the sales of constructed homes, which had progressed smoothly due to accelerated selling strategy and the "Kindom Chungzindian", "Kindom Shizhengting", "Kindom Tai Ji", and "Kindom Tai Jing" were handed over to the owners on schedule. The construction segment, accounted for about 40% of the revenue and had increased due to the contracts from external customers. In the department store segment, the introduction of new brands and other diversifying activities were implemented to sustain and develop our customer base. Such initiatives in all three of our segments have yielded a net profit after tax attributable to the owners of the parent company in 2020, at NT\$ 3.354 billion. This was an increase of 161.3% from the NT\$ 1.284 billion net profit in 2019; the after-tax earnings per share increased from NT\$ 2.60 in 2019 to NT\$ 6.80 in 2020.

Currently, some of the main construction projects in the development segment that have been completed, under construction or in the pre-sale process include the following: "Kindom Xinyi B", "Kindom Xinyi C", "Kindom Xinyi F", "Kindom Wei Shan Jiu", "Kindom Chungzindian", "Kindom Shizhengting", "Kindom Roosevelt", "Kindom Tien Ching", Kindom Tai Ji", "Kindom Tai Jing" and "Taichung G8 Project", and so on. These projects, amounting to more than 10, have a combined number of about 320 total saleable households. The construction segment has been successful in securing contracts with nearly 10 external customer projects. These mainly include construction for the government's transportation infrastructure, medical buildings of public hospitals and projects from electronics companies that are listed on the stock exchange, amounting to a total contract value of more than NT\$ 32 billion. The department store segment manages the following two types of shopping complexes. One of types is the independent full service shopping mall like: "Xinbei Zhonghe" and "Pingtung." The other one is the station associated shopping mall like: "Nangang Station", "Banqiao Station", "Taoyuan A8", "Linkou A9" and "New Zuoying Station". These seven shopping malls have a total business area about 50,000 square feet. With 720,000 members and benefit of the mass transportation, the number of visitors coming to the mall is very stable.

In 2020, the overall market condition has repeatedly changed due to the COVID-19 epidemic, slowing down the global economic recovery. However, due to appropriate domestic epidemic prevention and control, lower home loan interest rate and abundant market funds, the demand for self-occupancy, house exchange and long-term property

purchase has been boosted. The number of buildings sold and purchased nationwide exceeded 326,589, an increase of 8.8% compared with 300,275 in 2019 and a breakthrough of 320,598 in 2014. It hit a seven-year high. The increased demand in the construction industry has encouraged Taiwanese businessmen to return home to expand factories and the government has also launched policies to promote futuristic infrastructure developments. These factors have driven up the demand for construction and civil engineering projects in Taiwan. The turnover in 2020 increased to NT\$ 2.68 trillion and the annual growth rate has increased by 8.06%, creating a new record in terms of growth. The department store segment was affected by the novel coronavirus in the first half of 2020, resulting in a sharp decline in performance. With the slowing down of the epidemic situation domestically, the government launched various revitalization programs and strict control of border control measures to stimulate domestic consumption in Taiwan. The turnover has turned to be positive since the second half of the year. The turnover in 2020 was NT\$ 354.1 billion, with an annual decline rate of 0.31%. In 2021, with the strengthening of global vaccination and epidemic prevention & control measures, the epidemic will be increasingly under control. Domestic consumers will concentrate on domestic consumption, and the overall domestic demand market will gradually return to stability. However, the problem of industrial shortage of labor and materials will not be improved. The housing control measures and consumer willingness & confidence will tend to be conservative. Under the loose money and low-interest rate environment, the rate of growth in the three segments might be growing slowly in the first half of the year.

Aspiring for a better performance in 2021, Kindom Group continues to lead with the business philosophy of "Integrity, Service, Innovation and Sustainability," to integrate construction, development, shopping complexes and foundation to develop an all-round real estate business team. This will enable us to achieve the aim of integrating "investment and development, construction and building, life and entertainment" as we move forward. The Kindom Group continues to make steady progress with four critical operating principles: "strengthening of corporate governance", "implementation of internal controls", "efficient resource allocation within the Group", and "participation in social welfare", with the ambition to provide exemplary products and services and develop a strong and reliable brand image. The building of exemplary construction sites will continue to be the priority of our development segment. As the market trend, customer needs and regional development, various products will be positioned, taking advantage of the big data and precision marketing strategies will be implemented. Accelerated demolition will also be carried out to enhance the overall competitiveness of the Company. The construction segment aspires to secure high-tech and high-value added engineering bids, with a comprehensive supply chain management system in place, and strives to accurately manage the implementation schedule. This, along with regular review of the trends in supply and demand of bulk building materials, is performed to meet the schedule and cost estimates. We aim to provide high quality products and services, while keeping

our suppliers and the customers satisfied. The department store segment, continue to strengthen the combination of diversified products and create the differentiation of the shopping mall with personalized and innovative services, in response to the trend and customer needs. They also strive to develop creative digital applications to provide convenient and diversified membership services to develop brand loyalty and stickiness among the customers.

The Kindom Group not only pursues revenue growth, but also takes into account the balanced development of environmental, social, and governance (ESG). It constructs a sustainable strategy blueprint with three aspects of "Green Home", "Smart City" and "Happy Society". Combined with 17 indicators of SDGS of the United Nations, the Group uses innovative technology to reduce the environmental impact of buildings, actively plans green fine home and continues to care the existing and weak social responsibility, with the vision of becoming a "leading brand of all-round real estate business team". We continue to work towards enhancing our competitiveness, branding and the competitiveness of sustainable developments, build sustainable developments, while creating impressive profits, for the benefit of our shareholders.

**Chairman:**  
**Mike, Ma**

**General Manager:**  
**Ching-Chin, Hung**

**Chief Accounting Officer:**  
**Shu-Lien, Chang**

## **Attachment II**

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

Approval for

The Board of Director submitted the financial statements of the Company for the year 2020, and these statements were audited by KPMG Taiwan through the accountants, Yi-Lien Han and Ti-Nuan, Chien. The aforementioned financial statements, together with the Business Report and Earnings Distribution Table, have been reviewed by the Audit Committee and no discrepancies were found. A report has been prepared in accordance with Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

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

Convener of the Audit Committee: Hung-Chin, Huang

March 26, 2021

## Attachment III

### Corporate Bond Status

Name of the Bond	The Company issued 1st domestic secured corporate bond in the year of 2020.
Date of issuance (placement)	Oct. 7,2020
Par value (NT\$)	1 million
Issue price	100 percent of the Aggregate Nominal Amount
Aggregate Nominal Amount (NT\$)	1 billion
Rate	0.60%
Term	5 years
Guarantor	Chang Hwa Commercial Bank, Ltd.
Trustee	JihSun International Commercial Bank Co., Ltd.
Underwriter	Chang Hwa Commercial Bank, Ltd.
Certified attorney	Ya-Wen, Chiu, Attorney at law
Independent Auditor	CPA Yi-Lien Han
Redemption/Payment Basis	Repayment in lump sum upon maturity
Outstanding Principal Balance (NT\$)	1 billion
Terms of Redemption of Early Settlement	None
Restrictions	None
Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings	None
Possible dilution of equity or impact on shareholders' equity caused by regulations on the issuance and conversion, exchange or subscription to stocks	None
Name of the commissioned custodian of exchangeable underlying	None

## **Attachment IV**

### **Kindom Development Co., Ltd.**

#### **Procedures for Ethical Management and Guidelines for Conduct**

- Article 1 (Purpose of adoption and scope of application)  
The Company engages in commercial activities based the principles of fairness, honesty, faithfulness, and transparency. In order to fully implement a policy of ethical management and actively prevent dishonest conduct, the Company formulates these Procedures for Ethical Management and Guidelines for Conduct pursuant to the provisions of the " Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies", with a view to providing all personnel of the Company with clear directions for the performance of their duties.  
The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.
- Article 2 (Eligibility)  
For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.  
Any provision, promise, request, or acceptance of improper benefits by any of the Company's personnel through a third party will be presumed to be an act by the Company's personnel.
- Article 3 (Unethical conduct)  
For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.  
The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their Directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.
- Article 4 (Types of benefits)  
For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate,



facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 (Responsible unit)

The Company designates the integrity management group as the solely responsible unit (hereinafter, "the Company's responsible unit") under the Board of Directors which shall avail itself of adequate resources and staff itself with competent personnel, and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures for Ethical Management and Guidelines for Conduct, the recording and filing of reports, and the monitoring of implementation. The Company's responsible unit shall be in charge of the following matters and also submit regular reports to the Board of Directors:

- I. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate preventive measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- II. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the operations and business.
- III. Plan internal organization, structure, and allocation of responsibilities. Set up mutual supervision and checks-and-balance mechanisms for operating activities within the business scope that are at high risk of unethical conduct.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistle-blowing system and ensuring its operating effectiveness.
- VI. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
- VII. Compile documented information on the ethical management policy, statement, commitment and implementation and retain said information properly.

The Audit Office shall be the convener of the integrity management group, and the convening procedures, members and implementation measures shall be formulated separately to regulate them.

Article 6 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for

TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

- I. Based on business needs, local courtesies, customs, and habits should be followed during domestic/foreign visits, guest-hosting, and promoting business and communication.
- II. Normal social events attended or held and inviting others based on social etiquette, business purposes, or improving relationships.
- III. Inviting guests or being invited to participate in specific business activities or factory tours due to business needs. Fees and payment methods for such activities shall be clearly stated before the event, including the number of participants, level of accommodation, and duration, etc.
- IV. Attendance at folk festivals that are openly-held and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums of the management.
- VI. Property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion, retirement, resignation, severance; or the injury, illness, or death of the recipient or the recipient's spouse, or lineal relative.
- VII. Other conduct that complies with the rules of the Company.

Article 7 (Handling procedure for receipt of improper benefits): Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- I. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- II. If there is a relationship of interest between the party offering or promising the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to their immediate supervisor and notify the dedicated unit. When the benefit cannot be returned, the personnel shall refer the matter to the responsible unit within three days after accepting the benefit for further action.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- I. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- II. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.

III. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The Company's responsible unit shall put forward a proposal of return of the improper benefits, and then report to the chairman of the Board for implementation.

Article 8 (Prohibition of and handling procedure for facilitating payments)

The Company shall neither provide nor promise any facilitating payment.

Personnel of the Company who provide or promise bribes because of threats or intimidation shall record the process and report to their direct supervisor as well as notify the Company's dedicated unit.

Upon receipt of the notice under the preceding paragraph, the Company's responsible unit shall take immediate action within 3 days and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 (Procedures for handling political contributions)

Political contributions by the Company shall be made in accordance with the following provisions and reported to the chairman of the Board for approval. A notification shall be given to the Company's responsible unit. When the amount of a contribution is NT\$3 million or more, it shall be made only after being reported to and approved by the Board of Directors:

- I. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
- II. A written record of the decision shall be made.
- III. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- IV. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10 (Avoidance of interest)

When a proposal at a given board meeting concerns the personal interest of, or the interest of a corporation represented by, any of the directors, managers, and other stakeholders attending or present at the board meetings of the company, the person concerned shall state the important aspects of the interest involved at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the person concerned may not participate in discussion of or voting on the proposal and shall avoid the discussion or the voting, and may not exercise voting rights as a proxy for another director. The Directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

Article 11 (Special unit in charge of confidentiality regime and its responsibilities)

All departments and divisions of the Company shall pay attention to the management, preservation, and confidentiality of the Company's business secrets, trademarks, patents, works, and other intellectual property within the scope of their business. They shall not disclose the Company's business secrets they know to others, nor shall they seek or collect the Company's business secrets unrelated to their individual duties.

The Company's employees shall strictly comply with the Company's operating rules associated with intellectual property. They shall not disclose the Company's trade secrets, trademark, patent, copyrights, and other intellectual properties to others, nor inquire about or collect the Company's trade secrets, trademark, patent, copyrights, and other intellectual properties unrelated to their duties.

Article 12 (Prohibition of engaging in unfair competition behaviors)

The Company engages in business activities pursuant to the Fair Trade Act and relevant competition laws and regulations.

Article 13 (Prohibition against insider trading)

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

The Company's responsible unit shall collate all complaints made, record how it was dealt with, and any subsequent proposed improvements, and report to the Board of Directors.

Article 14 (Prohibition of insider trading and non-disclosure agreement)

All personnel of the Company shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Such personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other parties from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 15 (Compliance and declaration of ethical management policy)

Merry shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall clearly specify the ethical corporate management policies in the internal regulations and annual reports, on the corporate website and in other promotional materials. Product launch conferences, institutional investor seminars and other activities aimed at external parties are also used at the proper time to help suppliers, customers, other agencies and personnel understand the ethical management concept and rules.

Article 16 (Evaluation of ethical management prior to development of business relationships)

Before entering a business relationship with others, the Company will first evaluate the legality and ethical management policies of its agents, suppliers, customers or other counterparties and ascertain whether they have a record of involvement in dishonest conduct in order to ensure that they conduct business in a fair and transparent manner and do not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.

- II. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- III. Whether the enterprise has a record of involvement in dishonest conduct such as bribery or illegal political contributions in the judiciary case search system.

Article 17 (Statement of ethical management policy to counterparties in commercial dealings)

All personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 18 (Avoidance of commercial dealings with unethical operators)

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 19 (Stipulation of terms of ethical management in contracts)

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party damage compensation, and may also deduct the full amount of the damages from the contract price payable.
- II. Where a party is discovered to be engaged in dishonest conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. Formulation of specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 20 (Handling of unethical conduct by personnel of this Corporation)

The Company encourages insiders and outsiders for informing dishonest or unseemly conduct. However, insiders making a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports.

The following information must be provided by the whistleblower:

- I. The whistleblower's name, I.D. number, or anonymous compliant, and an address, telephone number and e-mail address where it can be reached.
- II. The informed party's name or other information sufficient to distinguish its identifying features.
- III. Specific facts available for investigation.

The personnel who handle the Company's reporting matters shall declare in writing that the identity of the whistleblowers and the contents of the reporting matters will be kept confidential, and the Company undertakes to protect the informant from inappropriate disciplinary action as a result of whistleblowing.

The responsible unit of this Corporation shall observe the following procedure:

- I. In the event that any employee appears to be involved in the violation, it shall be reported to the Head of related department. In the event that any director or senior management appears to be involved in the violation, it shall be reported to the independent directors.
- II. The Company's responsible unit and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts within 3 days and, where necessary, with the assistance of the legal compliance or other related department.
- III. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer to the judicial authority for investigation, or claim damages through legal procedures to safeguard its reputation and its rights and interests.
- IV. Documentation of case acceptance, investigation processes and investigation results shall be retained for 5 years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- V. With respect to a confirmed information, Merry shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
- VI. The Company's responsible unit shall collate all complaints made, record how it was dealt with, and any subsequent proposed improvements, and report to the Board of Directors.

Article 21 (Actions upon event of unethical conduct by others towards this Corporation)

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 22 (Internal promotion, establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The Company's responsible unit shall hold internal advocacy on a regular basis and communicate the importance of corporate ethics to Chairman, President, senior management, Directors, employees and mandataries.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company

The Company shall disclose on its intranet the information of the job and name of the person who violates honest conduct and the actions taken in response.

Article 23 (Enforcement)

These Procedures and Guidelines of Conduct and amendments thereof shall be put into enforcement after being resolved by the Audit Committee and the Board of Directors, and shall be reported to the shareholders' meeting.

When the company submits these Procedures and Code to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Article 24 The Procedures and Guidelines of Conduct were made on March 26, 2021.



# Attachment V

## Independent Auditors' Report

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

### Audit Opinion

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

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

### Foundation of Audit Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2020 consolidated financial statements of the Group. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, key audit matters for the financial statements for the year ended December 31, 2019 are stated as follows:

#### I. Revenue recognition of real estate sales

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

#### Description of key audit matters:

The Group engaged primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue of real estate sales amounts to NT\$16,776,116 thousand, which is material to the fair presentation of consolidated financial statements. Consequently, the Group's revenue

recognition has been identified as one of the key audit matters.

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

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

## II. Construction contracts

Refer to Note 4(17) for the accounting policies on construction contracts; Note 5(1) for the uncertainty of accounting estimations and assumptions for total construction costs; and Note 6(22) for details of revenue recognition of customer contracts.

Description of key audit matters:

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

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

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

## III. Inventory valuation

Refer to Note 4(8) for the accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions for inventory valuation, and Note 6(5) for details of inventory valuation.

Description of key audit matters:

As of December 31, 2020, the Group's inventory amounts to NT\$28,294,015 thousand and accounts for 50% of total assets. The valuation of inventory is at the lower of cost or cost or market price, that is the price of real estate market with highly subject to large capital investment and long payback period and greatly subject to political, economic and real estate tax reforms. Consequently, identified as one of the key audit matters, the Group's cost of inventory might be higher than its market price. Therefore, inventory evaluation is one of the important evaluation items in the auditing on the financial review of the Group.

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

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

### **Other Matters**

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

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC of the Republic of China. The management has determined that such internal control is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements,

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

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

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the consolidated financial statements of the Group of 2020. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Taipei, Taiwan

Republic of China

March 26, 2021

*Notices to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated*

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

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

**KINDOM DEVELOPMENT CO., LTD. and Subsidiaries**  
**Consolidated Balance Sheets**  
**As of December 31, 2020, and 2019**

**Unit: NT\$ thousand**

Assets		2020.12.31		2019.12.31		Liabilities and equity		2020.12.31		2019.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 11,510,749	20	6,229,385	11	2100	Short-term loans	\$ 15,101,351	26	18,915,374	34
1110	Financial assets at fair value through profit or loss - current	67,661	-	97,563	-	2130	Current liabilities - current	5,585,647	10	6,187,338	11
1140	Current contract assets	1,671,567	3	1,349,793	3	2150	Notes payable	389,871	1	397,938	1
1150	Notes receivable, net	858	-	3,201	-	2170	Accounts payable	5,206,700	9	4,871,171	9
1170	Accounts receivable, net	2,225,979	4	1,412,568	3	2200	Other payables	1,115,831	2	777,890	2
1220	Current tax assets	34,199	-	33,266	-	2230	Current tax liabilities	665,104	2	68,365	-
1300	Inventories – trading	9,739	-	15,105	-	2250	Current provisions	150,363	-	102,482	-
1320	Inventories - construction	28,294,015	50	32,406,303	58	2251	Current provisions for employee benefit	22,278	-	21,533	-
1410	Prepayments	155,232	-	300,541	1	2280	Current lease liabilities	159,420	-	129,914	-
1476	Other financial assets - current	2,262,304	4	3,530,868	6	2320	Current portion of long-term debt due within one year or one operating period	16,336	-	16,336	-
1479	Other current assets - others	61,485	-	40,424	-	2321	Current portion of convertible corporate bond due within one year or one operating period	1,500,000	3	-	-
1480	Incremental costs of obtaining a contract - current	121,038	-	144,525	-	2322	Current portion of long-term loans due within one year or one operating period	217,760	-	190,450	-
		<u>46,414,826</u>	<u>81</u>	<u>45,563,542</u>	<u>82</u>	2399	Other current liability - others	<u>52,644</u>	<u>-</u>	<u>171,094</u>	<u>-</u>
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>		<u>30,183,305</u>	<u>53</u>	<u>31,849,885</u>	<u>57</u>
1517	Financial assets at fair value through other comprehensive income - non-current	8,731	-	8,579	-	2530	Bonds payable	4,000,000	7	4,500,000	8
1550	Investments accounted for using equity method	20,507	-	20,506	-	2540	Long-term debts	2,157,240	4	2,184,575	4
1600	Property, plant and equipment	6,586,166	12	6,703,794	12	2580	Non-current lease liabilities	3,521,533	6	2,714,817	5
1755	Right-of-use assets	3,548,998	6	2,789,255	5	2640	Defined benefit liabilities, net - non-current	5,979	-	6,681	-
1760	Investment property	506,175	1	510,687	1	2645	Guarantee deposits received	94,419	-	90,754	-
1780	Intangible assets	49,236	-	42,830	-	2670	Other non-current liabilities, others	49,008	-	65,344	-
1840	Deferred tax assets	54,512	-	51,446	-			<u>9,828,179</u>	<u>17</u>	<u>9,562,171</u>	<u>17</u>
1915	Prepayments for equipment	2,101	-	9,926	-		<b>Total liabilities</b>	<u>40,011,484</u>	<u>70</u>	<u>41,412,056</u>	<u>74</u>
1975	Defined benefit assets, net - non-current	3,400	-	1,361	-	<b>Equity attributable to owners of the parent company</b>					
1980	Other financial assets- non-current	132,280	-	72,968	-	3100	Share capital	5,037,910	9	5,037,910	9
1995	Other non-current assets - others	50,109	-	50,071	-	3200	Capital surplus	1,396,097	2	1,379,873	3
		<u>10,962,215</u>	<u>19</u>	<u>10,261,423</u>	<u>18</u>	3300	Retained earnings	8,902,937	15	6,306,721	11
						3400	Other equity interest	(27,847)	-	(25,804)	-
						3500	Treasury stock	(71,196)	-	(71,196)	-
							Total equity attributable to owners of the parent company	<u>15,237,901</u>	<u>26</u>	<u>12,627,504</u>	<u>23</u>
						36XX	Non-controlling interests	<u>2,127,656</u>	<u>4</u>	<u>1,785,405</u>	<u>3</u>
							<b>Total equity</b>	<u>17,365,557</u>	<u>30</u>	<u>14,412,909</u>	<u>26</u>
<b>Total assets</b>		<u>\$ 57,377,041</u>	<u>100</u>	<u>55,824,965</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 57,377,041</u>	<u>100</u>	<u>55,824,965</u>	<u>100</u>

**KINDOM DEVELOPMENT CO., LTD. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**From January 1 to December 31, 2020 and 2019**

Unit: NT\$ thousand

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

**KINDOM DEVELOPMENT CO., LTD. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**From January 1 to December 31, 2020 and 2019**

**Unit: NT\$ thousand**

	Equity attributable to owners of the parent company											
	Share capital	Retained earnings				Other equity interest				Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Treasury stock			
<b>Balance as of January 1, 2019</b>	\$ 5,037,910	1,368,865	1,637,699	32,521	3,856,740	5,526,960	(25,910)	364	(71,196)	11,836,993	1,730,570	13,567,563
Net income	-	-	-	-	1,283,526	1,283,526	-	-	-	1,283,526	262,697	1,546,223
Other comprehensive income (loss)	-	-	-	-	26	26	(354)	96	-	(232)	1,417	1,185
Total comprehensive income (loss)	-	-	-	-	1,283,552	1,283,552	(354)	96	-	1,283,294	264,114	1,547,408
Earnings appropriation and distribution:												
Legal reserve appropriated	-	-	50,724	-	(50,724)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(6,975)	6,975	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(503,791)	(503,791)	-	-	-	(503,791)	-	(503,791)
Other changes in capital reserve:												
Changes in equity of associates and joint ventures accounted for under the equity method	-	11	-	-	-	-	-	-	-	11	22	33
Changes in capital reserve from dividends paid to subsidiaries	-	10,626	-	-	-	-	-	-	-	10,626	-	10,626
Unclaimed dividends after effective period	-	371	-	-	-	-	-	-	-	371	-	371
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(209,301)	(209,301)
Balance as of December 31, 2019	5,037,910	1,379,873	1,688,423	25,546	4,592,752	6,306,721	(26,264)	460	(71,196)	12,627,504	1,785,405	14,412,909
Net income	-	-	-	-	3,353,971	3,353,971	-	-	-	3,353,971	551,166	3,905,137
Other comprehensive income (loss)	-	-	-	-	(2,068)	(2,068)	(2,257)	214	-	(4,111)	343	(3,768)
Total comprehensive income (loss)	-	-	-	-	3,351,903	3,351,903	(2,257)	214	-	3,349,860	551,509	3,901,369
Earnings appropriation and distribution:												
Legal reserve appropriated	-	-	128,355	-	(128,355)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	258	(258)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(755,687)	(755,687)	-	-	-	(755,687)	-	(755,687)
Changes in equity of associates and joint ventures accounted for under the equity method	-	18	-	-	-	-	-	-	-	18	-	18
Changes in capital reserve from dividends paid to subsidiaries	-	15,938	-	-	-	-	-	-	-	15,938	-	15,938
Unclaimed dividends after effective period	-	268	-	-	-	-	-	-	-	268	35	303
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(209,293)	(209,293)
<b>Balance as of December 31, 2020</b>	<b>\$ 5,037,910</b>	<b>1,396,097</b>	<b>1,816,778</b>	<b>25,804</b>	<b>7,060,355</b>	<b>8,902,937</b>	<b>(28,521)</b>	<b>674</b>	<b>(71,196)</b>	<b>15,237,901</b>	<b>2,127,656</b>	<b>17,365,557</b>



**KINDOM DEVELOPMENT CO., LTD. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**From January 1 to December 31, 2020 and 2019**

**Unit: NT\$ thousand**

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

**Cash flows from investing activities:**

Disposal of non-current assets held for sale	-	111,969
Acquisition of property, plant and equipment	(126,629)	(93,581)
Proceeds from disposals of property, plant and equipment	164	1,431
Acquisition of intangible assets	(15,748)	(3,726)
Increase in prepayments for business facilities	(69,812)	(9,858)
Decrease (increase) in equipment prepayment	6,944	(3,728)
Interests received	20,983	20,777
Dividends received	3,435	3,456
<b>Net cash (outflow) inflow generated from investing activities</b>	<b>(180,663)</b>	<b>26,740</b>

**Cash flows from financing activities:**

Increase in short-term loans	7,489,595	9,399,885
Decrease in short-term loans	(11,303,618)	(9,689,019)
Increase in short-term notes and bills payable	1,210,000	569,000
Decrease in short-term notes and bills payable	(1,210,000)	(569,000)
Redemption or repurchase of convertible corporate bonds	-	(1,000,000)
Issuance of convertible corporate bonds	1,000,000	1,000,000
Proceeds from long-term debt	2,330,000	110,000
Repayments of long-term debt	(2,334,900)	(940,541)
Increase in guarantee deposits received	3,665	28,399
Repayments of lease principal	(119,480)	(121,212)
Cash dividends paid	(739,749)	(493,165)
Interests paid	(536,961)	(619,052)
Changes in non-controlling interests	(209,293)	(209,301)
<b>Net Cash outflow generated from financing activities</b>	<b>(4,420,741)</b>	<b>(2,534,006)</b>
Effects of exchange rate changes on the balance of cash and cash equivalents	(2,686)	721
Net increase in cash and cash equivalents	5,281,364	689,828
Cash and cash equivalents at beginning of the period	6,229,385	5,539,557
Cash and cash equivalents at end of the period	<b>\$ 11,510,749</b>	<b>6,229,385</b>

## **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, 2020, and 2019, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual periods from January 1 to December 31, 2020, and 2019.

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

### **Foundation of Audit Opinion**

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

### **Key Audit Matters**

Key audit key matters refer to those most material key matters for the audit on the Parent Company Only Financial Statements of the year 2020 of Kindom Development Co., Ltd., based on the professional judgment of the accountant. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, key audit matters for the Company's Parent Company Only Financial Statements for the year ended December 31, 2019 are stated as follows:

#### **1. Revenue recognition**

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

#### **Description of key audit matters:**

Kindom Development Co., Ltd. engages primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue from real estate sales amounts to 98% of the company's total revenue, which is material to the fair presentation of Parent Company Only Financial Statements. Consequently, the Kindom Development Co., Ltd.'s revenue recognition has been identified as one of the key audit matters.

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

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

## 2. Inventory valuation

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

Description of key audit matters:

As of December 31, 2020, Kindom Development Co., Ltd.'s inventory amounts to NT\$28,851,383 thousand and accounts for 66% of total assets. The valuation of inventory is at the lower of cost or cost or market price, that is the price of real estate market with highly subject to large capital investment and long payback period and greatly subject to political, economic and real estate tax reforms. Consequently, identified as one of the key audit matters, the Company's net realizable value depends on the subjective judgment or estimation of the management. Therefore, inventory evaluation is one of the important evaluation items in the accountant's auditing on the financial review of the Kindom Development Co., Ltd.

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

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

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

The management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Only Financial Statements, the management is responsible for assessing the Kindom Development Co., Ltd.'s ability to continue as a going concern, disclose matters related to going concern, and use the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements may be caused by fraud or errors. The misstated amounts are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Parent Company Only Financial Statements.

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

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

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the Parent Company Only Financial Statements of Kindom Development Co., Ltd. for 2020. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Taipei, Taiwan

Republic of China

March 26 2021

*Notices to Readers*

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

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

**Kindom Development Co., Ltd.**  
**Balance Sheets**  
**As of December 31, 2020, and 2019**

Unit: NT\$ thousand

Assets		2020.12.31		2019.12.31		Liabilities and equity		2020.12.31		2019.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 5,068,316	12	2,012,378	5	2100	Short-term loans	\$ 14,941,351	34	18,745,374	43
1110	Financial assets at fair value through profit or loss - current	23,622	-	23,445	-	2130	Contract liabilities - current	4,264,068	10	5,195,802	12
1141	Contract assets - current	394,633	1	151,622	-	2150	Notes payable	54,625	-	36,026	-
1150	Notes receivable, net	355	-	2,157	-	2160	Notes payable - related parties	1,119,596	3	1,287,602	3
1170	Accounts receivable, net	1,232,054	3	233,089	1	2170	Accounts payable	595,097	1	470,113	1
1320	Inventories - construction	28,851,383	66	32,659,659	75	2181	Accounts receivables - related parties	789,034	2	647,267	2
1410	Prepayments	43,744	-	78,029	-	2200	Other payables	459,050	1	121,079	-
1476	Other financial assets - current	1,995,393	5	3,187,328	7	2230	Current tax liabilities	496,701	1	6,242	-
1479	Other current assets - others	22,199	-	12,688	-	2251	Employee benefit liability reserve - current	2,849	-	3,104	-
1480	Incremental costs of obtaining a contract - current	121,038	-	144,525	-	2280	Lease liabilities - current	3,924	-	4,108	-
		<u>37,752,737</u>	<u>87</u>	<u>38,504,920</u>	<u>88</u>	2321	Bonds Payable or Put Option Execution - Current Portion	1,500,000	4	-	-
<b>Non-current assets:</b>						2399	Other current liability - others	43,054	-	145,842	-
1517	Financial assets at fair value through other comprehensive income - non-current	2,906	-	2,659	-			<u>24,269,349</u>	<u>56</u>	<u>26,662,559</u>	<u>61</u>
1550	Investments accounted for using the equity method	5,033,683	11	4,553,884	10	2530	Corporate bonds payable	4,000,000	9	4,500,000	10
1600	Property, plant and equipment	280,130	1	280,822	1	2640	Net Defined Benefit Liability - Non-current	5,979	-	6,681	-
1755	Right-of-use assets	3,884	-	4,101	-	2645	Refundable deposits	3,447	-	3,418	-
1760	Investment property	470,750	1	474,942	1	2670	Other non-current liabilities - others	28,748	-	28,662	-
1780	Intangible assets	1,334	-	2,274	-			<u>4,038,174</u>	<u>9</u>	<u>4,538,761</u>	<u>10</u>
1915	Prepayments for equipment	-	-	5,222	-			<u>28,307,523</u>	<u>65</u>	<u>31,201,320</u>	<u>71</u>
		<u>5,792,687</u>	<u>13</u>	<u>5,323,904</u>	<u>12</u>						
<b>Total assets</b>		<b>\$ 43,545,424</b>	<b>100</b>	<b>43,828,824</b>	<b>100</b>						
						<b>Equity:</b>					
						3100	Share capital	5,037,910	12	5,037,910	12
						3200	Capital surplus	1,396,097	3	1,379,873	3
						3300	Retained earnings	8,902,937	20	6,306,721	14
						3400	Other equity interest	(27,847)	-	(25,804)	-
						3500	Treasury stock	(71,196)	-	(71,196)	-
								<u>15,237,901</u>	<u>35</u>	<u>12,627,504</u>	<u>29</u>
								<u>\$ 43,545,424</u>	<u>100</u>	<u>43,828,824</u>	<u>100</u>
						<b>Total liabilities and equity</b>					

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

Unit: NT\$ thousand

		2020		2019	
		Amount	%	Amount	%
4000	<b>Operating revenue</b>	\$ 17,185,011	100	8,117,436	100
5000	<b>Operating costs</b>	12,601,628	73	6,085,189	75
	<b>Gross profit</b>	4,583,383	27	2,032,247	25
5920	Less: Realized profit or loss on sales	85	-	85	-
	<b>Gross profit</b>	4,583,298	27	2,032,162	25
	<b>Operating costs:</b>				
6100	Selling and marketing expenses	425,871	3	390,095	5
6200	General and administrative expenses	385,729	2	312,309	4
		811,600	5	702,404	9
	<b>Net operating profit</b>	3,771,698	22	1,329,758	16
	<b>Non-operating income and expenses:</b>				
7100	Interest income	9,081	-	9,510	-
7010	Other income	1,243	-	1,211	-
7020	Other benefits and losses	23,715	-	9,674	-
7050	Financial cost	(258,244)	(2)	(342,771)	(4)
7070	Share of profit and loss of subsidiaries, associates, and joint ventures accounted for using the equity method	589,742	4	453,404	6
		365,537	2	131,028	2
	<b>Net income before tax from continuing operating department</b>	4,137,235	24	1,460,786	18
7950	<b>Less: Income tax expense</b>	783,264	5	177,260	2
	<b>Net income</b>	3,353,971	19	1,283,526	16
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	(2,502)	-	(284)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	247	-	(366)	-
8330	Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified subsequently to profit or loss	401	-	772	-
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8380	Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method - components of other comprehensive income that may be reclassified subsequently to profit or loss-	(2,257)	-	(354)	-
8300	<b>Other comprehensive loss (net of taxes)</b>	(4,111)	-	(232)	-
	<b>Total comprehensive income</b>	<b>\$ 3,349,860</b>	<b>19</b>	<b>1,283,294</b>	<b>16</b>
	<b>Earnings per share</b>				
9750	<b>Basic Earnings Per Share (NT\$)</b>	<b>\$ 6.80</b>		<b>2.60</b>	
9850	<b>Diluted Earnings Per Share (NT\$)</b>	<b>\$ 6.77</b>		<b>2.60</b>	



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

**Unit: NT\$ thousand**

	Share capital		Retained earnings				Other equity interest			Treasury stock	Total equity
	Share capital of ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
<b>Balance as of January 1, 2019</b>	\$ 5,037,910	1,368,865	1,637,699	32,521	3,856,740	5,526,960	(25,910)	364	(71,196)	11,836,993	
Net income	-	-	-	-	1,283,526	1,283,526	-	-	-	1,283,526	
Other comprehensive income (loss)	-	-	-	-	26	26	(354)	96	-	(232)	
Total comprehensive income (loss)	-	-	-	-	1,283,552	1,283,552	(354)	96	-	1,283,294	
Earnings appropriation and distribution:											
Legal reserve appropriated	-	-	50,724	-	(50,724)	-	-	-	-	-	
Special reserve appropriated	-	-	-	(6,975)	6,975	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(503,791)	(503,791)	-	-	-	(503,791)	
Changes in equity of associates and joint ventures accounted for under the equity method	-	11	-	-	-	-	-	-	-	11	
Changes in capital reserve from dividends paid to subsidiaries	-	10,626	-	-	-	-	-	-	-	10,626	
Unclaimed dividends after effective period	-	371	-	-	-	-	-	-	-	371	
Balance as of December 31, 2019	5,037,910	1,379,873	1,688,423	25,546	4,592,752	6,306,721	(26,264)	460	(71,196)	12,627,504	
Net income	-	-	-	-	3,353,971	3,353,971	-	-	-	3,353,971	
Other comprehensive income (loss)	-	-	-	-	(2,068)	(2,068)	(2,257)	214	-	(4,111)	
Total comprehensive income (loss)	-	-	-	-	3,351,903	3,351,903	(2,257)	214	-	3,349,860	
Earnings appropriation and distribution:											
Legal reserve appropriated	-	-	128,355	-	(128,355)	-	-	-	-	-	
Special reserve appropriated	-	-	-	258	(258)	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(755,687)	(755,687)	-	-	-	(755,687)	
Changes in equity of associates and joint ventures accounted for under the equity method	-	18	-	-	-	-	-	-	-	18	
Changes in capital reserve from dividends paid to subsidiaries	-	15,938	-	-	-	-	-	-	-	15,938	
Unclaimed dividends after effective period	-	268	-	-	-	-	-	-	-	268	
<b>Balance as of December 31, 2020</b>	<b>\$ 5,037,910</b>	<b>1,396,097</b>	<b>1,816,778</b>	<b>25,804</b>	<b>7,060,355</b>	<b>8,902,937</b>	<b>(28,521)</b>	<b>674</b>	<b>(71,196)</b>	<b>15,237,901</b>	

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

**Unit: NT\$ thousand**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
<b>Net income before tax</b>	\$ 4,137,235	1,460,78
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	13,119	11,52
Amortization expense	940	46
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(177)	32
Interest expense	258,244	342,77
Interest income	(9,081)	(9,510)
Dividend income	(1,243)	(1,21
Share of profit of subsidiaries, associates and joint ventures using equity method recognition	(589,742)	(453,40
Gains on disposal of property, plant and equipment	(164)	(8
Total adjustments to reconcile profit (loss)	<u>(328,104)</u>	<u>(109,11</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in contract assets	(243,011)	(151,62
Decrease (increase) in notes receivable	1,802	(2,15
(Increase) decrease in accounts receivable	(998,965)	267,25
Decrease in inventory	3,985,706	390,06
Decrease in prepayments	34,285	206,28
Other financial assets - liquidity decrease (increase)	1,191,935	(1,246,93
(Increase) decrease in other current assets	(9,511)	6,00
Decrease (increase) in costs of obtaining a contract	23,487	(41,17
Total changes in operating assets	<u>3,985,728</u>	<u>(572,27</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	(931,734)	1,258,50
Increase in notes receivable	18,599	27,07
Decrease in notes payable - related parties	(168,006)	(612,34
Increase (decrease) in accounts payable	124,984	(39,95
Increase (decrease) in accounts payable - related parties	141,767	(133,45
Increase (decrease) in other payables	336,777	(23,79
Increase (decrease) in provisions for employee benefit - current	(255)	39
Increase in guarantee deposits received	29	1,60
Increase (decrease) in other current liabilities	(102,788)	15,79
Decrease in net defined benefit liability	(3,204)	(4,71
Increase in other non-current liabilities	86	8
Total changes in operating liabilities	<u>(583,745)</u>	<u>489,20</u>
Total changes in operating assets and liabilities	<u>3,401,983</u>	<u>(83,07</u>
Total adjustments	<u>3,073,879</u>	<u>(192,19</u>
Cash inflow generated from operations	7,211,114	1,268,59
Income taxes paid	(292,805)	(236,58
<b>Net cash inflows generated from operating activities</b>	<u>6,918,309</u>	<u>1,032,00</u>

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

## Attachment VI

### Kindom Development Co., Ltd.

#### Earnings Distribution Table

2020

Unit: NT\$

Beginning balance of undistributed earnings	\$ 3,708,451,428
Add: Net income after tax	3,353,970,851
Less: Changes of remeasurements of defined benefit plans for the period	<u>(2,067,779)</u>
Distributable earnings	7,060,354,500
Less: Appropriation of legal reserve	(335,190,307)
Less: Appropriation of special reserve	(2,042,703)
Less: Allocation Items	
Shareholders' dividends - cash dividends (at NT\$2.4 per share)	(1,209,098,400)
Shareholders' dividends - stock dividends (at NT\$1 per share)	<u>(503,791,000)</u>
Undistributed earnings at the end of the period	<u>\$ 5,010,232,090</u>

Note: The shareholders' dividends shall be preferentially distributed from the earnings of the year 2020.

**Chairman: Mike, Ma**

**General Manager:  
Ching-Chin, Hung**

**Chief Accounting Officer:  
Shu-Lien, Chang**

**Attachment VII**

## Kindom Development Co., Ltd.

### Comparison Table for the Amendments to Articles of Incorporation

Current Provisions	Proposed Amendments	Description
<p>Article 1 The Company shall be organized in accordance with the regulations prescribed in the Company Act. The name of the Company is Kindom Development Co., Ltd.</p>	<p>Article 6 The Company shall be organized in accordance with the regulations prescribed in the Company Act. The name of the Company is Kindom Development Co., Ltd <u>and the English name is Kindom Development Co., Ltd.</u></p>	<p>Amended to include the Company's English name.</p>
<p>Article 5 The authorized capital of the Company is NT\$ 6.5 billion consisting of 650 million shares. The par value of each share is NT\$ 10, and the Board of Directors is authorized to issue the shares in separate installments in accordance with the relevant laws and the Company Act.</p>	<p>Article 5 The authorized capital of the Company is NT\$ 6.5 billion consisting of 650 million shares. The par value of each share is NT\$ 10, and the Board of Directors is authorized to issue the shares in separate installments in accordance with the relevant laws and the Company Act. <u>Among the total capital in the preceding paragraph, 20 million shares are retained for the issuance of employee stock warrants, and the Board of Directors has been authorized to issue the shares in separate installments in accordance with relevant laws. Employee stock warrants issued by the Company at a price lower than the closing price of the common shares issued by the Company on the issuance date shall be issued only after a special resolution of the Board of Shareholders has been passed. If the Company transfers the warrants to the employee at a price lower than the average price of the actual repurchased shares, the transfer shall be passed by the last shareholders' meeting through special resolution prior to the transfer. The recipients of employee stock warrants and of treasure shares by the Company may include the employees of the Company's controlling companies and subsidiary companies who meet certain conditions; the terms and mode of the distribution shall be decided by the Board of Directors.</u></p>	<p>The amount of additional employee stock warrants in the amount of capital and the method of issuance were added. The Company's regulations on the increase in issuance to the employee with employee stock warrants at a price lower than the closing price of the common shares issued by the Company on the issuance date and of treasure shares at a price lower than the average price of the actual repurchased shares were added.</p>

Current Provisions	Proposed Amendments	Description
<p>Article 25            These Articles of Incorporation were made on October 1, 1979. The 1st amendment was approved on October 27, 1979, and the 2nd amendment on November 8, 1979. The 3rd amendment on January 31, 1982, the 4th amendment on April 2, 1984, the 5th amendment on July 23, 1986, the 6th amendment on May 30, 1989, the 7th amendment on August 8, 1990, the 8th amendment on August 25, 1990, the 9th amendment on November 26, 1990, the 10th amendment on December 29, 1990, the 11th amendment on June 26, 1991, the 12th amendment on May 13, 1992, the 13th amendment on December 23, 1992, the 14th amendment April 26, 1993, the 15th amendment on August 31, 1993, the 16th amendment on May 10, 1994, the 17th amendment on May 16, 1996, the 18th amendment on May 7, 1997, the 19th amendment on April 28, 1998, the 20th amendment on March 30, 1999, the 21st amendment on April 18, 2000, the 22nd amendment on March 28, 2001, the 23rd amendment on June 14, 2002, the 24th amendment on June 14, 2005. The 25th amendment was approved on June 13, 2007. The 26th amendment was approved on June 13, 2008. The 27th amendment was approved on June 15, 2010, the 28th amendment on June 24, 2011, the 29th amendment on June 15, 2012, the 30th amendment on June 13, 2013, the 31st amendment on June 30, 2015, the 32nd amendment on June 28, 2016, the 33rd amendment on June 27, 2018.</p> <p><u>This amendment included the description of Chapter 4, Article 16, Article 16-1, Article 17-1, Article 19, Article 20, Article 22 and Article 23.</u></p> <p><u>This amendment shall apply to the new election when the current Directors and supervisors' terms expired.</u></p>	<p>Article 25            These Articles of Incorporation were made on October 1, 1979. The 1st amendment was approved on October 27, 1979, and the 2nd amendment on November 8, 1979. The 3rd amendment on January 31, 1982, the 4th amendment on April 2, 1984, the 5th amendment on July 23, 1986, the 6th amendment on May 30, 1989, the 7th amendment on August 8, 1990, the 8th amendment on August 25, 1990, the 9th amendment on November 26, 1990, the 10th amendment on December 29, 1990, the 11th amendment on June 26, 1991, the 12th amendment on May 13, 1992, the 13th amendment on December 23, 1992, the 14th amendment April 26, 1993, the 15th amendment on August 31, 1993, the 16th amendment on May 10, 1994, the 17th amendment on May 16, 1996, the 18th amendment on May 7, 1997, the 19th amendment on April 28, 1998, the 20th amendment on March 30, 1999, the 21st amendment on April 18, 2000, the 22nd amendment on March 28, 2001, the 23rd amendment on June 14, 2002, the 24th amendment on June 14, 2005. The 25th amendment was approved on June 13, 2007. The 26th amendment was approved on June 13, 2008. The 27th amendment was approved on June 15, 2010, the 28th amendment on June 24, 2011, the 29th amendment on June 15, 2012, the 30th amendment on June 13, 2013, the 31st amendment on June 30, 2015, the 32nd amendment on June 28, 2016, the 33rd amendment on June 27, 2018, and the 34th amendment on June , 2021.</p>	<p>Amended to include the number of amendments and the effective date.</p>

## Attachment VIII

### Kindom Development Co., Ltd.

#### Comparison Table for the Amendments to Rules Governing the Proceedings of Shareholder Meetings

Current Provisions	Proposed Amendments	Description
<p>Article 8 The chair shall call the meeting to order at the time scheduled for the meeting, if the shareholders present in the meeting holds the majority of the total outstanding shares; in the event that the meeting is attended by shareholders who represent less than a majority of the total outstanding shares at the time scheduled for the meeting, the chair may announce postponement of the meeting; the total number of postponements shall not exceed the maximum of twice and the total time accumulated for the postponement shall not exceed an hour; If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act, which is "a tentative resolution may be passed by a majority of those present." With respect to the special resolutions are stipulated under the Company Act, the procedures of making such resolutions shall be in accordance with the Company Act.</p> <p>Paragraph II: Omitted.</p>	<p>Article 8 The chair shall call the meeting to order at the time scheduled for the meeting, if the shareholders present in the meeting holds the majority of the total outstanding shares, <u>and announce the relevant information such as number of non-voting shares and number of shares held by the shareholders who participate in the meeting</u>; in the event that the meeting is attended by shareholders who represent less than a majority of the total outstanding shares at the time scheduled for the meeting, the chair may announce postponement of the meeting; the total number of postponements shall not exceed the maximum of twice and the total time accumulated for the postponement shall not exceed an hour; If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act, which is "a tentative resolution may be passed by a majority of those present." With respect to the special resolutions are stipulated under the Company Act, the procedures of making such resolutions shall be in accordance with the Company Act.</p> <p>Paragraph II: Omitted.</p>	<p>The amendment was made in accordance with the Letter Tai Cheng Chih Li Tzu No. 1100001446 issued by Taiwan Stock Exchange Corporation on January 28, 2021.</p>
<p>Article 21 This amendment is approved on June <u>27</u>, <u>2018</u>.</p>	<p>Article 21 The amendment is approved on June ____, <u>2021</u>.</p>	<p>The date of this amendment shall be added.</p>

## **Appendix I**

### **Kindom Development Co., Ltd. Rules of Procedures for Shareholders' Meetings**

- Article 1 The shareholders' meetings of Kindom Development Co., Ltd. (hereinafter referred to as "The Company") shall be held according to the rules herein.
- Article 2 The shareholder referred herein is the person himself/herself or a representative who is legally authorized to act on behalf of this shareholder.
- Article 3 On the date of a shareholders' meeting, the attendance of a shareholders' meeting shall be recorded on the sign-up sheet provided by the Company, or shareholders shall submit attendance cards instead of signing in.  
Number of shareholders in attendance shall be calculated based on the number of attending shareholders, which equals to the sum of the number of attendees shown on the sign-up sheet and the number of attendance cards. Shareholders are permitted to exercise their voting power either through the written ballot or by an electronic voting system.  
In the case that the corporate shareholders are appointed to attend a shareholders' meeting, only one person may represent and attend the meeting.
- Article 4 A shareholders' meeting shall be convened in a location where Kindom is located or at a location that is appropriate for the shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be presided over by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise his powers, the Vice Chairman shall act in his place. If there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise his powers, the Chairman shall appoint one of the directors to act as the chair. In the absence of such designation, the directors shall mutually select a chair from among themselves.  
In the event that shareholders' meeting is convened by a person beyond the Board of Directors, the meeting shall be handled in accordance with the Article 182 under the Company Act.
- Article 6 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.  
The personnel in charge of the shareholders' meeting affairs shall wear the required identity certificates or arm-bands.
- Article 7 The entire process of a shareholders' meeting shall be videotaped or audiotaped and shall be archived for a minimum of one year.
- Article 8 The chair shall call the meeting to order at the time scheduled for the meeting, if the shareholders present in the meeting holds the majority of the total



outstanding shares; in the event that the meeting is attended by shareholders who represent less than a majority of the total outstanding shares at the time scheduled for the meeting, the chair may announce postponement of the meeting; the total number of postponements shall not exceed the maximum of twice and the total time accumulated for the postponement shall not exceed an hour; If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act, which is "a tentative resolution may be passed by a majority of those present." With respect to the special resolutions are stipulated under the Company Act, the procedures of making such resolutions shall be in accordance with the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9 Where a shareholders' meeting is convened by the Board of Directors, the agenda shall be fixed by the Board of Directors. The meeting shall be handled based on the scheduled agenda which shall not be changed unless resolved by the shareholders' meeting.

The provision set forth in the preceding paragraph is applicable mutatis mutandis to a shareholders' meeting which is convened by a person beyond the Board of Directors.

The chair shall not announce adjournment of the meeting until the contents set forth in the agenda mentioned in two preceding paragraphs and the occasional (extempore) motions are concluded in the meeting.

The chair shall not announce adjournment of the meeting until the contents set forth in the agenda mentioned in two preceding paragraphs and the occasional (extempore) motions are concluded in the meeting. In the event that the chair breaches the rules of the meeting by announcing adjournment of the meeting, other members of the Board of Directors shall promptly elect a new chair from among the present shareholders to preside over the meeting.

Article 10 In a shareholders' meeting, a shareholder who intends to present a speech shall fill out a slip, specifying the account number of shareholder (the name of account) and the summary of his/her speech in advance. The chair shall determine his/her order of giving a speech.

A shareholder who has submitted the slip but does not speak up is deemed as not given the right to speak. In case of a discrepancy found between the slip of presentation and content of actual speech, the content of actual speech shall prevail.

Article 11 Each shareholder shall not speak twice on the same issue unless permitted by the chair. Each speech shall not exceed five minutes. However, with the chair's permission, this shall not apply for those descriptions of or answers of the enquiries about the issue in the proposals.

In the case that the corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one representative may have the right to speak for the same issue. Where a shareholder speaks against the rules or beyond the scope of the subject issue, the chair may stop his/her speech.

In the case that a shareholder gives his/her speech, other shareholders shall not interrupt unless agreed by the chair and the speaking shareholder. Otherwise the chair shall stop such violating behaviors.

In the event that a shareholder breaches the rules of the meeting and defies the rectification from the chair against the progress of the meeting, it shall be handled in accordance with Paragraph 2, Article 18 of the Rules.

- Article 12 After a shareholder has given his/her speech, the chair may reply in person or by appointing a relevant person to reply.
- Article 13 When the chair considers the discussion of a certain issue has reached the extent for making a resolution, he/she may announce discontinuance of the discussion and submit the motion for resolution.
- Article 14 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chair; however, the person supervising the casting of votes shall be a shareholder.
- Article 15 Where a shareholders' meeting is convened by the Company, shareholders shall exercise their voting power through either the written ballot or voting through an electronic voting system. Shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person. However, it shall be deemed that they have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting. Unless otherwise provided in laws or the Articles of Incorporation of the Company, matters in the shareholders' meeting shall be resolved by a majority vote at a meeting attended by the shareholders. Each share hereof is entitled to one voting right, but, in accordance with the Article 177 of the Company Act, which is "Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.."  
The results of the resolutions in the meeting and the results shall be recorded in the minutes.
- Article 16 In the case that there is an amendment or alternative for a motion, the chair shall combine them along with the original motion and determine their orders for resolution. Once one of them is resolved, the remaining shall be deemed as rejected and no further resolution shall be required.
- Article 17 During a shareholders' meeting, the chair may consider the schedule and adequately announce a break. In the event that a meeting does not end as planned, the shareholders' meeting may resolve a decision to resume the meeting within five days without giving any notice and announcement. In the

event that the civil defense siren goes off, the meeting shall immediately be discontinued and shareholders shall evacuate from the venue. Shareholders may resume the meeting after the siren has been stopped for one hour.

Article 18 The chair may direct the guards to help maintain the order of the shareholders' meeting. The guards shall wear required identity certificates or arm-bands while they are on duty in the shareholders' meeting venue.

Shareholders shall follow the chair and the guards' guidance to follow the rules in the meeting. If a shareholder defies the rectification from the chair against the progress of the meeting, the chair may request the guards to assist the person to leave the meeting.

Article 19 Any unlisted matters in these rules shall be handled in accordance with the Company Act, the rules of procedures issued by the Ministry of the Interior, and the Articles of Incorporation of the Company.

Article 20 These rules and amendment hereof shall be put into enforcement after being resolved in the shareholders' meeting.

Article 21 This amendment is approved on June 27, 2018.

## Appendix II

### Kindom Development Co., Ltd.

#### Articles of Incorporation

##### Chapter I - General Provisions

- Article 1 The Company shall be organized in accordance with the regulations prescribed in the Company Act. The name of the Company is Kindom Development Co., Ltd..
- Article 2 The scope of business of the Company shall be as follows:
1. H701010 - Residence and Buildings Lease Construction and Development.
  2. H701050 - Public Works Construction and Investment.
  3. H701070 - Land Levy and Delimit.
  4. H701080 - Reconstruction within the renewal area.
  5. H703090 - Real Estate Commerce.
  6. H703100 - Real Estate Rental and Leasing.
  7. F211010 - Retail Sale of Building Materials.
  8. F205040 - Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures.
  9. F401010 - International Trade.
  10. ZZ99999 - All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company's total amount of investment in other businesses is subject to the limitation of 40% of the Company's paid-in capital, and the Company may act as a guarantor.
- Article 3 The Company is headquartered in Taipei City and when necessary may establish branches or representative offices at proper locations at home and abroad as resolved by the Board of Directors and approved by the competent authority.
- Article 4 The announcements made by the Company is handled in accordance with the Article 28 of the Company Act.

##### Chapter II Shares

- Article 5 The authorized capital of the Company is NT\$ 6.5 billion consisting of 650 million shares. The par value of each share is NT\$ 10, and the Board of Directors is authorized to issue the shares in separate instalments in accordance with the relevant laws and the Company Act.
- Article 6 The share certificates of the Company shall be signed by, or affixed with seals of, at least three directors. The reference number is stamped with the Company's seal on each share certificate, and it shall be registered by the competent authority before issuance in accordance with the relevant laws. The Corporation may issue shares without printing share certificate(s), which shall be authenticated by the competent authority before issuance.
- Article 7 The shareholders of the Company shall process the shareholder services such as transfer of share ownership, creation of pledge, removal of pledge, reporting

of loss, inheritance of shares, gift, reporting of specimen chop loss or change, or change of address, etc., in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" announced by the competent authority in addition to the relevant securities laws and regulations.

Article 8 All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to the general shareholders' meetings, or for 30 days prior to the special shareholders' meetings, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Article 9 deleted.

### Chapter III Shareholders' Meetings

Article 10 Shareholders' meetings of the Company are of two types, namely: general meetings and special meetings. General meetings shall be convened, by the Board of Directors, within six months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations.

Article 11 Written notices shall be sent to all shareholders at their latest places of residence as registered with the Company for the convening of shareholders' meetings, at least 30 days in advance, in case of general meetings; and at least 15 days in advance, in case of special meetings. The purpose(s) for convening any such meeting shall be clearly stated in the written notices sent out to the shareholders.

Article 12 If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, all rights at the meeting, in accordance with Article 177 of the Company Act, and Article 25-1 of the Securities and Exchange Act.

Shareholders of the Company may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 13 Unless otherwise regulated by the Article 179 under the Company Act, each shareholder of the Company is entitled to one vote per share.

Article 14 If a general meeting is called by the Directors, the Chairman of the Directors shall preside as the chair of such general meeting. When the Chairman of the Board is absence, the Vice Chairman shall act in his place. If both the Chairman and the Vice Chairman are absence, the Chairman shall appoint one of the directors to act as the chair. In the absence of such designation, the directors shall mutually select a chair from among themselves. If a general meeting is called by any person(s) other than the Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who has called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.

Article 15 Except as otherwise provided in the Company Act, a meeting of the Board of Directors may be held if attended by a majority of the total number of Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Article 15-1 Minutes shall be duly worked out for the decisions resolved in the shareholders' meeting. The minutes shall be signed or affixed with a seal by the chair and shall be served to all shareholders within twenty days after the meeting. The minutes may be distributed by public announcements.

#### Chapter IV Directors

Article 16 The Company shall set nine Directors, who shall be elected from the list of candidates for Directors by the shareholders' meeting. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election. However, the term may be shortened if necessary.

Directors shall be elected by adopting candidates' nomination system as specified in Article 192-1 of the Company Act, and all the election-related issues shall be handled in accordance with the relevant regulations of the Company Act and the Securities and Exchange Act.

The Board of Directors must have at least three independent directors. Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, method of nomination and election, as well as all other matters with respect to the positions of independent directors shall be subject to the rules prescribed by the securities governing authorities.

The total amount of the registered stocks by all Directors of the Company shall be determined in accordance with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" issued by the Financial Supervisory Commission.

Article 16-1 More than half of the Directors in the Company shall not have the interpersonal relationship as described below:

1. Spousal relationship.
2. Relative within second degree of kinship.

Article 17 The Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Company externally.

Article 17-1 The notice for the Board meeting shall specify the reasons for the meeting and shall be served to each Director at least seven days prior to the meeting. A Board meeting may be held at any time in case of an emergency.

The notice mentioned in the aforementioned item may be served in the form of fax, e-mail, etc.

Article 18 In the case that the Chairman is on a leave or unable to attend a meeting, he or she may appoint a person as his representative to act on behalf of him/her, in

accordance with the Article 208 of the Company Act. A Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such a meeting, but no Director may represent for more than one other Director.

Article 19 The Company shall set up the Audit Committee, which shall consist of the entire independent directors, in accordance with the Article 14-4 of the Securities and Exchange Act. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of supervisors specified under the Company Act, the Securities and Exchange Act, and other relevant regulations.

Article 20 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.). Independent directors are offered with a monthly remuneration; therefore, the Article 23 of Distribution of Directors' Remuneration does not apply to them. The Company may obtain Directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

#### Chapter V Managerial Officers

Article 21 The Company may have several general managers. The appointment, dismissal and remuneration of the general manager shall be handled in accordance with the Article 29 under the Company Act.

#### Chapter VI Accounting

Article 22 The Company shall, at the end of each fiscal year, prepare the following reports and submit to the shareholders' meeting for recognition.

1. Business Report.
2. Financial Statements.
3. Proposal for distribution of earnings to shareholders or recovery of prior year losses.

Article 23 If the Company records a profit in a year, the Company shall appropriate no less than at most 2% thereof as remuneration for directors. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses.

If, after the annual closing of books, there is a profit, the Company shall, after having provided for taxes and offset the accumulated losses of previous years, appropriate the 10% as legal reserve and recognize or reverse special reserve, in accordance with laws and regulations. The remaining balance, if any, shall be retained or distributed upon the resolution of the shareholders' meeting.

Article 23-1 The Company is in a capital-intensive industry; therefore, the Company has been developing investment portfolio diversifications, as well as striving for the business growth and innovation in order to continuously expand the capital

reserves and to reward the shareholders through cash dividends. The cash dividend payout ratio shall not exceed 20% of the combined amount of both cash and stock dividends.

#### Article VII Supplementary Provisions

Article 24 Matters not addressed by these Articles of Incorporation shall be governed by the Company Act.

Article 25 These Articles of Incorporation were made on October 1, 1979. The 1st amendment was approved on October 27, 1979, and the 2nd amendment on November 8, 1979. The 3rd amendment on January 31, 1982, the 4th amendment on April 2, 1984, the 5th amendment on July 23, 1986, the 6th amendment on May 30, 1989, the 7th amendment on August 8, 1990, the 8th amendment on August 25, 1990, the 9th amendment on November 26, 1990, the 10th amendment on December 29, 1990, the 11th amendment on June 26, 1991, the 12th amendment on May 13, 1992, the 13th amendment on December 23, 1992, the 14th amendment April 26, 1993, the 15th amendment on August 31, 1993, the 16th amendment on May 10, 1994, the 17th amendment on May 16, 1996, the 18th amendment on May 7, 1997, the 19th amendment on April 28, 1998, the 20th amendment on March 30, 1999, the 21st amendment on April 18, 2000, the 22nd amendment on March 28, 2001, the 23rd amendment on June 14, 2002, the 24th amendment on June 14, 2005. The 25th amendment was approved on June 13, 2007. The 26th amendment was approved on June 13, 2008. The 27th amendment was approved on June 15, 2010, the 28th amendment on June 24, 2011, the 29th amendment on June 15, 2012, the 30th amendment on June 13, 2013, the 31st amendment on June 30, 2015, the 32nd amendment on June 28, 2016, the 33rd amendment on June 27, 2018.

This amendment included the description of Chapter 4, Article 16, Article 16-1, Article 17-1, Article 19, Article 20, Article 22 and Article 23. This amendment shall apply to the new election when the current Directors and supervisors' terms expired.



## Appendix III

### Kindom Development Co., Ltd.

#### Shareholding of All Directors

In accordance with Subparagraph 5, Paragraph 1, Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies": where the paid-in capital of the company is more than NT\$4 billion but NT\$10 billion or less, the total registered shares owned by all directors shall not be less than four percent of the total issued shares. However, if the total shareholding of all directors is less than the maximum shareholding immediately preceding the given subparagraph, the maximum shareholding under that preceding subparagraph shall be applicable.

If a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the Rules for all directors, other than the independent directors, shall be decreased by 20 percent.

Date: April 19, 2021

Title	Name	Shareholding When Elected	Shareholding by Book Closure	Remarks
Chairman	Yu-De Investment Co. Representative: Mike, Ma	96,304,670	96,304,670	Date Elected: June 10, 2019
Director	Yu-De Investment Co. Representative: Mei-Chu, Liu	96,304,670	96,304,670	Date Elected: June 10, 2019
Director	Yu-De Investment Co. Representative: Ming, Chen	96,304,670	96,304,670	Date Elected: June 10, 2019
Director	Yu-De Investment Co. Representative: Ching-Chin, Hung	96,304,670	96,304,670	Date Elected: June 10, 2019
Director	Yu-De Investment Co. Representative: Sheng-An, Chang	96,304,670	96,304,670	Date Elected: June 10, 2019
Director	Yu-De Investment Co. Representative: Ching-Fen, Chang	96,304,670	96,304,670	Date Elected: June 10, 2019
Independent Director	Hung-Chin, Huang	0	0	Date Elected: June 10, 2019
Independent Director	Shen-Yu, Kung	0	0	Date Elected: June 10, 2019
Independent Director	Kuo-Feng, Lin	0	0	Date Elected: June 10, 2019
The total number of shares held by all the directors of Kindom Development Co., Ltd.		96,304,670	96,304,670	

Notes:

Total shares issued as of June 10, 2019: 503,791,000 shares

Total shares issued as of April 19, 2021: 503,791,000 shares

Under the relevant regulations of the R.O.C., the Company's Directors are required to hold shares, in aggregate, not less than 16,121,312 shares. As of April 19, 2021, the Company's Directors together held 96,304,670 shares.