

**KINDOM DEVELOPMENT CO., LTD.
and Subsidiaries**

**Consolidated Financial Statements with
Independent Auditors' Review Report**

From January 1 to March 31, 2022 and 2021

**Address: 2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Tel:(02)2378-6789**

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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Independent Auditors' Review Report

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

Introduction

Kindom Construction and its subsidiaries' Consolidated Balance Sheets as of March 31, 2022 and 2021, in addition to the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) January 1 to March 31 of 2022 and 2021, have been audited by the CPAs. It is the management's responsibility to prepare a set of fairly presented consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 Interim Financial Reporting as endorsed, issued, and effected by the Financial Supervisory Commission (FSC). Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects of the consolidated financial position of the company as of March 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and "IAS 34 - Interim Financial Reporting" adopted and issued into effect by the FSC.

KPMG

Taipei, Taiwan

Republic of China

May 6, 2022

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' review 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.

As of March 31, 2022 and 2021 - only reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Balance Sheets

March 31, 2022, December 31, 2021 and March 31, 2021

Unit: NT\$ thousand

Assets	March 31, 2022		December 31, 2021		March 31, 2021			Liabilities and Equity	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (Notes 6(1) & (24))	\$ 17,875,131	33	16,080,562	30	15,029,502	26	2100	Short-term borrowings (Notes 6(12) & (24))	\$ 14,602,485	27	14,479,725	27	14,544,250	25
1110 Financial assets at fair value through profit or loss - current (Notes 6(2) & (24))	125,393	-	124,600	-	81,982	-	2130	Contract liabilities - current (Note 6(21))	2,707,436	5	1,608,656	3	7,883,974	13
1140 Contract assets - current (Note 6(21))	1,869,909	4	1,975,776	4	2,129,841	4	2150	Notes payable (Note 6(24))	254,558	-	327,149	1	294,328	-
1150 Notes receivable, net (Note 6(4) & (24))	532	-	275	-	1,809	-	2170	Accounts payable (Note 6(24))	4,826,521	9	5,729,916	11	5,029,858	9
1170 Accounts receivable, net (Notes 6(4), (21) & (24))	902,938	2	1,252,838	2	698,634	1	2200	Other payables (Note 6(24))	766,042	1	954,084	2	738,302	1
1200 Other receivables (Note 6(24))	4,238	-	4,533	-	-	-	2230	Current tax liabilities	812,632	2	693,349	1	746,381	1
1220 Current tax assets	76	-	28	-	34,222	-	2250	Provisions - current (Note 6(15))	178,463	-	181,626	-	149,141	-
1300 Inventories - trading (Note 6(5))	13,797	-	9,789	-	13,163	-	2251	Provisions for employee benefit - current (Note 6(17))	19,021	-	21,907	-	18,568	-
1320 Inventories - construction (Notes 6(5) & 8)	20,999,030	38	21,231,255	40	27,295,983	46	2280	Lease liabilities - current (Notes 6(14) & (24))	178,746	-	181,149	-	204,056	-
1410 Prepayments	145,937	-	124,164	-	133,123	-	2320	Current portion of long-term debt due within one year or one operating period (Note 6(24))	16,336	-	16,336	-	16,336	-
1476 Other financial assets - current (Notes 6(11), (21), (24) & 8)	2,183,476	4	2,299,051	4	2,626,681	5	2321	Current portion of convertible corporate bonds due within one year or one operating period (Notes 6(13) & (24))	1,000,000	2	-	-	1,500,000	3
1479 Other current assets - others	140,075	-	70,039	-	85,568	-	2322	Current portion of long-term borrowings due within one year or one operating period (Notes 6(12) & (24))	204,640	-	283,680	1	293,680	-
1480 Incremental costs of obtaining a contract - current (Note 6(11))	17,107	-	50,897	-	119,459	-	2399	Other current liabilities - others	56,256	-	67,285	-	71,522	-
	<u>44,277,639</u>	<u>81</u>	<u>43,223,807</u>	<u>80</u>	<u>48,249,967</u>	<u>82</u>			<u>25,623,136</u>	<u>46</u>	<u>24,544,862</u>	<u>46</u>	<u>31,490,396</u>	<u>52</u>
Non-current assets:							Non-current liabilities:							
1517 Financial assets at fair value through other comprehensive income - non-current (Notes 6(3) & (24))	12,721	-	12,464	-	10,519	-	2530	Bonds payable (Notes 6(13) & (24))	3,000,000	6	4,000,000	7	4,000,000	7
1550 Investments accounted for using equity method	15,149	-	15,120	-	20,515	-	2540	Long-term borrowings (Notes 6(12) & (24))	1,841,680	3	1,833,560	3	2,081,320	4
1600 Property, plant and equipment (Notes 6(7) & 8)	6,515,514	12	6,503,236	13	6,560,902	11	2580	Lease liabilities - non-current (Notes 6(14) & (24))	3,158,554	6	3,340,967	6	3,416,007	6
1755 Right-of-use assets (Note 6(8))	3,202,361	6	3,336,729	6	3,498,187	6	2640	Defined benefit liabilities, net - non-current	3,028	-	2,935	-	5,979	-
1760 Investment property (Notes 6(9) & 8)	447,903	1	501,662	1	505,047	1	2645	Guarantee deposits (Note 6(24))	96,871	-	97,814	-	88,486	-
1780 Intangible assets (Note 6(10))	53,231	-	54,404	-	46,941	-	2670	Other non-current liabilities - others (Note 6(24))	24,504	-	32,672	-	40,840	-
1840 Deferred tax assets	61,768	-	66,996	-	53,731	-			<u>8,124,637</u>	<u>15</u>	<u>9,307,948</u>	<u>16</u>	<u>9,632,632</u>	<u>17</u>
1915 Prepayments for equipment	2,730	-	2,288	-	3,157	-		Total liabilities	<u>33,747,773</u>	<u>61</u>	<u>33,852,810</u>	<u>62</u>	<u>41,123,028</u>	<u>69</u>
1975 Defined benefit assets, net - non-current	2,390	-	2,438	-	3,350	-		Equity attributable to owners of the parent company (Note 6(19)):						
1980 Other financial assets - non-current (Notes 6(24) & 8)	76,369	-	79,142	-	131,202	-	3100	Share capital	5,541,701	10	5,541,701	10	5,037,910	9
1995 Other non-current assets - others	50,152	-	50,157	-	50,124	-	3200	Capital reserve	1,422,479	3	1,421,924	3	1,396,097	2
	<u>10,440,288</u>	<u>19</u>	<u>10,624,636</u>	<u>20</u>	<u>10,883,675</u>	<u>18</u>	3300	Retained earnings	11,527,414	21	10,697,059	20	9,438,742	16
							3400	Other equity interest	(26,515)	-	(26,727)	-	(26,954)	-
							3500	Treasury stock	(71,196)	-	(71,196)	-	(71,196)	-
								Total equity attributable to owners of the parent company	<u>18,393,883</u>	<u>34</u>	<u>17,562,761</u>	<u>33</u>	<u>15,774,599</u>	<u>27</u>
Total assets	<u>\$ 54,717,927</u>	<u>100</u>	<u>53,848,443</u>	<u>100</u>	<u>59,133,642</u>	<u>100</u>	36XX	Non-controlling interests (Note 6(6))	2,576,271	5	2,432,872	5	2,236,015	4
								Total equity	<u>20,970,154</u>	<u>39</u>	<u>19,995,633</u>	<u>38</u>	<u>18,010,614</u>	<u>31</u>
								Total liabilities and equity	<u>\$ 54,717,927</u>	<u>100</u>	<u>53,848,443</u>	<u>100</u>	<u>59,133,642</u>	<u>100</u>

(Refer to the subsequent Notes to Consolidated Financial Statements)

**Reviewed, not audited in accordance with the laws and regulations and generally
accepted audit principles.**

**KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to March 31 of 2022 and 2021**

Unit: NT\$ thousand

	From January to March of 2022		From January to March, of 2021	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(21))	\$ 4,981,047	100	4,920,665	100
5000 Operating costs (Note 6(5))	3,323,501	67	3,643,501	74
Gross profit	<u>1,657,546</u>	33	<u>1,277,164</u>	26
Operating expenses:				
6100 Selling and marketing expenses	87,971	2	29,465	1
6200 General and administrative expenses	409,342	8	385,477	8
6450 Expected credit loss (gain) (Note 6(4))	(1,634)	-	-	-
	<u>495,679</u>	10	<u>414,942</u>	9
Net operating income	<u>1,161,867</u>	23	<u>862,222</u>	17
Non-operating income and expenses:				
7100 Interest income (Note 6(23))	7,068	-	4,196	-
7020 Other gains and losses (Note 6(23))	19,028	-	17,918	-
7050 Financial costs (Note 6(23))	(71,755)	(1)	(82,114)	(1)
7060 Share of profit and loss of associates and joint ventures accounted for using the equity method	29	-	8	-
	<u>(45,630)</u>	(1)	<u>(59,992)</u>	(1)
Profit before tax from continuing operating department	1,116,237	22	802,230	16
7950 Less: Income tax expense (Note 6(18))	<u>142,752</u>	3	<u>158,723</u>	3
Net Income	<u>973,485</u>	19	<u>643,507</u>	13
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss:				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	257	-	1,788	-
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of financial statements of foreign operations	52	-	(261)	-
8300 Other comprehensive income (loss)(net of taxes)	<u>309</u>	-	<u>1,527</u>	-
Total comprehensive income (loss) for the years	<u>\$ 973,794</u>	<u>19</u>	<u>\$ 645,034</u>	<u>13</u>
Net income attributable to:				
8610 Owners of the parent company	\$ 830,355	16	535,805	11
8620 Non-controlling interests	143,130	3	107,702	2
	<u>\$ 973,485</u>	<u>19</u>	<u>\$ 643,507</u>	<u>13</u>
Total comprehensive income attributable to:				
8710 Owners of the parent company	\$ 830,567	16	536,698	11
8720 Non-controlling interests	143,227	3	108,336	2
	<u>\$ 973,794</u>	<u>19</u>	<u>\$ 645,034</u>	<u>13</u>
9750 Basic earnings per share (in NT\$) (Note 6(20))	<u>\$ 1.53</u>		<u>\$ 0.99</u>	
9850 Diluted earnings per share (in NT\$) (Note 6(20))	<u>\$ 1.53</u>		<u>\$ 0.99</u>	

(Refer to the subsequent Notes to Consolidated Financial Statements)

Reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to March 31 of 2022 and 2021

Unit: NT\$ thousand

	Equity attributable to owners of parent						Other equity			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Retained earnings					Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock			
	Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Total						
Balance as of January 1, 2021	<u>\$ 5,037,910</u>	<u>1,396,097</u>	<u>1,816,778</u>	<u>25,804</u>	<u>7,060,355</u>	<u>8,902,937</u>	<u>(28,521)</u>	<u>674</u>	<u>(71,196)</u>	<u>15,237,901</u>	<u>2,127,656</u>	<u>17,365,557</u>
Net Income	-	-	-	-	535,805	535,805	-	-	-	535,805	107,702	643,507
Other comprehensive income for the period	-	-	-	-	-	-	(219)	1,112	-	893	634	1,527
Total comprehensive income for the year	-	-	-	-	535,805	535,805	(219)	1,112	-	536,698	108,336	645,034
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	23	23
Balance as of March 31, 2021	<u>\$ 5,037,910</u>	<u>1,396,097</u>	<u>1,816,778</u>	<u>25,804</u>	<u>7,596,160</u>	<u>9,438,742</u>	<u>(28,740)</u>	<u>1,786</u>	<u>(71,196)</u>	<u>15,774,599</u>	<u>2,236,015</u>	<u>18,010,614</u>
Balance as of January 1, 2022	<u>\$ 5,541,701</u>	<u>1,421,924</u>	<u>2,151,969</u>	<u>27,847</u>	<u>8,517,243</u>	<u>10,697,059</u>	<u>(29,652)</u>	<u>2,925</u>	<u>(71,196)</u>	<u>17,562,761</u>	<u>2,432,872</u>	<u>19,995,633</u>
Net Income	-	-	-	-	830,355	830,355	-	-	-	830,355	143,130	973,485
Other comprehensive income for the period	-	-	-	-	-	-	44	168	-	212	97	309
Total comprehensive income for the year	-	-	-	-	830,355	830,355	44	168	-	830,567	143,227	973,794
Appropriation of earnings:												
Other changes in capital reserve:												
Changes in equity of associates and joint ventures accounted for under the equity method	-	(79)	-	-	-	-	-	-	-	(79)	79	-
Unclaimed dividends after effective period	-	634	-	-	-	-	-	-	-	634	93	727
Balance as of March 31, 2022	<u>\$ 5,541,701</u>	<u>1,422,479</u>	<u>2,151,969</u>	<u>27,847</u>	<u>9,347,598</u>	<u>11,527,414</u>	<u>(29,608)</u>	<u>3,093</u>	<u>(71,196)</u>	<u>18,393,883</u>	<u>2,576,271</u>	<u>20,970,154</u>

(Refer to the subsequent Notes to Consolidated Financial Statements)

**Reviewed, not audited in accordance with the laws and regulations and generally
accepted audit principles.**

**KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to March 31 of 2022 and 2021**

Unit: NT\$ thousand

	From January to March of 2022	From January to March, of 2021
Cash flows from operating activities:		
Income before income tax	\$ 1,116,237	802,230
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	103,160	105,340
Amortization	2,724	2,392
Expected credit losses reversal	(1,634)	-
Net gain on financial assets and liabilities measured at fair value through profit or loss	(793)	(14,321)
Interest expenses	71,755	82,114
Interest income	(7,068)	(4,196)
Share of profit of associates and joint ventures accounted for using the equity method	(29)	(8)
Gains on disposal of property, plant and equipment	-	(28)
Total adjustments to reconcile profit (loss)	168,115	171,293
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in contract assets	105,867	(458,274)
Increase in notes receivable	(257)	(951)
Decrease in accounts receivable	351,534	1,527,345
Decrease in other payables	295	-
Decrease in inventory	259,188	1,028,815
Decrease (increase) in prepayments	(22,193)	22,109
Increase in other current assets	(69,592)	(23,219)
Other financial assets - liquidity decrease (increase)	115,540	(364,804)
Decrease in the incremental costs to obtain contract with customers	33,790	1,579
Decrease in net defined benefit assets, non-current	48	50
Decrease (increase) in other non-current assets	5	(15)
Total changes in operating assets	774,225	1,732,635
Total changes in operating liabilities:		
Increase in contract liabilities	1,098,780	2,298,327
Decrease in notes payable	(72,591)	(95,543)
Decrease in accounts payable	(903,395)	(176,842)
Decrease in other payables	(167,041)	(372,808)
Decrease in employee benefit liabilities - current	(2,886)	(3,710)
Decrease in provisions - current	(3,163)	(1,222)
Increase (decrease) in other current liabilities	(11,029)	18,878
Increase in net defined benefit liabilities	93	-
Decrease in other non-current liabilities	(8,168)	(8,168)
Total changes in operating liabilities	(69,400)	1,658,912
Total changes in operating assets and liabilities	704,825	3,391,547
Total adjustments	872,940	3,562,840
Cash flows generated from operations	1,989,177	4,365,070
Income taxes paid	(18,736)	(77,552)
Net cash flows from operating activities	1,970,441	4,287,518

**Reviewed, not audited in accordance with the laws and regulations and generally
accepted audit principles.**

**KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows (continued)
From January 1 to March 31 of 2022 and 2021**

Unit: NT\$ thousand

	From January to March of 2022	From January to March, of 2021
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(25,583)	(32,775)
Disposal of property, plant and equipment	-	76
Acquisition of intangible assets	(1,551)	(97)
Increase in prepayments for business facilities	2,773	1,078
Increase in prepayments for equipment	(442)	(1,056)
Interest received	7,103	4,623
Net cash flows used in investing activities	(17,700)	(28,151)
Cash flows from financing activities:		
Increase in short-term loans	862,760	513,000
Decrease in short-term loans	(740,000)	(1,070,101)
Increase in short-term notes and bills payable	80,000	130,000
Decrease in short-term notes and bills payable	(80,000)	(130,000)
Repayments of long-term loans	(70,920)	-
Increase in guarantee deposits received	(943)	(5,933)
Repayments of lease principal	(101,813)	(62,782)
Interest paid	(107,308)	(114,560)
Changes in non-controlling interests	-	23
Net cash flows used in financing activities	(158,224)	(740,353)
Effects of exchange rate changes on the balance of cash and cash equivalents	52	(261)
Net increase in cash and cash equivalents	1,794,569	3,518,753
Cash and cash equivalents at beginning of the period	16,080,562	11,510,749
Cash and cash equivalents at end of the period	\$ 17,875,131	15,029,502

(Refer to the subsequent Notes to Consolidated Financial Statements)

Reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Notes to the Consolidated Financial Statements
1St quarter of 2022 and 2021
(In Thousands of New Taiwan Dollars, unless otherwise specified)

I. Company History

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

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved and issued on May 6, 2022 by the Board of Directors.

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

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

The group has adopted the newly revised IFRSs specified above since January 1, 2022, and assessed that the adoption will not have a material impact on the consolidated financial statements.

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

The table below lists the impact of IFRSs issued by the IASB but yet to be endorsed by the FSC:

New, revised or amended standards and interpretations	Main amendments	Effective date released by the IASB
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification requirements for debts that may be repaid through conversion into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	The amendment restricts the scope of the recognition exemption, which is no longer applicable when the original recognition of the transaction results in an equal amount of taxable and deductible temporary differences.	January 1, 2023

Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD. and Subsidiaries (continued)

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

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

- Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

IV. Summary of Significant Accounting Policies

(I) Compliance statement

The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter "the Regulations") and the IAS 34 - Interim Financial Reporting approved and issued by the FSC. The consolidated financial statements do not contain all necessary information that should be disclosed in the annual consolidated financial statements in accordance with the International Financial Reporting Standards, International Accounting Standard, and the explanations and interpretations endorsed by the FSC (hereinafter referred to as the "IFRSs endorsed by the FSC"). Apart from the matters described in the following paragraphs, the major accounting policies adopted by the consolidated financial statements are the same as those adopted by the 2021 consolidated financial statements. For related information, please refer to Note 4 to the 2021 consolidated financial statements.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements:

Name of investor	Subsidiary name	Main business and products	Percentage of ownership			Explanation
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Kedge Construction Co., Ltd. (Kedge Construction)	The comprehensive construction industry, etc.	34.18%	34.18%	34.18%	The company has more than half of the company's director seats
"	Global Mall Co., Ltd. (Global Mall)	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	84.02%	84.02%	84.02%	The subsidiary in which the company's voting share exceeds more than 50% of the subsidiary's issued shares.
Joint venture of the company and Global Mall	Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE) (Guan Cheng)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Kedge Construction	Jiequn Investment Co., Ltd. (Jiequn	Investment	99.98%	99.98%	99.98%	The subsidiary in which Kedge Construction's

Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD. and Subsidiaries (continued)

Name of investor	Subsidiary name	Main business and products	Percentage of ownership			Explanation
			March 31, 2022	December 31, 2021	March 31, 2021	
	Investment)					voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)	Installation and engineering of electrical and fire safety equipment	99.96%	99.96%	99.96%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Construction Co., Ltd. (Dingtian Construction)	The comprehensive construction industry, etc.	100.00%	100.00%	100.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Global Mall	KGM International Investment Co., Ltd. (KGM) (Note 1)	Investment and operation of shopping mall in Mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	100.00%	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
Global Mall	Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE) (Guan Hua)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
KGM	Global Mall (Tianjin) Co., Ltd. (Note 2)	Business management (including rentals of commercial facilities) in wholesales, retails, and import/export of household items and appliances, sports goods, office supplies, watches, glasses, textiles, etc.; property management; business consulting; corporate marketing planning; conference services; exhibition services; parking lot operation and management.	- %	- %	100.00%	The subsidiary in which KGM's voting share exceeds more than 50% of the subsidiary's issued shares.
Joint venture of Global Mall and Guan Cheng	Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (Guan You)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.

Note 1. On December 24, 2021, the KGM Board of Directors decided to reduce capital by HK\$ 41,644,000 to make up for the loss and reduce capital by cash by HK\$ 12,400,000 (NT\$ 44,054,000). The aforementioned transactions are still being applied to the Investment Review Committee for review.

Note 2. Global Mall (Tianjin) Co., Ltd. completed the cancellation registration on April 19th, 2021, and remitted the remaining shares to its parent company KGM in December of the same year.

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
LTD. and Subsidiaries (continued)**

(III) Income Tax

The group measures and discloses the interim income tax expenses in accordance with Paragraph B12 of IAS 34 - Interim Financial Reporting.

Income tax expense is the best estimate of the amount that net profit before tax for the period multiplies by the management's best estimate of the annual effective tax rate. The income tax expense is fully recognized as current period tax expenses.

(IV) Employee benefits

The pension of the defined benefit plan for the interim period is calculated based on the actuarial cost ratio determined by the actuarial calculation at the end of the previous fiscal year. Calculation term is from the beginning of the period to the end of the period, and adjustments will be made for post-period major market fluctuations, curtailment, settlement, or other significant one-time matters.

V. Significant Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

The preparation of the consolidated financial statements in conformity with IAS 34 - Interim Financial Reporting endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, the significant judgments made by management when adopting the accounting policies of the group and the major sources of uncertainty over estimation are consistent with Note 5 to the 2021 consolidated financial statements.

VI. Description of Significant Accounting Items

Apart from the matters described in the following paragraphs, the descriptions of significant accounting items in the consolidated financial statements bear no significant difference from those adopted by the 2021 consolidated financial statements. For related information, please refer to Note 6 to the 2021 consolidated financial statements.

(I) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Petty cash and cash on hand	\$ 11,921	12,051	13,272
Bank deposits			
Check deposits	3,813,392	3,070,313	3,714,030
Demand deposits	8,580,309	7,657,754	1,471,931
Time deposits	1,657,647	-	-
Cash equivalents	<u>3,811,862</u>	<u>5,340,444</u>	<u>9,830,269</u>
	<u>\$ 17,875,131</u>	<u>16,080,562</u>	<u>15,029,502</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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The maturity dates of the aforementioned cash equivalents are in the periods, April-May 2022, January-February 2022 and April-June 2021, and the interest rate collars are 0.28%~0.40%、0.25%~0.27%及0.19%~0.25%, respectively.

For the disclosed information on the interest rate risk and sensitivity analysis of the financial assets and liabilities of the group, please refer to Note 6(24).

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEX) listed company shares	\$ <u>125,393</u>	<u>124,600</u>	<u>81,982</u>

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(23).
2. As of March 31, 2022, December 31, 2021 and March 31, 2021, none of the financial assets of the Group has been pledged as collateral.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Equity investments measured at FVTOCI:			
Listed stock	\$ 1,945	1,944	-
Unlisted stock	<u>10,776</u>	<u>10,520</u>	<u>10,519</u>
Total	<u>\$ 12,721</u>	<u>12,464</u>	<u>10,519</u>

1. Investments in equity instruments at fair value through other comprehensive income
The Group did not dispose of strategic investment in the period from January 1 to March 31 of 2022 and 2021. The accumulated gains and losses in that period have not been transferred within the equity.
2. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(24).
3. None of the aforementioned financial assets has been pledged as collateral.

(IV) Notes and accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable	\$ 532	275	1,809
Accounts receivable	914,180	1,265,714	698,634
Less: Loss allowances	<u>(11,242)</u>	<u>(12,876)</u>	<u>-</u>
	<u>\$ 903,470</u>	<u>1,253,113</u>	<u>700,443</u>

The Group applies the simplified approach on the estimation of expected credit losses, that is, a loss allowance is recognized based on lifetime of expected credit losses. To measure the expected credit losses, notes and accounts receivables were based on shared characteristics of

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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credit risk on remaining payments before due date, and forward looking information was incorporated as well. The analysis on the expected credit loss of notes receivable and accounts receivable of the group is as follows:

	March 31, 2022		
	Carrying amount	Weighted average loss rate	Loss allowance for expected credit impairment of the period
Not past due	\$ 903,470	-	-
Past due 90 days and above	11,242	100%	11,242
	\$ 914,712		11,242

	December 31, 2021		
	Carrying amount	Weighted average loss rate	Loss allowance for expected credit impairment of the period
Not past due	\$ 1,253,113	-	-
Past due 90 days and above	12,876	100%	12,876
	\$ 1,265,989		12,876

	March 31, 2021		
	Carrying amount	Weighted average loss rate	Loss allowance for expected credit impairment of the period
Not past due	\$ 700,443	-	-

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

	From January to March of 2022	From January to March, of 2021
Beginning balance	\$ 12,876	-
Reversal of impairment loss	(1,634)	-
Ending balance	\$ 11,242	-

As of March 31, 2022, December 31, 2021, and March 31, 2021, none of the accounts receivable of the Group has been pledged as collateral.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(V) Inventories

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	Inventory - trading	\$ 13,797	9,789
Inventory - construction			
Prepayment for buildings and land	4,235	4,235	4,235
Land held for construction	2,899,060	2,609,060	2,722,056
Construction in progress	9,713,076	8,519,284	13,495,160
Buildings and land held for sale	<u>8,382,659</u>	<u>10,098,676</u>	<u>11,074,532</u>
Subtotal	<u>20,999,030</u>	<u>21,231,255</u>	<u>27,295,983</u>
Total	<u>\$ 21,012,827</u>	<u>21,241,044</u>	<u>27,309,146</u>

From January 1, 2022 to March 31, 2022, the loss due to the write-off of reversal of provision from inventory sale was NT\$2,029 thousand. From January 1, 2021 to March 31, 2021, there was no loss due to the write-off of reversal of provision from inventory sale.

The group's construction in progress was calculated based on the capitalization rate of 1.726% and 1.765% for the periods from January 1 to March 31, 2022 and 2021, respectively. For the amount of capitalization, please refer to Note 6(23).

As of March 31, 2022, December 31, 2021, and March 31, 2021, the group entrusted the legal parking spaces for sale to others in amounts of NT\$14,303 thousand, NT\$16,332 thousand and NT\$16,332 thousand respectively.

As of March 31, 2022, December 31, 2021 and March 31, 2021, for information regarding the group's investment property pledged as collaterals, please refer to Note 8.

(VI) Subsidiary with material non-controlling interests

Subsidiaries with material non-controlling interests to the group were as follows:

<u>Subsidiary name</u>	<u>Principal places of business / Country of registration</u>	<u>Proportion of ownership interest and voting right of non-controlling interests</u>		
		<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Kedge Construction Co., Ltd. and subsidiaries	Taiwan	65.82%	65.82%	65.82%

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 9,324,135	8,531,294	8,233,253
Non-current assets	716,093	746,449	741,062
Current liabilities	(6,217,630)	(5,576,580)	(5,564,595)
Non-current liabilities	(185,686)	(190,024)	(159,758)
Net assets	<u>\$ 3,636,912</u>	<u>3,511,139</u>	<u>3,249,962</u>
Carrying amount of non-controlling interests	<u>\$ 1,767,393</u>	<u>1,642,010</u>	<u>1,441,144</u>
		From January to March of 2022	From January to March, of 2021
Operating revenue		<u>\$ 2,193,887</u>	<u>2,645,265</u>
Net income		\$ 144,791	116,965
Other comprehensive income		(19,157)	63,719
Total comprehensive income		<u>\$ 125,634</u>	<u>180,684</u>
Net income attributable to non-controlling interests in this period		<u>\$ 125,203</u>	<u>97,470</u>
Total comprehensive income attributable to non-controlling interests		<u>\$ 125,290</u>	<u>98,146</u>
Cash flows from operating activities		\$ 1,506,559	536,562
Cash flows from investing activities		573	(2,274)
Cash flows from financing activities		(200,443)	(150,618)
Net increase in cash and cash equivalents		<u>\$ 1,306,689</u>	<u>383,670</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
LTD. and Subsidiaries (continued)**

(VII) Property, Plant, and Equipment

Details of changes in cost, depreciation, and impairment loss of property, plant and equipment of the group are as follows:

	Land	Buildings	Leasehold improvements	Other equipment (including transportation equipment, office equipment, machinery, other equipment and leased assets)	Construction in progress	Total
Cost or deemed cost:						
Balance as of January 1, 2022	\$ 3,567,078	4,355,494	1,047,652	391,669	3,452	9,365,345
Addition	-	1,504	1,242	6,842	303	9,891
Transfer from prepayments	-	339	-	84	-	423
Disposal and scrap	-	(21,345)	-	(4,044)	-	(25,389)
Reclassifications	<u>53,200</u>	<u>12,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,867</u>
Balance as of March 31, 2022	<u><u>\$ 3,620,278</u></u>	<u><u>4,348,659</u></u>	<u><u>1,048,894</u></u>	<u><u>394,551</u></u>	<u><u>3,755</u></u>	<u><u>9,416,137</u></u>
Balance as of January 1, 2021	\$ 3,567,078	4,302,115	995,377	344,728	9,492	9,218,790
Addition	-	14,277	3,160	8,536	320	26,293
Disposal and scrap	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,093)</u>	<u>-</u>	<u>(2,093)</u>
Balance as of March 31, 2021	<u><u>\$ 3,567,078</u></u>	<u><u>4,316,392</u></u>	<u><u>998,537</u></u>	<u><u>351,171</u></u>	<u><u>9,812</u></u>	<u><u>9,242,990</u></u>
Depreciation and impairment Losses						
Balance as of January 1, 2022	\$ -	1,857,836	755,840	248,433	-	2,862,109
Depreciation for the year	-	27,649	12,912	10,165	-	50,726
Disposal and scrap	-	(21,345)	-	(4,044)	-	(25,389)
Reclassifications	<u>7,000</u>	<u>6,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,177</u>
Balance as of March 31, 2022	<u><u>\$ 7,000</u></u>	<u><u>1,870,317</u></u>	<u><u>768,752</u></u>	<u><u>254,554</u></u>	<u><u>-</u></u>	<u><u>2,900,623</u></u>
Balance as of January 1, 2021	\$ -	1,730,573	692,172	209,879	-	2,632,624
Depreciation for the year	-	26,892	15,928	8,689	-	51,509
Disposal and scrap	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,045)</u>	<u>-</u>	<u>(2,045)</u>
Balance as of March 31, 2021	<u><u>\$ -</u></u>	<u><u>1,757,465</u></u>	<u><u>708,100</u></u>	<u><u>216,523</u></u>	<u><u>-</u></u>	<u><u>2,682,088</u></u>
Carrying amount:						
January 1, 2022	<u><u>\$ 3,567,078</u></u>	<u><u>2,497,658</u></u>	<u><u>291,812</u></u>	<u><u>143,236</u></u>	<u><u>3,452</u></u>	<u><u>6,503,236</u></u>
March 31, 2022	<u><u>\$ 3,613,278</u></u>	<u><u>2,478,342</u></u>	<u><u>280,142</u></u>	<u><u>139,997</u></u>	<u><u>3,755</u></u>	<u><u>6,515,514</u></u>
January 1, 2021	<u><u>\$ 3,567,078</u></u>	<u><u>2,571,542</u></u>	<u><u>303,205</u></u>	<u><u>134,849</u></u>	<u><u>9,492</u></u>	<u><u>6,586,166</u></u>
March 31, 2021	<u><u>\$ 3,567,078</u></u>	<u><u>2,558,927</u></u>	<u><u>290,437</u></u>	<u><u>134,648</u></u>	<u><u>9,812</u></u>	<u><u>6,560,902</u></u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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As of March 31, 2022, December 31, 2021, and March 31, 2021, for information regarding the details on the guarantees on financing amount limits, please refer to Note 8.

(VIII) Right-of-use assets

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

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
Balance as of January 1, 2022	\$ 3,884,636	16,789	3,901,425
Lease modifications	(87,497)	-	(87,497)
Re-evaluation	4,494	-	4,494
Transfer out - Lease expires	-	(872)	(872)
Balance as of March 31, 2022	<u>\$ 3,801,633</u>	<u>15,917</u>	<u>3,817,550</u>
Balance as of January 1, 2021	\$ 3,890,784	13,394	3,904,178
Addition	-	1,892	1,892
Balance as of March 31, 2021	<u>\$ 3,890,784</u>	<u>15,286</u>	<u>3,906,070</u>
Depreciation and impairment losses of the right-of-use assets:			
Balance as of January 1, 2022	\$ 555,481	9,215	564,696
Depreciation for the period	49,942	1,423	51,365
Transfer out - Lease expires	-	(872)	(872)
Balance as of March 31, 2022	<u>\$ 605,423</u>	<u>9,766</u>	<u>615,189</u>
Balance as of January 1, 2021	\$ 351,108	4,072	355,180
Depreciation for the period	51,548	1,155	52,703
Balance as of March 31, 2021	<u>\$ 402,656</u>	<u>5,227</u>	<u>407,883</u>
Carrying amount:			
January 1, 2022	<u>\$ 3,329,155</u>	<u>7,574</u>	<u>3,336,729</u>
March 31, 2022	<u>\$ 3,196,210</u>	<u>6,151</u>	<u>3,202,361</u>
January 1, 2021	<u>\$ 3,539,676</u>	<u>9,322</u>	<u>3,548,998</u>
March 31, 2021	<u>\$ 3,488,128</u>	<u>10,059</u>	<u>3,498,187</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(IX) Investment property

Details of the group's investment property are as follows:

	Land and improvements	Buildings	Total
Cost or deemed cost:			
Balance as of January 1, 2022	\$ 335,287	216,663	551,950
Property, Plant, and Equipment	<u>(53,200)</u>	<u>(12,667)</u>	<u>(65,867)</u>
Balance as of March 31, 2022	<u>\$ 282,087</u>	<u>203,996</u>	<u>486,083</u>
Balance as of January 1, 2021	<u>\$ 335,287</u>	<u>216,663</u>	<u>551,950</u>
Balance as of March 31, 2021	<u>\$ 335,287</u>	<u>216,663</u>	<u>551,950</u>
Depreciation and impairment Losses			
Balance as of January 1, 2022	\$ -	50,288	50,288
Depreciation for the year	-	1,069	1,069
Property, Plant, and Equipment	<u>-</u>	<u>(13,177)</u>	<u>(13,177)</u>
Balance as of March 31, 2022	<u>\$ -</u>	<u>38,180</u>	<u>38,180</u>
Balance as of January 1, 2021	\$ -	45,775	45,775
Depreciation for the year	<u>-</u>	<u>1,128</u>	<u>1,128</u>
Balance as of March 31, 2021	<u>\$ -</u>	<u>46,903</u>	<u>46,903</u>
Carrying amount:			
January 1, 2022	<u>\$ 335,287</u>	<u>166,375</u>	<u>501,662</u>
March 31, 2022	<u>\$ 282,087</u>	<u>165,816</u>	<u>447,903</u>
January 1, 2021	<u>\$ 335,287</u>	<u>170,888</u>	<u>506,175</u>
March 31, 2021	<u>\$ 335,287</u>	<u>169,760</u>	<u>505,047</u>

There is no significant difference between the fair value or the investment property of the group and the information disclosed in Note 6(9) to the 2021 annual consolidated financial statements. As of March 31, 2022, December 31, 2021 and March 31, 2021, for information regarding the group's investment property pledged as collaterals, please refer to Note 8.

(X) Intangible assets

The changes in the costs and amortization of the group's intangible assets are detailed as follows:

	Franchise	Computer software and others	Total
Carrying amount:			
January 1, 2022	<u>\$ 21,052</u>	<u>33,352</u>	<u>54,404</u>
March 31, 2022	<u>\$ 20,183</u>	<u>33,048</u>	<u>53,231</u>
January 1, 2021	<u>\$ 24,525</u>	<u>24,711</u>	<u>49,236</u>
March 31, 2021	<u>\$ 23,656</u>	<u>23,285</u>	<u>46,941</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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There is no recognition or reversal regarding major acquisition, disposition, and impairment of the group's intangible assets in the period from January 1 to March 3, 2022 and 2021. For the amount of amortization for the current period, please refer to Note 12. For other relevant information, please refer to Note 6(10) to the 2021 consolidated financial statements.

None of the intangible assets of the group has been pledged as collateral.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Other financial assets - current	\$ 2,183,476	2,299,051	2,626,681
Incremental costs of obtaining a contract	17,107	50,897	119,459
	\$ 2,200,583	2,349,948	2,746,140

1. Other financial assets - current

For details on collateral pledged on restricted assets (loans and reserve accounts and trust), refundable deposits on constructions, and time deposits that do not meet the definition of cash equivalents, please refer to Note 8.

2. Incremental costs of obtaining a contract - current

The group expected to recover the commissions paid to the third-party real estate agent and bonus paid to the internal sales department and thus recognized these costs as assets. These are amortized when sales revenue is recognized. In the periods from January 1 to March 31, 2022 and 2021, the amortization costs recognized were NT\$36,072 thousand and NT\$10,848 thousand, respectively.

(XII) Short-term and long-term loans/long-term loans due within one year or one operating cycle

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

	March 31, 2022			
Currency	Interest rate collars	Maturity year	Amount	
Secured bank loans	NTD	1.41%~2.16%	111~116	\$ 12,355,138
Unsecured bank loans	NTD	1.30%~2.44%	111~112	4,293,667
Total				\$ 16,648,805
Current				\$ 14,807,125
Non-current				1,841,680
Total				\$ 16,648,805

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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December 31, 2021				
	Currency	Interest rate collars	Maturity year	Amount
Secured bank loans	NTD	1.41%~1.90%	111~116	\$ 11,983,298
Unsecured bank loans	NTD	1.05%~2.44%	111~112	4,613,667
Total				\$ 16,596,965
Current				\$ 14,763,405
Non-current				1,833,560
Total				\$ 16,596,965
March 31, 2021				
	Currency	Interest rate collars	Maturity year	Amount
Secured bank loans	NTD	1.48%~1.90%	110~116	\$ 12,426,250
Unsecured bank loans	NTD	1.10%~2.44%	110~112	4,493,000
Total				\$ 16,919,250
Current				\$ 14,837,930
Non-current				2,081,320
Total				\$ 16,919,250

1. Issuance and repayment of loans

For the period from January 1 to March 31 of 2022 and 2021, the newly added amounts were NT\$862,760 thousand and 513,000 thousand respectively. The repayment amounts are NT\$810,920 thousand and NT\$1,070,101 thousand respectively.

2. Collateral

For details on the group's assets used as collateral for bank loans, please refer to Note 8.

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

Details on corporate bonds payable are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Secured ordinary corporate bonds - current	\$ 1,000,000	-	1,500,000
Secured ordinary corporate bonds - non-current	3,000,000	4,000,000	4,000,000
Total	\$ 4,000,000	4,000,000	5,500,000

1. In the periods from January 1 to March 31 of 2022 and 2021, the Group did not issue corporate bonds payable. For relevant information, please refer to Note 6(13) to the 2021 consolidated financial statements.

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(XIV) Lease liabilities

The carrying amount of lease liability is as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current	\$ <u>178,746</u>	<u>181,149</u>	<u>204,056</u>
Non-current	\$ <u>3,158,554</u>	<u>3,340,967</u>	<u>3,416,007</u>

For the details on the analysis of the maturity profile of lease liabilities, please refer to Note 6(24).

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

	<u>From January to March of 2022</u>	<u>From January to March, of 2021</u>
Interest expense on lease liability	\$ <u>14,582</u>	<u>16,245</u>
Expenses relating to short-term leases and low-value asset leases	\$ <u>1,748</u>	<u>2,207</u>
Lease subsidies related to COVID-19 (other income)	\$ <u>1,959</u>	<u>-</u>

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

	<u>From January to March of 2022</u>	<u>From January to March, of 2021</u>
Variable lease payments not accounted for in lease liability	\$ <u>59,055</u>	<u>80,387</u>
Total cash used in lease	\$ <u>177,198</u>	<u>161,621</u>

1. Lease of buildings and constructions

- (1) The land on Gongyuan Road in Pingtung City is leased from Pingtung Irrigation Association. The lease term was twenty years and the lease payment was of a certain percentage of the land assessed by the government. In the second half of 2011, the lease was extended for another ten years. A loyalty fee of NT\$16,000 thousand was paid to obtain the right of first refusal in the two years prior to the lease expiration date and to renew the lease with pre-negotiated terms and conditions.
- (2) The mall in Zuoying HSR station is leased from Taiwan Railways Administration of the Ministry of Transportation and Communications (MOTC) under a service concession contract. The term is thirteen years (including a year for leasehold improvement) and the operation will be handed over to Taiwan Railways Administration at the lease expiration date. The lease payment, or the annual concession fee, includes both a flat amount and a percentage of retail sales revenue.
- (3) The mall in Banqiao HSR station is leased from Taiwan Railways Administration, MOTC under a service concession contract. The lease term is sixteen years (including a year for leasehold improvement) and the lease payment, or the annual concession fee, is a fixed loyalty fee for the first four years with a 3% increment each year after. Certain

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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proportion of the lease payments is determined based on the sales amount of the stores of the Group during the lease period.

- (4) The mall in Nangang HSR station is leased from Taiwan Railways Administration, MOTC under a service concession contract. The lease term is sixteen years (including a year for leasehold improvement), and the lease payment, or the annual concession fee, includes both a flat amount and a percentage of retail sales revenue.
- (5) The mall in A9 Linkou Station of MRT Taoyuan Airport Line is leased from the Bureau of High Speed Rail and the Railway Bureau, MOTC under the "Lease Contract of Shopping Mall at Linkou Station of the Taiwan Taoyuan International Airport Access MRT System" and "Lease Contract of Shopping Mall at A19 Station of the Taiwan Taoyuan International Airport Access MRT System", respectively. The lease term is twenty years starting from the contract commencement date, and the lease payment is the greater of the flat concession fee committed in the contract or a variable concession fee. The variable concession fee is a percentage of retail sales revenue and non-operating income of actual operation, plus lease payments on the land and buildings.
- (6) The mall and parking lot in Linkou A8 Chang Gung Memorial Hospital Station of MRT Taoyuan Airport Line is leased from Asia Pacific Development Co. The lease term is twenty years starting from the first date of operation, and the lease payment on the mall is the greater of a flat fee or a percentage of retail sales revenue.

2. Other leases

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

(XV)Provisions

	March 31, 2022	December 31, 2021	March 31, 2021
Warranty provisions	\$ 178,463	181,626	149,141

There were no major changes in the group's provisions in the periods from January 1 to March 31, 2022 and 2021. For relevant information, please refer to Note 6(15) to the 2021 consolidated financial statements.

The aforementioned provisions for warranties are mainly related to construction contracts and estimated based on the historical warranty claim data of various projects. These provisions are expected to be claimed within a year from the completion of construction projects.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(XVI) Operating lease (lessor)

Regarding the investment property leased by the group, the group does not transfer all risks and returns attached to the ownership of the underlying assets, so the tenancy agreement is classified as an operating lease. For details, please refer to Note 6(9) investment property.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Less than 1 year	\$ 5,732	5,789	13,151
1~2 years	5,726	5,726	5,068
2~3 years	5,726	5,726	4,571
3~4 years	5,726	5,726	4,648
4~5 years	5,726	5,726	4,880
Above 5 years	<u>17,336</u>	<u>18,768</u>	<u>3,360</u>
Non-discounted future cash flows of lease	<u>\$ 45,972</u>	<u>47,461</u>	<u>35,678</u>

The rent income generated from investment property for the periods January 1 to March 31, 2022 and 2021 was NT\$1,489 thousand and NT\$3,302 thousand, respectively. There were no major maintenance or repair expenses.

(XVII) Employee benefits

1. Defined benefit plans

There were no major market fluctuations, significant reduction, liquidation or other one-time-only significant events in the previous fiscal year. Therefore, the group measures and discloses the interim period pension costs based on the actuated amount on December 31, 2021 and 2020.

The details of the expenses recognized by the group are as follows:

	<u>From January to March of 2022</u>	<u>From January to March, of 2021</u>
Operating costs	<u>\$ 106</u>	<u>153</u>
Operating expenses	<u>\$ 193</u>	<u>836</u>

2. Defined contribution plans

The pension expenses under the group's defined contribution plans are as follows, and have been appropriated to the Bureau of Labor Insurance.

	<u>From January to March of 2022</u>	<u>From January to March, of 2021</u>
Operating costs	<u>\$ 4,243</u>	<u>4,201</u>
Operating expenses	<u>\$ 5,179</u>	<u>4,780</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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3. Short-term compensated absences liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Short-term compensated absences liabilities	\$ 19,021	21,907	18,568

(XVIII) Income tax

1. The details of the group's income tax expenses are as follows:

	From January to March of 2022	From January to March, of 2021
Current tax expenses		
Accrued in current period	\$ 119,391	80,799
Land value increment tax	18,133	77,143
	137,524	157,942
Deferred income tax expenses		
Occurrence and reversal of temporary differences	5,228	781
Income tax expenses on units in continuing operation	\$ 142,752	158,723

2. The tax fillings of Kindom Development, Guanqing Electromechanical, Jiequn Investment, Dingtian Construction were assessed by the tax collecting agencies for the year ended on December 31, 2020; those of other entities of the group were assessed for the years ended on December 31, 2019.

(XIX) Capital and other equity interest

Apart from the matters described in the following paragraphs, there were no major changes in the group's capital and other equity in the periods from January 1 to March 31, 2022 and 2021. For relevant information, please refer to Note 6(19) to the 2021 consolidated financial statements.

1. Issuance of common shares

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

2. Capital reserve

The details of capital reserve were as follows:

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	March 31, 2022	December 31, 2021	March 31, 2021
Shares premium	\$ 827,906	827,906	827,906
Premium on conversion of corporate bonds	236,408	236,408	236,408
Treasury stock transactions	295,974	295,974	270,473
Gains on disposal of assets	34,912	34,912	34,912
Others	27,279	26,724	26,398
	\$ 1,422,479	1,421,924	1,396,097

In accordance with the Company Act, realized capital surplus can only be distributed to shareholders based on their original shareholding percentage as new shares or cash dividends after offsetting losses. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the processing standards regarding issuers' collection and issuance of negotiable securities, the capital reserve for capital has to be appropriated, and the total amount of appropriation every year shall not exceed 10% of the paid-in capital.

3. Retained earnings

The company's Articles of Incorporation stipulate that the company's earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, if any, can be distributed to the shareholders as dividends, and bonus dividends according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

(1) Legal reserve

When there is no loss in the company, the legal reserve will be used to issue new shares or cash dividends upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in capital.

(2) Special reserve

According to the FSC regulations, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve appropriated during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of March 31, 2022, the balance of special reserve was NT\$27,847 thousand.

(3) Earnings distribution

The 2021 distribution of earnings were proposed by the Board meeting on March 25, 2022 and the 2020 distribution of earnings were resolved at the shareholders' meeting on July 2, 2021, respectively. The dividends distributed to owners are as follows:

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

4. Treasury stock

As of March 31, 2022 and 2021, the company's common stock held by the group was as follows:

Subsidiary name	March 31, 2022			March 31, 2021		
	Number of shares	Carrying amount (Note)	Market value	Number of shares	Carrying amount (Note)	Market value
Kedge Construction	550	\$ 1,222	19,855	500	1,222	19,775
Jiequn Investment Co., Ltd.	9,373	55,384	338,368	8,518	55,384	336,905
Guanqing Electromechanical	1,768	14,590	63,814	1,607	14,590	63,557
	<u>11,691</u>	<u>\$ 71,196</u>	<u>422,037</u>	<u>10,625</u>	<u>71,196</u>	<u>420,237</u>

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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5. Other equity items (net of tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interests	Total
Balance as of January 1, 2022	\$ (29,652)	2,925	(5,223)	(31,950)
The exchange differences yielded by net assets of overseas operating institutions	44	-	8	52
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	168	89	257
Balance as of March 31, 2022	<u>\$ (29,608)</u>	<u>3,093</u>	<u>(5,126)</u>	<u>(31,641)</u>
Balance as of January 1, 2021	\$ (28,521)	674	(5,540)	(33,387)
The exchange differences yielded by net assets of overseas operating institutions	(219)	-	(42)	(261)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1,112	676	1,788
Balance as of March 31, 2021	<u>\$ (28,740)</u>	<u>1,786</u>	<u>(4,906)</u>	<u>(31,860)</u>

(XX) Earnings per Share

The amounts of earnings per share and diluted earnings per share are as follows:

	From January to March of 2022	From January to March, of 2021
Basic earnings per share		
Net income attributable to the holders of common shares of the company	<u>\$ 830,355</u>	<u>535,805</u>
Weighted average number of ordinary shares outstanding	<u>542,479</u>	<u>542,479</u>
	<u>\$ 1.53</u>	<u>0.99</u>
Diluted earnings per share		
Net income attributable to the holders of common shares of the company (diluted)	<u>\$ 830,355</u>	<u>535,805</u>
Weighted average number of ordinary shares outstanding	542,479	542,479
Influence of employees' share bonus	457	466
Weighted average number of ordinary shares outstanding (after adjusting the impact of diluting potential ordinary shares)	<u>542,936</u>	<u>542,945</u>
	<u>\$ 1.53</u>	<u>0.99</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(XXI) Revenue of Customer Contract

1. Disaggregation of revenue

	From January to March of 2022			
	Development business unit	Construction	Shopping mall	Total
Main regional markets:				
Taiwan	<u>\$ 2,803,593</u>	<u>1,805,120</u>	<u>372,334</u>	<u>4,981,047</u>
Main products/services:				
Sales of real estate developments	\$ 2,778,096	-	-	2,778,096
Sales of construction contracts	18,884	1,805,120	-	1,824,004
Sales commission from department store retailers	-	-	309,717	309,717
Service revenue	4,935	-	6,794	11,729
Rental income	1,678	-	29,686	31,364
Other income	-	-	26,137	26,137
	<u>\$ 2,803,593</u>	<u>1,805,120</u>	<u>372,334</u>	<u>4,981,047</u>
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 2,783,031	-	357,098	3,140,129
Gradually transferred revenue over time	1,678	-	15,236	16,914
Gradually transferred construction over time	18,884	1,805,120	-	1,824,004
	<u>\$ 2,803,593</u>	<u>1,805,120</u>	<u>372,334</u>	<u>4,981,047</u>
	From January to March, of 2021			
	Development business unit	Construction	Shopping mall	Total
Main regional markets:				
Taiwan	<u>\$ 2,578,666</u>	<u>2,012,856</u>	<u>329,143</u>	<u>4,920,665</u>
Main products/services:				
Sales of real estate developments	\$ 2,535,553	-	-	2,535,553
Sales of construction contracts	25,101	2,012,185	-	2,037,286
Sales commission from department store retailers	-	-	277,602	277,602
Service revenue	2,659	-	7,422	10,081
Rental income	3,227	671	19,833	23,731
Other income	12,126	-	24,286	36,412
	<u>\$ 2,578,666</u>	<u>2,012,856</u>	<u>329,143</u>	<u>4,920,665</u>
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 2,550,338	-	314,253	2,864,591
Gradually transferred revenue over time	3,227	671	14,890	18,788
Gradually transferred construction over time	25,101	2,012,185	-	2,037,286
	<u>\$ 2,578,666</u>	<u>2,012,856</u>	<u>329,143</u>	<u>4,920,665</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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2. Contract balances

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts receivable	\$ 914,180	1,265,714	698,634
Less: Loss allowances	(11,242)	(12,876)	-
Total	<u>\$ 902,938</u>	<u>1,252,838</u>	<u>698,634</u>
Contract assets - construction	\$ 1,869,909	1,975,776	2,129,841
Less: Loss allowances	-	-	-
Total	<u>\$ 1,869,909</u>	<u>1,975,776</u>	<u>2,129,841</u>
Contract liabilities - construction	\$ 1,835,920	454,424	896,541
Contract liabilities - buildings	758,761	1,045,946	6,900,562
Contract liabilities - gym	11,580	11,584	10,336
Contract liabilities - customer loyalty points	31,654	26,516	15,722
Contract liabilities - vouchers	69,521	70,186	60,813
Total	<u>\$ 2,707,436</u>	<u>1,608,656</u>	<u>7,883,974</u>

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

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the group transfers commodities or services to clients to meet the performance obligations and the time when clients pay. There were no other material changes during the periods from January 1 to March 31 of 2022 and 2021

As of March 31, 2022, the Group's prepayments of real estate pre-sales and the related interests were retained in trust accounts of identified banks and recognized as other financial assets - current in the amounts of NT\$162,901 thousand. Details on the trust accounts were as follows:

<u>Project code</u>	<u>March 31, 2022</u>
104A	<u>\$ 162,901</u>

(XXII) Remunerations to employees and directors

The company's Articles of Incorporation stipulate that, after annual earnings first offset against any deficit, a minimum of 0.5% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. However, profits must first be taken to offset cumulative losses if any.

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The estimated remunerations to employees amounted to NT\$15,628 thousand and NT\$3,271 thousand, and the estimated remunerations to directors amounted to NT\$15,628 thousand and NT\$3,271 thousand for the three-months periods then ended on March 31, 2022 and 2021, respectively. These amounts were calculated using the company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the company's Article of Incorporation. These remunerations were expensed under operating expenses for each period. If the actual distribution is different from the estimation, the difference will be accounted for as changes in accounting estimates and recognized in profit or loss for the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day prior to the Board of Directors' meeting.

The actual distribution of employee remuneration amounted to NT\$53,929 thousand and NT\$70,829 thousand, and the actual distribution of director remuneration amounted to NT\$53,929 thousand and NT\$70,829 thousand for the years of 2021 and 2020. There is no difference between the estimation and the actual distribution. Please refer to the MOPS for relevant information.

(XXIII) Non-operating income and expenses

1. Interest income

The details of interest income of the group are as follows:

	From January to March of 2022	From January to March, of 2021
Bank deposits (including short-term securities)	\$ 6,208	2,526
Loans and receivables	593	1,579
Construction refundable deposits (including deposits)	258	91
Other interest income	9	-
	\$ 7,068	4,196

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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2. Other gains or losses

The details of other gains or losses of the group are as follows:

	From January to March of 2022	From January to March, of 2021
Gains on foreign exchange	\$ 1,558	127
Net gain on financial assets at fair value through profit or loss	793	14,321
Gains (losses) on disposal of property, plant, and equipment	-	28
Government grant income	1,959	-
Rental income	174	167
Other income	14,876	3,588
Others	(332)	(313)
	\$ 19,028	17,918

3. Finance costs

The details of financial costs of the group are as follows:

	From January to March of 2022	From January to March, of 2021
Interest expenses		
Bank loans	\$ 70,666	75,628
Interests on deposits in advance for public land development	34	46
Transaction fees and interests on corporate bonds	17,229	24,169
Lease liabilities	14,582	16,245
Others	215	233
Less: Capitalization of interest	(30,971)	(34,207)
	\$ 71,755	82,114

(XXIV) Financial Instruments

Apart from the matters described in the following paragraphs, there are no major changes in the fair value of the group's financial instruments and matters exposed to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to Note 6(24) to the 2021 consolidated financial statements.

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1. Liquidity risk

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

	<u>Book value</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>Over 5 years</u>
March 31, 2022						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,648,805	17,105,261	7,669,733	7,239,499	2,196,029	-
Ordinary corporate bonds (including within one year)	4,000,000	4,064,689	1,008,342	2,035,207	1,021,140	-
Notes, accounts and other payables	5,847,121	5,847,121	4,148,441	1,698,680	-	-
Guarantee deposits received	96,871	96,871	-	96,871	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	40,840	41,170	16,534	24,636	-	-
Lease liabilities (including current portion)	<u>3,337,300</u>	<u>3,904,566</u>	<u>235,704</u>	<u>466,922</u>	<u>459,112</u>	<u>2,742,828</u>
	<u>\$ 29,970,937</u>	<u>31,059,678</u>	<u>13,078,754</u>	<u>11,561,815</u>	<u>3,676,281</u>	<u>2,742,828</u>
December 31, 2021						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,596,965	17,029,145	8,219,855	7,510,881	597,787	700,622
Ordinary corporate bonds (including within one year)	4,000,000	4,072,900	-	3,050,281	1,022,619	-
Notes, accounts and other payables	7,011,149	7,011,149	5,044,435	1,966,714	-	-
Guarantee deposits received	97,814	97,814	-	97,814	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	49,008	49,471	16,579	32,892	-	-
Lease liabilities (including current portion)	<u>3,522,116</u>	<u>4,121,432</u>	<u>240,754</u>	<u>480,964</u>	<u>468,854</u>	<u>2,930,860</u>
	<u>\$ 31,277,052</u>	<u>32,381,911</u>	<u>13,521,623</u>	<u>13,139,546</u>	<u>2,089,260</u>	<u>3,631,482</u>
March 31, 2021						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,919,250	17,366,420	8,904,922	6,833,957	704,783	922,758
Ordinary corporate bonds (including within one year)	5,500,000	5,600,880	1,502,891	2,041,216	2,056,773	-
Notes, accounts and other payables	6,062,488	6,062,488	4,186,561	1,875,927	-	-
Guarantee deposits received	88,486	88,486	-	88,486	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	57,176	57,794	16,623	32,981	8,190	-
Lease liabilities (including current portion)	<u>3,620,063</u>	<u>4,261,648</u>	<u>260,309</u>	<u>484,862</u>	<u>473,465</u>	<u>3,043,012</u>
	<u>\$ 32,247,463</u>	<u>33,437,716</u>	<u>14,871,306</u>	<u>11,357,429</u>	<u>3,243,211</u>	<u>3,965,770</u>

The group does not expect that the occurrence timing of cash flows analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
LTD. and Subsidiaries (continued)**

2. Interest rate analysis

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

The following sensitivity analysis is based on the interest rate exposure of derivatives and non-derivatives on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The interest rate fluctuation of 1% increase or decrease is used internally for reporting the interest rate to management and is the assessment by management regarding the reasonable and possible changes in interest rates. For the periods from January 1 to March 31, 2022 and 2021, if the interest rate increases or decreases by 1%, while other factors remained unchanged, the group's profit before tax would decrease or increase by NT\$41,622 thousand and NT\$42,298 thousand, respectively; net profit will decrease or increase by NT\$29,073 thousand and NT\$29,859 thousand, respectively, after capitalization of interest. This is mainly because the group has floating rate loans.

3. Other price risk

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

Securities price on the reporting date	From January to March of 2022		From January to March, of 2021	
	Other comprehensive income after tax	Net income after tax	Other comprehensiv e income after tax	Net income after tax
Increase by 10%	<u>\$ 1,272</u>	<u>12,539</u>	<u>1,052</u>	<u>8,198</u>
Decrease by 10%	<u>\$ (1,272)</u>	<u>(12,539)</u>	<u>(1,052)</u>	<u>(8,198)</u>

4. Fair value information

(1) Type and fair value of financial instruments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of various financial assets and financial liabilities (including fair value level information; the carrying amount of financial instruments not measured at fair value is the reasonable approximation of fair value and the lease liabilities do not have to be revealed according to provisions) are listed as follows:

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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		March 31, 2022					
		Book value	Fair value			Total	
		Level 1	Level 2	Level 3			
Financial assets at fair value through profit or loss							
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 125,393	125,393	-	-	125,393		
Financial assets at fair value through other comprehensive income	\$ 12,721	2,851	-	9,870	12,721		
Financial assets at amortized cost							
Cash and cash equivalents	\$ 17,875,131	-	-	-	-		
Notes, accounts and other receivables	907,708	-	-	-	-		
Other financial assets-current	2,183,476	-	-	-	-		
Other financial assets-non-current	76,369	-	-	-	-		
Subtotal	21,042,684	-	-	-	-		
Total	\$ 21,180,798	128,244	-	9,870	138,114		
Financial liabilities measured at amortized costs							
Long-/short-term loans (including current portion due within one year)	\$ 16,648,805	-	-	-	-		
Notes, accounts and other payables	5,847,121	-	-	-	-		
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-		
Long-term payables (including current portion)	40,840	-	-	-	-		
Lease liabilities (including current portion)	3,337,300	-	-	-	-		
Guarantee deposits received	96,871	-	-	-	-		
Total	\$ 29,970,937	-	-	-	-		
		December 31, 2021					
		Book value	Fair value			Total	
		Level 1	Level 2	Level 3			
Financial assets at fair value through profit or loss							
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 124,600	124,600	-	-	124,600		
Financial assets at fair value through other comprehensive income	\$ 12,464	2,917	-	9,547	12,464		
Financial assets at amortized cost							
Cash and cash equivalents	\$ 16,080,562	-	-	-	-		
Notes, accounts and other receivables	1,257,646	-	-	-	-		
Other financial assets-current	2,299,051	-	-	-	-		
Other financial assets-non-current	79,142	-	-	-	-		
Subtotal	19,716,401	-	-	-	-		
Total	\$ 19,853,465	127,517	-	9,547	137,064		

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
LTD. and Subsidiaries (continued)**

Financial liabilities measured at amortized costs					
Long-/short-term loans (including current portion due within one year)	\$ 16,596,965	-	-	-	-
Notes, accounts and other payables	7,011,149	-	-	-	-
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-
Long-term payables (including current portion)	49,008	-	-	-	-
Lease liabilities (including current portion)	3,522,116	-	-	-	-
Guarantee deposits received	97,814	-	-	-	-
Total	<u>\$ 31,277,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2021					
Fair value					
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 81,982	81,982	-	-	81,982
Financial assets at fair value through other comprehensive income	\$ 10,519	621	-	9,898	10,519
Financial assets at amortized cost					
Cash and cash equivalents	\$ 15,029,502	-	-	-	-
Notes and accounts receivable	700,443	-	-	-	-
Other financial assets-current	2,626,681	-	-	-	-
Other financial assets-non-current	131,202	-	-	-	-
Subtotal	18,487,828	-	-	-	-
Total	<u>\$ 18,580,329</u>	<u>82,603</u>	<u>-</u>	<u>9,898</u>	<u>92,501</u>
Financial liabilities measured at amortized costs					
Long-/short-term loans (including current portion due within one year)	\$ 16,919,250	-	-	-	-
Notes, accounts and other payables	6,062,488	-	-	-	-
Corporate bonds payable (including current portion)	5,500,000	-	-	-	-
Long-term payables (including current portion)	57,176	-	-	-	-
Lease liabilities (including current portion)	3,620,063	-	-	-	-
Guarantee deposits received	88,486	-	-	-	-
Total	<u>\$ 32,247,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
LTD. and Subsidiaries (continued)**

(2) Valuation techniques of financial instruments measured at fair value

Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. A quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity and debt instruments, as it is a quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing agencies, or governing authorities, and such price can actually reflect those traded frequently in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accordance with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, low trading volumes and high or increasing bid-ask spreads are indications that a market is not active.

The categories and characteristics of fair value measurement for the financial instruments with active markets are as follows:

- The fair value of financial instruments that have active markets and standard terms and conditions are determined with reference to quoted market prices (e.g., publicly traded stocks).

The categories and characteristics of fair value measurement for the financial instruments without active markets are as follows:

- Equity instruments without public quotes: The fair value is derived from comparable companies in the market and is determined by multiplying the investee's EBITDA with P/E ratio of comparable companies listed in the market. The calculation is then discounted for lack of marketability.

(3) Changes in Level 3 financial assets

	Measured at fair value through other comprehensive income		
	Equity instruments without public quotes	Bond investment	Total
January 1, 2022	\$ 9,547	-	9,547
March 31, 2022	\$ 9,870	-	9,870
January 1, 2021	\$ 8,236	-	8,236
March 31, 2021	\$ 9,898	-	9,898

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
LTD. and Subsidiaries (continued)**

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among them, the assets still held on March 31, 2022 and 2021 are as follows:

	<u>From January to March of 2022</u>	<u>From January to March, of 2021</u>
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	<u>\$ 323</u>	<u>1,662</u>

(4) Transfer between different levels of Fair value hierarchy

As the shares held by the group have active market quotations, they are classified as Level 1. In the periods from January 1 to March 31, 2022 and 2021, there were no changes to the levels of fair value hierarchy. Thus, there was no matter of transfer between levels in the periods from January 1 to March 31, 2022 and 2021.

(XXV) Financial risk management

There is no significant difference between the goals and policies of the group's financial risk management and the information disclosed in Note 6(25) to the 2021 consolidated financial statements.

(XXVI) Capital management

The goals, policies and procedures of the group's capital management are in line with the information disclosed in the 2021 annual consolidated financial statements. There is no significant difference between the aggregated quantitative data of the projects used as capital management in this period and the information disclosed in the 2021 consolidated financial statements. For relevant information, please refer to Note 6(26) to the 2021 consolidated financial statements.

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

The group's non-cash investing and financing activities for the three months ended March 31, 2022 and 2021 are as follows:

For details of right-of-use assets obtained by lease, please refer to Note 6(8).

VII. Related-Party Transactions

(I) Name of related parties and relations

The affiliates which have trading with the group within the period of the consolidated financial statements are as follows:

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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Name of related party	Relationship with the group
Kindom Yu San Education Foundation	The entity's chairman is the second-degree relative of the company's chairman.

(II) Transactions with related parties

1. The group donated a total of NT\$13,250 thousand and NT\$4,500 thousand to other related parties in the period from January 1 to March 31, 2022 and 2021 respectively for the promotion of foundation affairs.
2. The group leased part of the office building to other related parties, with a lease term of 1 year. The rental income was NT\$14 thousand for each of the periods from January 1 to March 3, 2022 and 2021.

(III) Transaction of major management personnel Remuneration to major management personnel includes:

	From January to March of 2022	From January to March, of 2021
Short-term employee benefits	\$ 53,306	45,043
Benefits after retirement	75	68
	\$ 53,381	45,111

VIII. Pledged Assets

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

Name of assets	Pledge guarantee object	March 31, 2022	December 31, 2021	March 31, 2021
Buildings and land held for sale	Bank loans	\$ 6,567,012	7,011,933	8,793,190
Land held for construction	"	1,739,371	1,709,071	1,709,071
Construction in progress	"	9,317,883	8,196,964	7,457,254
Investment properties and net value of property, plant, and equipment	Bank loans and corporate bonds payable	6,363,933	6,386,755	6,415,939
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, and corporate bonds payable	1,251,305	1,268,914	1,717,948
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	50,595	50,595	110,594
		\$ 25,290,099	24,624,232	26,203,996

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
LTD. and Subsidiaries (continued)**

Note: The shares pledged as collateral for the subsidiary's bank borrowings and payments received in advance for sales of land and buildings amounted to 223,414 thousand shares, as of March 31, 2022, December 31, 2021, and March 31, 2021.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Significant unrecognized contract commitments:

1. The total amount of significant construction contracts is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Amount of construction contracts	\$ 39,956,399	40,826,050	33,797,944
Amount of payments received	\$ 7,797,543	5,372,426	16,319,855

2. The total amount of sales contracts signed before and after the completion of construction is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Amount of sales contracts signed	\$ 4,116,618	4,427,490	10,856,752
Amount of payments received per contracts	\$ 758,761	1,045,946	6,900,362

3. For details on lease agreements of the group's business in shopping mall management as of March 31, 2022, December 31, 2021, and March 31, 2021, please refer to Note 6(14). Details of the performance bond in relation to obligations under these agreements are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Refundable notes	\$ 232,550	232,550	232,550

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

	March 31, 2022	December 31, 2021	March 31, 2021
Refundable deposits	\$ 508,590	531,160	880,145
Refundable notes	\$ 1,438,635	1,438,635	1,060,766

5. In September 2015, the group entered into a lease agreement with Chang Xin Co., Ltd. for the building and parking lot on Jiankang Road in Zhonghe District of New Taipei City. The lease payments consist of both a monthly flat amount and a percentage of retail sales revenue.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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6. It is passed by the Board meeting in December and January of 2021, and December of 2020, that the group promised to donate NT\$20,000 thousand and NT\$15,000 thousand in 2022 and 2021 respectively to Kindom Yu San Education Foundation for the promotion of foundation affairs.
7. In November 2021, the group signed a contract with Taiwan Power Company (Taipower) for the urban renewal project of the former site of Nangang (AR-1-2) of the Taipower northern storage and transportation center. According to the contract, the group is required to lease back all the commercial facilities (including parking spaces) that Taipower participated in the rights transformation and distribution, with a lease term of ten years and a renewal of ten years, and the lease contract for the relevant commercial facilities and premises is signed one year before the license is obtained.

(II) Contingent liability:

In relation to the construction project under Project Code 061M, the group was asked for the joint damages amounted to NT\$ 20,131 thousand; however, due to the lack of evidence, the case is currently undergoing mediation procedures.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

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

Function Nature	From January to March of 2022			From January to March, of 2021		
	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefit expenses						
Salaries and wages	118,290	161,273	279,563	125,768	139,207	264,975
Labor insurance and national health insurance	9,438	11,722	21,160	9,444	9,838	19,282
Pension expenses	4,349	5,372	9,721	4,354	5,616	9,970
Other employee benefits expenses	582	6,638	7,220	570	7,328	7,898
Depreciation	2,151	101,009	103,160	2,838	102,502	105,340
Amortization	-	2,724	2,724	-	2,392	2,392

- (II) Seasonality of operation: The operation of the group is not affected by seasonal or periodic factors.

Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD. and Subsidiaries (continued)

XIII. Disclosure Notes

(I) Information on significant transactions

In the period from January 1 to March 31, 2022, the group shall disclose information related to material transactions pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." Such information is as follows:

1. Loans provided for others: None.
2. Endorsements/Guarantees Provided for Others:

Unit: NT\$ thousand

No.	Name of endorsement/guarantee provider	Subject of endorsements/guarantees		Limit on endorsements/guarantees provided for a single party	Maximum balance for this period	Closing balance of endorsement/guarantees	Actual amount used	Amount of endorsement/guarantees collateralized with assets	Ratio of accumulated endorsement/guarantees to net equity per latest financial statements	Maximum endorsement/guarantee amount	Endorsement/guarantees provided by parent company to subsidiaries	Endorsement/guarantees provided by subsidiaries to parent company	Endorsement/guarantee provided to subsidiary in China
		Name of Company	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	\$7,273,422	14,192	14,192	14,192	-	0.39%	7,273,422	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	47,413	14,192	14,192	14,192	-	29.93%	47,413	N	Y	N
2	"	Kedge Construction	Parent company and subsidiary	7,111,958	1,376,500	1,376,500	1,376,500	-	2,903.21%	14,223,916	N	Y	N
3	Global Mall	Guan You	3	3,036,524	180,000	180,000	20,000	-	3.56%	6,073,048	Y	N	N
3	"	Guan Hua	2	3,036,524	110,000	110,000	20,000	-	2.17%	6,073,048	Y	N	N
3	"	Guan Cheng	1	3,036,524	61,550	61,550	61,550	-	1.22%	6,073,048	Y	N	N

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

- (1) An entity with which it does business.
- (2) A company in which the company directly or indirectly holds more than 50% of the voting shares.
- (3) A company that directly or indirectly holds more than 50% of the voting shares in the company.
- (4) Between the companies in which the company directly or indirectly holds more than 90% of the voting shares.
- (5) A company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2. Taipei City Government requested the Company to provide joint and several security, so Kedge Construction, approved by the Board on March 21, 2002 and March 25, 2010, provided endorsements/guarantees for the Company.

Note 3. Per Kedge Construction's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 200% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees

Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD. and Subsidiaries (continued)

provided to a single entity shall not exceed 200% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statement.

Note 4. Per Dingtian's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 100% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 100% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 300 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statements.

Note 5. Per Global Mall's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 120% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 60% of its net equity as stated in its latest financial statements.

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

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

Unit: NT\$ thousand / thousand shares

Investing Company	Type and name of securities	Relationship with the securities issuer	Account title in book	End of period				Remarks
				Number of shares	Book value	Percentage of shareholding	Fair value (Note)	
Kindom Development	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	575	43,993	- %	43,993	
"	Stock - Everterminal Co. Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	99	3,104	0.20 %	3,104	
"	Stock - Clientron Corp.	-	"	29	906	0.05 %	906	
"	Stock - Fubon Financial Holding Co Ltd.	-	"	12	704	- %	704	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	537	41,052	- %	41,052	
"	Stock - SinoPac Securities Corporation	-	"	211	3,885	- %	3,885	
"	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	11	657	- %	657	
Jiequn Investment Co., Ltd.	Stock - Huei Ding Computer	-	Financial assets at fair value through other comprehensive income - non-current	405	-	0.78 %	-	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	477	36,463	- %	36,463	
"	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	10	584	- %	584	
"	Stock - Commonwealth Publishing Group	-	"	145	6,766	0.59 %	6,766	

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

Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD. and Subsidiaries (continued)

4. Accumulated to buy or sell the same marketable securities amount to NT\$ 300 million or more than 20% of the paid-up capital: None.
5. Acquisition of individual real estate properties at costs of at least NT\$ 300 million or 20% of the paid-in capital: None.
6. Disposal of real estate at prices exceeding NT\$ 300 million or 20% of the paid-in capital: None.
7. Related-party transactions for purchases and sales with amounts exceeding NT\$100 million or 20% of the paid-in capital:

Unit: NT\$ thousand

Companies involved in purchases (Sales)	Name of transaction counterparty	Relationship	Transaction Situation				Transactions with Terms Different from Others		Notes/accounts receivable (or payable)		Remarks
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage of total notes/accounts receivable (or payable)	
Kindom Development	Kedge Construction	Investees valued under equity method	Purchases for 106A and other projects	464,290	29.29 %	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(788,064)	63.64%	Note 2
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	Purchases for 041B and other project codes	(464,290)	(12.58) %	Received payment by installment per contract or equivalent to a general transaction	"	"	788,064	32.70%	"

Note 1. Refers to the valuation amount for current period

Note 2. The above-mentioned transactions have been written off at the preparation of the consolidated financial statements.

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

Unit: NT\$ thousand

The companies that record such transactions as receivables	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Receivable Overdue		Amounts received in subsequent periods	Allowance for losses appropriated
					Amount	Action taken		
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	788,064	1.91	-	-	65,446	-

Note: The above-mentioned transactions have been written off at the preparation of the consolidated financial statements.

9. Derivatives transactions: None.

Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD. and Subsidiaries (continued)

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

No.	Company name	Transaction counterparty	Relationship with trader	Transactions			As a percentage of consolidated revenue or total assets
				Ledger Account	Amount	Terms and conditions	
0	The Company	Kedge Construction	1	Cost of construction	387,927	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	7.79%
0	The Company	Kedge Construction	1	Buildings and land held for sale	138,376	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	0.25%
0	The Company	Kedge Construction	1	Construction in progress	121,173	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	0.22%
0	The Company	Kedge Construction	1	Notes and accounts payable-related parties	788,064	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.44%
1	Kedge Construction	The company	2	Operating revenue	387,927	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	7.79%
1	Kedge Construction	The company	2	Operating costs	259,549	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	5.21%
1	Kedge Construction	The company	2	Notes and accounts receivable-related parties, contract assets	788,064	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.44%
2	Global Mall	Guan Cheng	3	Accounts receivable-related parties	13,612	Once a year	0.02%
2	Global Mall	Guan Cheng	3	Operating revenue	10,523	Once a year	0.21%
2	Global Mall	Guan You	3	Operating revenue	734	Once a year	0.01%
3	Guan Cheng	Global Mall	3	Accounts payable-related parties	13,612	Once a year	0.02%
3	Guan Cheng	Global Mall	3	Operating expenses	10,523	Once a year	0.21%
4	Guan You	Global Mall	3	Operating expenses	734	Once a year	0.01%

Note 1. Instruction for numbering.

1. The parent company is numbered 1.0.
2. Subsidiaries are sorted in a numerical order starting from 1.

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

1. The parent company to subsidiaries.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3. The above-mentioned transactions have been written off at the preparation of the consolidated financial statements.

Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD. and Subsidiaries (continued)

(II) Information on Invested Companies:

The information on the group's investees in the period from January 1 to March 31, 2022 is as follows:

Unit: NT\$ thousand / thousand shares

Name of Investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value			
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	36,248	34.18%	969,663	144,791	65,030	Subsidiary
"	Global Mall	Taiwan	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	3,209,395	3,209,395	320,105	84.02%	4,277,007	112,170	94,242	"
"	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	102,000	102,000	10,200	51.00%	174,163	34,059	17,370	"
Kedge Construction	Jiequn Investment	Taiwan	Investment	163,935	163,935	16,396	99.98%	485,269	287	287	Sub-subsidiary
"	Guanqing Electromechanical Co., Ltd.	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	240,279	(1,254)	(1,254)	"
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,224	(660)	(198)	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,189	(660)	(462)	"
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	15,149	62	29	Investments accounted for using equity method
Global Mall	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	98,000	98,000	9,800	49.00%	167,333	34,059	16,689	Subsidiary
"	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	5,000	5,000	130	0.96%	958	(2,729)	(101)	Sub-subsidiary
"	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	145,943	3,719	3,719	"
"	KGM	Hong Kong	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	9,339 (HKD390 thousand dollars)	9,339 (HKD390 thousand dollars)	- (Limited Company)	100.00%	1,744	(85)	(85)	"
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	230,000	130,000	13,370	99.04%	98,875	(2,729)	(2,628)	"

(III) Information on Investments in Mainland China:

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

Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD. and Subsidiaries (continued)

Unit: Thousands of USD/RMB/NTD

Cumulative Investment Outflow from Taiwan at end of the year	Amount of investment approved by the Investment Commission, M.O.E.A.	Limit on amount of investment stipulated by the Investment Commission, M.O.E.A.
1,076,350(CNY 227,649) (Note 1)	USD 40,327	11,036,330 (Note 2)

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

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

3. Significant transactions with investees in mainland China: None.

(IV) Information on Major Shareholders:

Unit: Shares

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

XIV. Segment Information

(I) General information

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

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

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

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

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

The management's resource allocation and performance evaluation are based on the unit's profit before tax (excluding extraordinary profit or loss and exchange gain or loss) in the internal governance report reviewed by the chief operating decision-maker of the group. As tax expenses (income), extraordinary profit or loss and exchange gain or loss are recognized on the Group

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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level, the Group does not allocate tax expenses (income), extraordinary profit or loss and exchange gain or loss to the reportable segments. Thus, not every reportable segment includes material non-monetary items besides depreciation and amortization in the profit or loss. The reported amounts are in line with the amounts in the reports for operating decision makers.

Except that the pension expenses of each unit are paid in cash to pension plans, the accounting policies of the operating department are the same as the "Summary of Significant Accounting Policies" described in Note 4.

The group deems the inter-unit sales and transfer as third-party transactions. And such transactions are measured at the current market price.

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

	From January to March of 2022				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 2,803,593	1,805,120	372,334	-	4,981,047
Inter-segment income	1,692	388,767	11,861	(402,320)	-
Total revenue	<u>\$ 2,805,285</u>	<u>2,193,887</u>	<u>384,195</u>	<u>(402,320)</u>	<u>4,981,047</u>
Reportable segment profits or loss	<u>\$ 937,721</u>	<u>179,348</u>	<u>144,328</u>	<u>(145,160)</u>	<u>1,116,237</u>

	From January to March, of 2021				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 2,578,666	2,012,856	329,143	-	4,920,665
Inter-segment income	1,692	632,409	11,888	(645,989)	-
Total revenue	<u>\$ 2,580,358</u>	<u>2,645,265</u>	<u>341,031</u>	<u>(645,989)</u>	<u>4,920,665</u>
Reportable segment profits or loss	<u>\$ 662,166</u>	<u>143,933</u>	<u>80,730</u>	<u>(84,599)</u>	<u>802,230</u>

Assets of reportable segments

March 31, 2022	<u>\$ 39,774,632</u>	<u>10,040,228</u>	<u>12,330,628</u>	<u>(7,427,561)</u>	<u>54,717,927</u>
December 31, 2021	<u>\$ 39,053,427</u>	<u>9,277,743</u>	<u>12,773,455</u>	<u>(7,256,182)</u>	<u>53,848,443</u>
March 31, 2021	<u>\$ 45,041,252</u>	<u>8,974,315</u>	<u>12,633,569</u>	<u>(7,515,494)</u>	<u>59,133,642</u>

Reportable segment liabilities

March 31, 2022	<u>\$ 21,380,749</u>	<u>6,403,316</u>	<u>6,828,426</u>	<u>(864,718)</u>	<u>33,747,773</u>
December 31, 2021	<u>\$ 21,490,666</u>	<u>5,766,604</u>	<u>7,514,330</u>	<u>(918,790)</u>	<u>33,852,810</u>
March 31, 2021	<u>\$ 29,266,653</u>	<u>5,724,353</u>	<u>7,309,331</u>	<u>(1,177,309)</u>	<u>41,123,028</u>