

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

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

**From January 1 to June 30, 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**

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## Independent Auditors' Review Report

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

### Introduction

We have audited the consolidated balance sheets of Kindom Development Co., Ltd. and its subsidiaries (Kindom Group) as of June 30, 2022, and 2021, the consolidated statements of comprehensive income for the three-month periods and the six-month periods ended June 30, 2022 and 2021, consolidated statements of changes in equity, and consolidated statements of cash flows from January 1 to June 30, 2022 and 2021 as well as notes to the consolidated financial statements (including a summary of significant accounting policies) for the period then ended. 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 Kindom Group as of June 30, 2022 and 2021 and its consolidated financial performance from April 1 to June 30, 2022 and 2021, and from January 1 to June 30, 2022 and 2021, and its consolidated cash flows from January 1 to June 30, 2022 and 2021 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and "IAS 34 - Interim Financial Reporting" approved and issued by the FSC.

The engagement partners on the reviews resulting in this independent auditors' review report are Yi-lien, Han and Kuo-Yang Tseng.

KPMG

Taipei, Taiwan  
Republic of China  
August 5, 2022

### Notice 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 June 30, 2022 and 2021 - only reviewed, not audited in accordance with  
generally accepted auditing standards.**

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

**Consolidated Balance Sheets**

**June 30, 2022, December 31, 2021, and June 30, 2021**

**Unit: NT\$ thousand**

Assets		2022.6.30		2021.12.31		2021.6.30		Liabilities and Equity		2022.6.30		2021.12.31		2021.6.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Notes 6(1) & (24))	\$ 17,890,764	33	16,080,562	30	12,797,505	25	2100	Short-term borrowings (Notes 6(12) & (24))	\$ 14,757,094	27	14,479,725	27	13,627,992	26
1110	Financial assets at fair value through profit or loss - current (Notes 6(2) & (24))	98,529	-	124,600	-	106,036	-	2130	Contract liabilities - current (Note 6(21))	2,341,950	5	1,608,656	3	3,071,236	6
1140	Contract assets - current (Note 6(21))	1,995,038	4	1,975,776	4	1,675,790	3	2150	Notes payable (Note 6(24))	242,605	-	327,149	1	322,879	1
1150	Notes receivable, net (Note 6(4) & (24))	370	-	275	-	2,289	-	2170	Accounts payable (Note 6(24))	4,602,605	9	5,729,916	11	4,313,716	8
1170	Accounts receivable, net (Notes 6(4), (21) & (24))	1,082,716	2	1,252,838	2	1,068,203	2	2200	Other payables (Note 6(24))	2,325,210	4	954,084	2	717,721	1
1200	Other receivables (Note 6(24))	3,181	-	4,533	-	4,727	-	2230	Current tax liabilities	357,338	1	693,349	1	310,870	1
1220	Current tax assets	131	-	28	-	33,333	-	2250	Provisions - current (Note 6(15))	180,643	-	181,626	-	163,687	-
1300	Inventories - trading (Note 6(5))	10,210	-	9,789	-	10,895	-	2251	Provisions for employee benefit - current (Note 6(17))	19,785	-	21,907	-	17,719	-
1320	Inventories - construction (Notes 6(5) & 8)	20,347,235	38	21,231,255	40	22,506,273	43	2280	Lease liabilities - current (Notes 6(14) & (24))	179,953	-	181,149	-	191,699	-
1410	Prepayments	144,133	-	124,164	-	124,418	-	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)	2,108,922	4	2,299,051	4	2,977,534	6	2321	Current portion of convertible corporate bonds due within one year or one operating period (Notes 6(13) & (24))	1,000,000	2	-	-	-	-
1479	Other current assets - others	150,803	-	70,039	-	88,870	-	2322	Current portion of long-term borrowings due within one year or one operating period (Notes 6(12) & (24))	204,640	-	283,680	1	283,680	1
1480	Incremental costs of obtaining a contract - current (Note 6(11))	10,729	-	50,897	-	80,886	-	2399	Other current liabilities - others	33,098	-	67,285	-	92,331	-
		<u>43,842,761</u>	<u>81</u>	<u>43,223,807</u>	<u>80</u>	<u>41,476,759</u>	<u>79</u>			<u>26,261,257</u>	<u>48</u>	<u>24,544,862</u>	<u>46</u>	<u>23,129,866</u>	<u>44</u>
<b>Non-current assets:</b>								<b>Non-current liabilities:</b>							
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6(3) & (24))	10,131	-	12,464	-	10,024	-	2530	Bonds payable (Notes 6(13) & (24))	3,000,000	6	4,000,000	7	4,000,000	8
1550	Investments accounted for using equity method	14,385	-	15,120	-	18,719	-	2540	Long-term borrowings (Notes 6(12) & (24))	1,690,520	3	1,833,560	3	1,975,400	4
1600	Property, plant and equipment (Notes 6(7) & 8)	6,456,738	12	6,503,236	13	6,531,891	13	2580	Lease liabilities - non-current (Notes 6(14) & (24))	3,154,102	6	3,340,967	6	3,394,291	6
1755	Right-of-use assets (Note 6(8))	3,171,739	6	3,336,729	6	3,445,251	7	2640	Defined benefit liabilities, net - non-current	2,946	-	2,935	-	2,486	-
1760	Investment property (Notes 6(9) & 8)	446,834	1	501,662	1	503,919	1	2645	Guarantee deposits (Note 6(24))	95,713	-	97,814	-	94,806	-
1780	Intangible assets (Note 6(10))	51,686	-	54,404	-	46,363	-	2670	Other non-current liabilities - others (Note 6(24))	24,504	-	32,672	-	40,840	-
1840	Deferred tax assets	60,532	-	66,996	-	56,514	-			<u>7,967,785</u>	<u>15</u>	<u>9,307,948</u>	<u>16</u>	<u>9,507,823</u>	<u>18</u>
1915	Prepayments for equipment	8,580	-	2,288	-	5,519	-			<u>34,229,042</u>	<u>63</u>	<u>33,852,810</u>	<u>62</u>	<u>32,637,689</u>	<u>62</u>
1975	Defined benefit assets, net - non-current	2,395	-	2,438	-	3,352	-	<b>Total liabilities</b>							
1980	Other financial assets - non-current (Notes 6(24) & 8)	77,527	-	79,142	-	76,005	-	<b>Equity attributable to owners of the parent company (Note 6(19)):</b>							
1995	Other non-current assets - others	50,208	-	50,157	-	50,122	-	3100	Share capital	5,541,701	10	5,541,701	10	5,037,910	10
		<u>10,350,755</u>	<u>19</u>	<u>10,624,636</u>	<u>20</u>	<u>10,747,679</u>	<u>21</u>	3200	Capital reserve	1,422,342	3	1,421,924	3	1,396,423	3
								3300	Retained earnings	10,587,999	19	10,697,059	20	10,802,396	20
								3400	Other equity interest	(28,283)	-	(26,727)	-	(27,656)	-
								3500	Treasury stock	(71,196)	-	(71,196)	-	(71,196)	-
									Total equity attributable to owners of the parent company	<u>17,452,563</u>	<u>32</u>	<u>17,562,761</u>	<u>33</u>	<u>17,137,877</u>	<u>33</u>
								36XX	Non-controlling interests (Note 6(6))	<u>2,511,911</u>	<u>5</u>	<u>2,432,872</u>	<u>5</u>	<u>2,448,872</u>	<u>5</u>
									<b>Total equity</b>	<u>19,964,474</u>	<u>37</u>	<u>19,995,633</u>	<u>38</u>	<u>19,586,749</u>	<u>38</u>
<b>Total assets</b>		<u>\$ 54,193,516</u>	<u>100</u>	<u>53,848,443</u>	<u>100</u>	<u>52,224,438</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 54,193,516</u>	<u>100</u>	<u>53,848,443</u>	<u>100</u>	<u>52,224,438</u>	<u>100</u>

(Refer to the subsequent Notes to the Consolidated Financial Statements)

**Reviewed, not audited in accordance with generally accepted auditing standards.**

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

**Consolidated Statements of Comprehensive Income**

**April 1 to June 30, 2022 and 2021, and January 1 to June 30, 2022 and 2021**

**Unit: NT\$ thousand**

	From April to June of 2022		From April to June of 2021		From January to June of 2022		From January to June of 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Operating revenue (Note 6(21))</b>							
	\$ 4,694,939	100	9,437,595	100	9,675,986	100	14,358,260	100
5000	<b>Operating costs (Note 6(5))</b>							
	3,390,421	72	7,063,214	75	6,713,922	69	10,706,715	75
	<b>Gross profit</b>							
	1,304,518	28	2,374,381	25	2,962,064	31	3,651,545	25
	<b>Operating expenses:</b>							
6100	Selling and marketing expenses							
	50,389	1	86,490	1	138,360	1	115,955	1
6200	General and administrative expenses							
	399,880	9	412,244	4	809,222	9	797,721	6
6450	Expected credit loss (gain) (Note 6(4))							
	(754)	-	-	-	(2,388)	-	-	-
	449,515	10	498,734	5	945,194	10	913,676	7
	<b>Net operating income</b>							
	855,003	18	1,875,647	20	2,016,870	21	2,737,869	18
	<b>Non-operating income and expenses:</b>							
7100	Interest income (Note 6(23))							
	16,399	-	8,852	-	23,467	-	13,048	-
7010	Other income (Note 6(23))							
	363	-	2,935	-	363	-	2,935	-
7020	Other gains and losses (Note 6(23))							
	7,010	-	29,421	-	26,038	-	47,339	-
7050	Financial costs (Note 6(23))							
	(78,792)	(1)	(80,738)	(1)	(150,547)	(1)	(162,852)	-
7060	Share of profit and loss of associates and joint ventures accounted for using the equity method							
	(764)	-	(1,796)	-	(735)	-	(1,788)	-
	(55,784)	(1)	(41,326)	(1)	(101,414)	(1)	(101,318)	-
	<b>Profit before tax from continuing operating department</b>							
	799,219	17	1,834,321	19	1,915,456	20	2,636,551	18
7950	<b>Less: Income tax expense (Note 6(18))</b>							
	235,013	5	257,740	3	377,765	4	416,463	3
	<b>Net income</b>							
	564,206	12	1,576,581	16	1,537,691	16	2,220,088	15
8300	<b>Other comprehensive income:</b>							
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>							
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income							
	(2,590)	-	(495)	-	(2,333)	-	1,293	-
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>							
8361	Exchange differences on translation of financial statements of foreign operations							
	64	-	(353)	-	116	-	(614)	-
8300	<b>Other comprehensive income (loss)(net of taxes)</b>							
	(2,526)	-	(848)	-	(2,217)	-	679	-
	<b>Total comprehensive income for the year</b>							
	<b>\$ 561,680</b>	<b>12</b>	<b>1,575,733</b>	<b>16</b>	<b>1,535,474</b>	<b>16</b>	<b>2,220,767</b>	<b>15</b>
	<b>Net profit attributable to:</b>							
8610	Owners of the parent company							
	\$ 446,010	9	1,363,654	14	1,276,365	13	1,899,459	13
8620	Non-controlling interests							
	118,196	3	212,927	2	261,326	3	320,629	2
	<b>\$ 564,206</b>	<b>12</b>	<b>1,576,581</b>	<b>16</b>	<b>1,537,691</b>	<b>16</b>	<b>2,220,088</b>	<b>15</b>
	<b>Total comprehensive income attributable to:</b>							
8710	Owners of the parent company							
	\$ 444,242	9	1,362,952	14	1,274,809	13	1,899,650	13
8720	Non-controlling interests							
	117,438	3	212,781	2	260,665	3	321,117	2
	<b>\$ 561,680</b>	<b>12</b>	<b>1,575,733</b>	<b>16</b>	<b>1,535,474</b>	<b>16</b>	<b>2,220,767</b>	<b>15</b>
9750	<b>Basic earnings per share (in NT\$) (Note 6(20))</b>							
	<b>\$ 0.82</b>		<b>2.51</b>		<b>2.35</b>		<b>3.50</b>	
9850	<b>Diluted earnings per share (in NT\$) (Note 6(20))</b>							
	<b>\$ 0.82</b>		<b>2.51</b>		<b>2.35</b>		<b>3.49</b>	

(Refer to the subsequent Notes to the Consolidated Financial Statements)

**Reviewed, not audited in accordance with generally accepted auditing standards.**  
**KINDOM DEVELOPMENT CO., LTD. and Subsidiaries**

**Consolidated Statements of Changes in Equity**

**January 1 to June 30, 2022 and 2021**

**Unit: NT\$ thousand**

	Equity attributable to owners of parent											
	Share capital					Other equity						
	Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappro- priated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity attributable to owners of the parent company	Non- controlling interests	Total equity
<b>Balance as of January 1, 2021</b>	\$ 5,037,910	1,396,097	1,816,778	25,804	7,060,355	8,902,937	(28,521)	674	(71,196)	15,237,901	2,127,656	17,365,557
Net profit	-	-	-	-	1,899,459	1,899,459	-	-	-	1,899,459	320,629	2,220,088
Other comprehensive income for the period	-	-	-	-	-	-	(516)	707	-	191	488	679
Total comprehensive income for the year	-	-	-	-	1,899,459	1,899,459	(516)	707	-	1,899,650	321,117	2,220,767
Unclaimed dividends after effective period	-	326	-	-	-	-	-	-	-	326	71	397
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	28	28
<b>Balance as of June 30, 2021</b>	<b>\$ 5,037,910</b>	<b>1,396,423</b>	<b>1,816,778</b>	<b>25,804</b>	<b>8,959,814</b>	<b>10,802,396</b>	<b>(29,037)</b>	<b>1,381</b>	<b>(71,196)</b>	<b>17,137,877</b>	<b>2,448,872</b>	<b>19,586,749</b>
<b>Balance as of January 1, 2022</b>	\$ 5,541,701	1,421,924	2,151,969	27,847	8,517,243	10,697,059	(29,652)	2,925	(71,196)	17,562,761	2,432,872	19,995,633
Net profit	-	-	-	-	1,276,365	1,276,365	-	-	-	1,276,365	261,326	1,537,691
Other comprehensive income for the period	-	-	-	-	-	-	98	(1,654)	-	(1,556)	(661)	(2,217)
Total comprehensive income for the year	-	-	-	-	1,276,365	1,276,365	98	(1,654)	-	1,274,809	260,665	1,535,474
Appropriation of earnings:												
Legal reserve appropriated	-	-	350,701	-	(350,701)	-	-	-	-	-	-	-
Special reserve appropriated (reversed)	-	-	-	(1,120)	1,120	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,385,425)	(1,385,425)	-	-	-	(1,385,425)	-	(1,385,425)
Changes in equity of associates and joint ventures accounted for under the equity method	-	(216)	-	-	-	-	-	-	-	(216)	(333)	(549)
Unclaimed dividends after effective period	-	634	-	-	-	-	-	-	-	634	93	727
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(181,386)	(181,386)
<b>Balance as of June 30, 2022</b>	<b>\$ 5,541,701</b>	<b>1,422,342</b>	<b>2,502,670</b>	<b>26,727</b>	<b>8,058,602</b>	<b>10,587,999</b>	<b>(29,554)</b>	<b>1,271</b>	<b>(71,196)</b>	<b>17,452,563</b>	<b>2,511,911</b>	<b>19,964,474</b>

(Refer to the subsequent the Notes to Consolidated Financial Statements)

**Reviewed, not audited in accordance with generally accepted auditing standards.**

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

**Consolidated Statements of Cash Flows**

**January 1 to June 30, 2022 and 2021**

	<b>Unit: NT\$ thousand</b>	
	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 1,915,456	2,636,551
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation	206,489	210,730
Amortization	5,332	4,804
Expected credit losses reversal	(2,388)	-
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	26,071	(38,375)
Interest expenses	150,547	162,852
Interest income	(23,467)	(13,048)
Dividend income	(363)	(2,935)
Share of loss (gain) of associates and joint ventures accounted for using equity method	735	1,788
Gains on disposal of property, plant and equipment	-	(28)
Impairment losses on non-financial assets	-	6,000
Total adjustments to reconcile profit (loss)	<u>362,956</u>	<u>331,788</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in contract assets	(19,262)	(4,223)
Increase in notes receivable	(95)	(1,431)
Decrease in accounts receivable	172,510	1,157,776
Decrease (increase) in other receivables	1,352	(4,727)
Decrease in inventory	947,437	5,851,549
Decrease (increase) in prepayments	(20,384)	30,814
Increase in other current assets	(79,427)	(26,821)
Other financial assets - liquidity decrease (increase)	191,593	(713,551)
Decrease in the incremental costs to obtain contract with customers	40,168	40,152
Decrease in net defined benefit assets, non-current	43	48
Increase in other non-current assets	(51)	(13)
Total changes in operating assets	<u>1,233,884</u>	<u>6,329,573</u>
<b>Total changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	733,294	(2,514,411)
Decrease in notes payable	(84,544)	(66,992)
Decrease in accounts payable	(1,126,865)	(892,984)
Decrease in other payables	(139,986)	(391,469)
Decrease in employee benefit liabilities - current	(2,122)	(4,559)
(Decrease) increase in provisions - current	(983)	13,324
Increase (decrease) in other current liabilities	(34,187)	39,687
Increase (decrease) in net defined benefit liabilities	11	(3,493)
Decrease in other non-current liabilities	(8,168)	(8,168)
Total changes in operating liabilities	<u>(663,550)</u>	<u>(3,829,065)</u>
<b>Total changes in operating assets and liabilities</b>	<u>570,334</u>	<u>2,500,508</u>
<b>Total adjustments</b>	<u>933,290</u>	<u>2,832,296</u>
<b>Cash flows generated from operations</b>	<u>2,848,746</u>	<u>5,468,847</u>
<b>Income taxes paid</b>	<u>(708,760)</u>	<u>(772,397)</u>
<b>Net cash flows from operating activities</b>	<u>2,139,986</u>	<u>4,696,450</u>

**Reviewed, not audited in accordance with generally accepted audit standards.**

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

**Consolidated Statements of Cash Flows (continued)**

**January 1 to June 30, 2022 and 2021**

**Unit: NT\$ thousand**

	<b><u>From January to June of 2022</u></b>	<b><u>From January to June of 2021</u></b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant, and equipment	(60,727)	(58,218)
Disposal of property, plant and equipment	-	76
Acquisition of intangible assets	(2,614)	(1,931)
Increase in prepayments for business facilities	1,615	56,275
Increase in prepayments for equipment	(6,292)	(3,418)
Interest received	22,003	11,369
Dividends received	363	2,935
Others investment activities	(549)	-
<b>Net cash (outflow) inflow from investing activities</b>	<b><u>(46,201)</u></b>	<b><u>7,088</u></b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	1,527,369	1,839,000
Decrease in short-term loans	(1,250,000)	(3,312,359)
Increase in short-term notes and bills payable	80,000	200,000
Decrease in short-term notes and bills payable	(80,000)	(200,000)
Redemption or repurchase of convertible corporate bonds	-	(1,500,000)
Repayments of long-term loans	(222,080)	(115,920)
Increase (decrease) in guarantee deposits	(2,101)	387
Repayments of lease principal	(126,473)	(96,855)
Interest paid	(210,477)	(230,449)
Changes in non-controlling interests	63	28
<b>Net cash flows used in financing activities</b>	<b><u>(283,699)</u></b>	<b><u>(3,416,168)</u></b>
Effects of exchange rate changes on the balance of cash and cash equivalents	116	(614)
Net increase in cash and cash equivalents	1,810,202	1,286,756
Cash and cash equivalents at beginning of the period	<u>16,080,562</u>	<u>11,510,749</u>
Cash and cash equivalents at end of the period	<b><u>\$ 17,890,764</u></b>	<b><u>12,797,505</u></b>

**(Refer to the subsequent the Notes to Consolidated Financial Statements)**



**Reviewed, not audited in accordance with generally accepted audit standards**

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

**Notes to the Consolidated Financial Statements**

**From January 1 to June 30, 2022 and 2021**

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

**I. Company Overview**

Kindom Development Co., Ltd. (hereinafter referred to as "the Company") was incorporated in November 1979, located at 2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City, Taiwan. The Company 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 August 5, 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.

The group has adopted the newly revised International Financial Reporting Standards("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 endorsed by the FSC but yet to come into effect

The group has assessed that the application of the following newly revised IFRSs, effective on January 1, 2023, will not have a material impact on the consolidated financial statements.

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

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

(III) 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:

<b>New, revised or amended standards and interpretations</b>	<b>Main amendments</b>	<b>Effective date released by the IASB</b>
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	<p>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.</p> <p>The amendments also clarify the classification requirements for debts that may be repaid through conversion into equity.</p>	January 1, 2023

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 IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"

**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.

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

### (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
			2022.6.30	2021.12.31	2021.6.30	
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
The Company	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.
The Company	Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE) (Guan Cheng) (Note 1)	Department stores, supermarkets, and non-store retailing	- %	51.00%	51.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Kedge Construction	Jiequn Investment Co., Ltd. (Jiequn Investment)	Investment	99.98%	99.98%	99.98%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
Kedge Construction	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 2)	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.
Global Mall	Guan Cheng	Department stores, supermarkets, and non-store retailing	100.00%	49.00%	49.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
Global Mall	Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (Guan You) (Note 3)	Department stores, supermarkets, and non-store retailing	- %	3.70%	3.70%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.

**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			
			2022.6.30	2021.12.31	2021.6.30				
KGM	Global Mall (Tianjin) Co., Ltd. (Note 4)	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.	-	%	-	%	-	%	The subsidiary in which KGM's voting share exceeds more than 50% of the subsidiary's issued shares.
Guan Cheng	Guan You	Department stores, supermarkets, and non-store retailing	100.00%		96.30%		96.30%		The subsidiary in which Guan Cheng's voting share exceeds more than 50% of the +subsidiary's issued shares.

Note 1: In line with the group's operational needs, the Company sold 51% of its shares of Guan Cheng to Global Mall in June 2022.

Note 2: 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 have been filed with the Investment Review Committee for review.

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

Note 4: Global Mall (Tianjin) Co., Ltd. completed the cancellation registration on April 19, 2021, and remitted the remaining shares to its parent company KGM in December of the same year.

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

**(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.

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

**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. Explanation of Significant Accounts**

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>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Petty cash and cash on hand	\$ 11,772	12,051	14,628
Bank deposits			
Check deposits	3,660,401	3,070,313	5,148,801
Demand deposits	4,203,753	7,657,754	3,918,408
Time deposits	5,653,509	-	10,500
Cash equivalents	<u>4,361,329</u>	<u>5,340,444</u>	<u>3,705,168</u>
	<u>\$ 17,890,764</u>	<u>16,080,562</u>	<u>12,797,505</u>

The maturity dates of the aforementioned cash equivalents are in the periods, July 2022, January-February 2022, and July 2021, and the interest rate collars are 0.43%~0.50%, 0.25%~0.27%, and 0.22%~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>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEX) listed company shares	<u>\$ 98,529</u>	<u>124,600</u>	<u>106,036</u>

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(23).
2. As of June 30, 2022, December 31, 2021 and June 30, 2021, none of the financial assets of the group has been pledged as collateral.

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

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

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Equity investments measured at FVTOCI:			
Listed stock	\$ 1,919	1,944	10,024
Unlisted stock	8,212	10,520	-
Total	<u>\$ 10,131</u>	<u>12,464</u>	<u>10,024</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 June 30, 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>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Notes receivable	\$ 370	275	2,289
Accounts receivable	1,091,423	1,265,714	1,068,203
Less: Allowance for losses	(8,707)	(12,876)	-
	<u>\$ 1,083,086</u>	<u>1,253,113</u>	<u>1,070,492</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 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:

	<u>2022.6.30</u>		
	<u>Carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance for expected credit impairment of the period</u>
Not past due	\$ 1,083,086	-	-
Past due more than 90 days	8,707	100%	8,707
	<u>\$ 1,091,793</u>		<u>8,707</u>
	<u>2021.12.31</u>		
	<u>Carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance for expected credit impairment of the period</u>
Not past due	\$ 1,253,113	-	-
Past due more than 90 days	12,876	100%	12,876
	<u>\$ 1,265,989</u>		<u>12,876</u>

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

	<b>2021.6.30</b>		
	<b>Carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance for expected credit impairment of the period</b>
Not past due	<b>\$ 1,070,492</b>	-	-

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

	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Beginning balance	\$ 12,876	-
Reversal of impairment loss	(2,388)	-
Amounts written off as uncollectible during the year	(1,781)	-
Ending balance	<b>\$ 8,707</b>	-

As of June 30, 2022, December 31, 2021, and June 30, 2021, none of the accounts receivable of the group has been pledged as collateral.

(V) Inventories

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Inventory - trading	\$ 10,210	9,789	10,895
Inventory - construction			
Prepayment for buildings and land	4,235	4,235	4,235
Land held for construction	2,899,060	2,609,060	2,722,057
Construction in progress	10,143,216	8,519,284	9,676,677
Buildings and land held for sale	7,300,724	10,098,676	10,103,304
Subtotal	20,347,235	21,231,255	22,506,273
Total	<b>\$ 20,357,445</b>	<b>21,241,044</b>	<b>22,517,168</b>

From January 1 to June 30, 2022, the loss due to the write-off of reversal of provision from inventory sale was NT\$2,029 thousand. From January 1 to June 30, 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 1.805% and 1.742% for the periods from January 1 to June 30, 2022 and 2021, respectively. For the amount of capitalization, please refer to Note 6(23).

As of June 30, 2022, December 31, 2021 and June 30, 2021, the group entrusted the statutory parking spaces held for sale to other parties, which amounted to NT\$14,303 thousand, NT\$16,332 thousand and NT\$16,332 thousand, respectively.

As of June 30, 2022, December 31, 2021, and June 30, 2021, for information regarding the group's inventories pledged as collateral, please refer to Note 8.

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

(VI) Subsidiary with material non-controlling interests

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

Subsidiary name	Principal places of business / Country of registration	Proportion of ownership interest and voting right of non-controlling interests		
		2022.6.30	2021.12.31	2021.6.30
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:

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

	2022.6.30	2021.12.31	2021.6.30
Current assets	\$ 9,228,187	8,531,294	8,121,396
Non-current assets	673,751	746,449	736,930
Current liabilities	(6,247,510)	(5,576,580)	(5,157,000)
Non-current liabilities	(187,663)	(190,024)	(173,692)
Net assets	<u>\$ 3,466,765</u>	<u>3,511,139</u>	<u>3,527,634</u>
Carrying amount of non-controlling interests	<u>\$ 1,702,433</u>	<u>1,642,010</u>	<u>1,660,259</u>

	From April to June of 2022	From April to June of 2021	From January to June of 2022	From January to June of 2021
Operating revenue	<u>\$ 2,809,119</u>	<u>2,531,513</u>	<u>5,003,006</u>	<u>5,176,778</u>
Net profit	\$ 147,630	282,483	292,421	399,448
Other comprehensive income	(42,084)	(4,918)	(61,241)	58,801
Total comprehensive income	<u>\$ 105,546</u>	<u>277,565</u>	<u>231,180</u>	<u>458,249</u>
Net profit attributable to non-controlling interests in this period	<u>\$ 117,199</u>	<u>219,122</u>	<u>242,402</u>	<u>316,592</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 116,432</u>	<u>219,032</u>	<u>241,722</u>	<u>317,178</u>
Cash flows from operating activities	\$ (331,046)	(288,841)	1,175,513	247,721
Cash flows from investing activities	(4,921)	(105)	(4,348)	(2,379)
Cash flows from financing activities	9,557	(618)	(190,886)	(151,236)
Net increase in cash and cash equivalents	<u>\$ (326,410)</u>	<u>(289,564)</u>	<u>980,279</u>	<u>94,106</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:

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold improvements</u>	<u>Other equipment (including transportation equipment, office equipment, machinery, other equipment and leased assets)</u>	<u>Construction in progress</u>	<u>Total</u>
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	-	2,933	1,791	16,214	573	21,511
Transfer from prepayments	-	339	-	84	-	423
Disposal and scrap	-	(21,345)	-	(4,407)	-	(25,752)
Adjustment of decoration works	-	-	(20,270)	543	-	(19,727)
Reclassifications	53,200	12,667	-	(811)	-	65,056
Balance as of June 30, 2022	<u>\$ 3,620,278</u>	<u>4,350,088</u>	<u>1,029,173</u>	<u>403,292</u>	<u>4,025</u>	<u>9,406,856</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	7,015	13,288	20,028	54,608
Disposal and scrap	-	-	(300)	(2,093)	-	(2,393)
Balance as of June 30, 2021	<u>\$ 3,567,078</u>	<u>4,316,392</u>	<u>1,002,092</u>	<u>355,923</u>	<u>29,520</u>	<u>9,271,005</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	-	55,370	24,867	20,712	-	100,949
Disposal and scrap	-	(21,345)	-	(4,407)	-	(25,752)
Reclassifications	7,000	6,177	-	(365)	-	12,812
Balance as of June 30, 2022	<u>\$ 7,000</u>	<u>1,898,038</u>	<u>780,707</u>	<u>264,373</u>	<u>-</u>	<u>2,950,118</u>
Balance as of January 1, 2021	\$ -	1,730,573	692,172	209,879	-	2,632,624
Depreciation for the year	-	54,900	30,319	17,616	-	102,835
Disposal and scrap	-	-	(300)	(2,045)	-	(2,345)
Impairment losses	-	-	6,000	-	-	6,000
Balance as of June 30, 2021	<u>\$ -</u>	<u>1,785,473</u>	<u>728,191</u>	<u>225,450</u>	<u>-</u>	<u>2,739,114</u>
Carrying amount:						
January 1, 2022	<u>\$ 3,567,078</u>	<u>2,497,658</u>	<u>291,812</u>	<u>143,236</u>	<u>3,452</u>	<u>6,503,236</u>
June 30, 2022	<u>\$ 3,613,278</u>	<u>2,452,050</u>	<u>248,466</u>	<u>138,919</u>	<u>4,025</u>	<u>6,456,738</u>
January 1, 2021	<u>\$ 3,567,078</u>	<u>2,571,542</u>	<u>303,205</u>	<u>134,849</u>	<u>9,492</u>	<u>6,586,166</u>
June 30, 2021	<u>\$ 3,567,078</u>	<u>2,530,919</u>	<u>273,901</u>	<u>130,473</u>	<u>29,520</u>	<u>6,531,891</u>

1. Impairment loss

On June 30, 2021, the group recognized an impairment loss of NT\$6,000 thousand on the related leasehold improvements, to recognize the impairment losses. Please refer to Note 6(23).

2. Collateral

As of June 30, 2022, December 31, 2021, and June 30, 2021, for information regarding the details on the guarantees on financing amount limits, please refer to Note 8.

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

(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:

	Transportation		
	Buildings	equipment	Total
Cost of right-of-use assets:			
Balance as of January 1, 2022	\$ 3,884,636	16,789	3,901,425
Addition	2,939	-	2,939
Lease modifications	(87,497)	-	(87,497)
Re-evaluation	22,970	-	22,970
Transfer out - Lease expires	-	(872)	(872)
Balance as of June 30, 2022	<u><u>\$ 3,823,048</u></u>	<u><u>15,917</u></u>	<u><u>3,838,965</u></u>
Balance as of January 1, 2021	\$ 3,890,784	13,394	3,904,178
Addition	-	1,892	1,892
Balance as of June 30, 2021	<u><u>\$ 3,890,784</u></u>	<u><u>15,286</u></u>	<u><u>3,906,070</u></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	100,632	2,770	103,402
Transfer out - Lease expires	-	(872)	(872)
Balance as of June 30, 2022	<u><u>\$ 656,113</u></u>	<u><u>11,113</u></u>	<u><u>667,226</u></u>
Balance as of January 1, 2021	\$ 351,108	4,072	355,180
Depreciation for the period	103,225	2,414	105,639
Balance as of June 30, 2021	<u><u>\$ 454,333</u></u>	<u><u>6,486</u></u>	<u><u>460,819</u></u>
Carrying amount:			
January 1, 2022	<u><u>\$ 3,329,155</u></u>	<u><u>7,574</u></u>	<u><u>3,336,729</u></u>
June 30, 2022	<u><u>\$ 3,166,935</u></u>	<u><u>4,804</u></u>	<u><u>3,171,739</u></u>
January 1, 2021	<u><u>\$ 3,539,676</u></u>	<u><u>9,322</u></u>	<u><u>3,548,998</u></u>
June 30, 2021	<u><u>\$ 3,436,451</u></u>	<u><u>8,800</u></u>	<u><u>3,445,251</u></u>

(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	(53,200)	(12,667)	(65,867)
Balance as of June 30, 2022	<u><u>\$ 282,087</u></u>	<u><u>203,996</u></u>	<u><u>486,083</u></u>
Balance as of January 1, 2021	<u><u>\$ 335,287</u></u>	<u><u>216,663</u></u>	<u><u>551,950</u></u>
Balance as of June 30, 2021	<u><u>\$ 335,287</u></u>	<u><u>216,663</u></u>	<u><u>551,950</u></u>

**Notes to the Consolidated Financial Statements of  
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	Land and improvements	Buildings	Total
Depreciation and impairment Losses			
Balance as of January 1, 2022	\$ -	50,288	50,288
Depreciation for the year	-	2,138	2,138
Property, Plant, and Equipment	<u>(7,000)</u>	<u>(6,177)</u>	<u>(13,177)</u>
Balance as of June 30, 2022	<u><b>\$ (7,000)</b></u>	<u><b>46,249</b></u>	<u><b>39,249</b></u>
Balance as of January 1, 2021	\$ -	45,775	45,775
Depreciation for the year	-	2,256	2,256
Balance as of June 30, 2021	<u><b>\$ -</b></u>	<u><b>48,031</b></u>	<u><b>48,031</b></u>
Carrying amount:			
January 1, 2022	<u><b>\$ 335,287</b></u>	<u><b>166,375</b></u>	<u><b>501,662</b></u>
June 30, 2022	<u><b>\$ 289,087</b></u>	<u><b>157,747</b></u>	<u><b>446,834</b></u>
January 1, 2021	<u><b>\$ 335,287</b></u>	<u><b>170,888</b></u>	<u><b>506,175</b></u>
June 30, 2021	<u><b>\$ 335,287</b></u>	<u><b>168,632</b></u>	<u><b>503,919</b></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 June 30, 2022, December 31, 2021 and June 30, 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><b>\$ 21,052</b></u>	<u><b>33,352</b></u>	<u><b>54,404</b></u>
June 30, 2022	<u><b>\$ 19,314</b></u>	<u><b>32,372</b></u>	<u><b>51,686</b></u>
January 1, 2021	<u><b>\$ 24,525</b></u>	<u><b>24,711</b></u>	<u><b>49,236</b></u>
June 30, 2021	<u><b>\$ 22,788</b></u>	<u><b>23,575</b></u>	<u><b>46,363</b></u>

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 June 30, 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

	2022.6.30	2021.12.31	2021.6.30
Other financial assets - current	\$ 2,108,922	2,299,051	2,977,534
Incremental costs of obtaining a contract	<u>10,729</u>	<u>50,897</u>	<u>80,886</u>
	<u><b>\$ 2,119,651</b></u>	<u><b>2,349,948</b></u>	<u><b>3,058,420</b></u>

**Notes to the Consolidated Financial Statements of  
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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 June 30, 2022 and 2021, the amortization costs recognized were NT\$45,059 thousand and NT\$63,104 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:

<b>2022.6.30</b>				
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.66%~2.29%	2022~2027	\$ 12,308,098
Unsecured bank loans	NTD	1.43%~2.44%	2022~2023	4,344,156
Total				<b><u>\$ 16,652,254</u></b>
Current				\$ 14,961,734
Non-current				1,690,520
Total				<b><u>\$ 16,652,254</u></b>

<b>2021.12.31</b>				
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.41%~1.90%	2022~2027	\$ 11,983,298
Unsecured bank loans	NTD	1.05%~2.44%	2022~2023	4,613,667
Total				<b><u>\$ 16,596,965</u></b>
Current				\$ 14,763,405
Non-current				1,833,560
Total				<b><u>\$ 16,596,965</u></b>

<b>2021.6.30</b>				
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.48%~1.90%	2021~2027	\$ 11,783,072
Unsecured bank loans	NTD	1.25%~2.44%	2021~2023	4,104,000
Total				<b><u>\$ 15,887,072</u></b>
Current				\$ 13,911,672
Non-current				1,975,400
Total				<b><u>\$ 15,887,072</u></b>

**Notes to the Consolidated Financial Statements of  
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1. Issuance and repayment of loans

In the periods from January 1 to June 30, 2022 and 2021, the increases in loans were NT\$1,527,369 thousand and NT\$1,839,000 thousand, respectively; the amounts of repayments were NT\$1,472,080 thousand and NT\$3,428,279 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:

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Secured ordinary corporate bonds - current	\$ 1,000,000	-	-
Secured ordinary corporate bonds - non-current	3,000,000	4,000,000	4,000,000
Total	<u>\$ 4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

1. In the periods from January 1 to June 30, 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.

(XIV) Lease liabilities

The carrying amount of lease liability is as follows:

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Current	<u>\$ 179,953</u>	<u>181,149</u>	<u>191,699</u>
Non-current	<u>\$ 3,154,102</u>	<u>3,340,967</u>	<u>3,394,291</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 April to June of 2022</u>	<u>From April to June of 2021</u>	<u>From January to June of 2022</u>	<u>From January to June of 2021</u>
Interest expense on lease liability	<u>\$ 15,190</u>	<u>16,032</u>	<u>29,772</u>	<u>32,277</u>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 2,550</u>	<u>2,703</u>	<u>4,298</u>	<u>4,910</u>
Lease subsidies related to COVID-19 (other income)	<u>\$ 1,682</u>	<u>11,607</u>	<u>3,641</u>	<u>11,607</u>

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

**Notes to the Consolidated Financial Statements of  
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	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Variable lease payments not accounted for in lease liability	<u>\$ 59,057</u>	<u>80,387</u>
Total cash used in lease	<u>\$ 219,600</u>	<u>214,429</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 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.

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

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

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Warranty provisions	<b>\$ 180,643</b>	<b>181,626</b>	<b>163,687</b>

There were no major changes in the group's provisions in the periods from January 1 to June 30, 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.

(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:

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Less than 1 year	\$ 5,726	5,789	11,482
1~2 years	5,726	5,726	4,571
2~3 years	5,726	5,726	4,571
3~4 years	5,726	5,726	4,705
4~5 years	5,726	5,726	4,940
Above 5 years	15,905	18,768	2,100
Non-discounted future cash flows of lease	<b>\$ 44,535</b>	<b>47,461</b>	<b>32,369</b>

The rent income generated from investment property for the periods from April 1 to June 30, 2022 and 2021 and from January 1 to June 30, 2022 and 2021 are NT\$1,437 thousand, NT\$3,311 thousand, NT\$2,926 thousand and NT\$6,613 thousand, respectively. There have not been major maintenance or repair expenses incurred.

(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.

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

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

	<b>From April to June of 2022</b>	<b>From April to June of 2021</b>	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Operating costs	<u>\$ 53</u>	<u>107</u>	<u>159</u>	<u>260</u>
Operating expenses	<u>\$ 698</u>	<u>84</u>	<u>891</u>	<u>920</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.

	<b>From April to June of 2022</b>	<b>From April to June of 2021</b>	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Operating costs	<u>\$ 4,450</u>	<u>4,077</u>	<u>8,693</u>	<u>8,278</u>
Operating expenses	<u>\$ 5,370</u>	<u>4,802</u>	<u>10,549</u>	<u>9,582</u>

3. Short-term compensated absences liabilities

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Short-term compensated absences liabilities	<u>\$ 19,785</u>	<u>21,907</u>	<u>17,719</u>

(XVIII) Income tax

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

	<b>From April to June of 2022</b>	<b>From April to June of 2021</b>	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Current tax expenses				
Accrued in current period	\$ 106,692	189,393	226,083	270,192
Surtax on unappropriated earnings	110,645	692	110,645	692
Adjustments to income tax expenses of previous period	(2,656)	(3,079)	(2,656)	(3,079)
Land value increment tax	<u>19,096</u>	<u>73,517</u>	<u>37,229</u>	<u>150,660</u>
	<u>233,777</u>	<u>260,523</u>	<u>371,301</u>	<u>418,465</u>
Deferred income tax expenses				
Occurrence and reversal of temporary differences	<u>1,236</u>	<u>(2,783)</u>	<u>6,464</u>	<u>(2,002)</u>
Income tax expenses on units in continuing operation	<u>\$ 235,013</u>	<u>257,740</u>	<u>377,765</u>	<u>416,463</u>

2. The tax fillings of Kindom Development, Guanqing Electromechanical, Jiequn Investment, Dingtian Construction and Guan You 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 June 30, 2022 and 2021.



**Notes to the Consolidated Financial Statements of  
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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:

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
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	27,142	26,724	26,724
	<u>\$ 1,422,342</u>	<u>1,421,924</u>	<u>1,396,423</u>

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

**Notes to the Consolidated Financial Statements of  
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earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of June 30, 2022, the balance of special reserve was NT\$26,727 thousand.

(3) Earnings distribution

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

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

4. Treasury stock

As of June 30, 2022 and 2021, the Company's common stock held by the group was as follows:

Subsidiary name	2022.6.30			Unit: thousands shares 2021.6.30		
	Number of shares	Carrying amount (Note)	Market value	Number of shares	Carrying amount (Note)	Market value
Kedge Construction	550	\$ 1,222	17,930	500	1,222	19,550
Jiequn Investment Co., Ltd.	9,373	55,384	305,563	8,518	55,384	333,071
Guanqing Electromechani cal	1,768	14,590	57,627	1,607	14,590	62,834
	<b>11,691</b>	<b>\$ 71,196</b>	<b>381,120</b>	<b>10,625</b>	<b>71,196</b>	<b>415,455</b>

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

**Notes to the Consolidated Financial Statements of  
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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	98	-	18	116
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(1,654)	(679)	(2,333)
Balance as of June 30, 2022	<u>\$ (29,554)</u>	<u>1,271</u>	<u>(5,884)</u>	<u>(34,167)</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	(516)	-	(98)	(614)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	707	586	1,293
Balance as of June 30, 2021	<u>\$ (29,037)</u>	<u>1,381</u>	<u>(5,052)</u>	<u>(32,708)</u>

(XX) Earnings per Share

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

	From April to June of 2022	From April to June of 2021	From January to June of 2022	From January to June of 2021
<b>Basic earnings per share</b>				
Net profit attributable to the holders of common shares of the Company	<u>\$ 446,010</u>	<u>1,363,654</u>	<u>1,276,365</u>	<u>1,899,459</u>
Weighted average number of ordinary shares outstanding	<u>542,479</u>	<u>542,479</u>	<u>542,479</u>	<u>542,479</u>
	<u>\$ 0.82</u>	<u>2.51</u>	<u>2.35</u>	<u>3.50</u>
<b>Diluted earnings per share</b>				
Net profit attributable to the holders of common shares of the Company (diluted)	<u>\$ 446,010</u>	<u>1,363,654</u>	<u>1,276,365</u>	<u>1,899,459</u>
Weighted average number of ordinary shares outstanding	542,479	542,479	542,479	542,479
Influence of employees' share bonus	821	883	1,519	1,774
Weighted average number of ordinary shares outstanding (after adjusting the impact of diluting potential ordinary shares)	<u>543,300</u>	<u>543,362</u>	<u>543,998</u>	<u>544,253</u>
	<u>\$ 0.82</u>	<u>2.51</u>	<u>2.35</u>	<u>3.49</u>

**Notes to the Consolidated Financial Statements of  
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(XXI) Revenue of Customer Contract

1. Disaggregation of revenue

	<b>From April to June of 2022</b>			<b>Total</b>
	<b>Development business unit</b>	<b>Construction</b>	<b>Shopping mall</b>	
Main regional markets:				
Taiwan	<b>\$ 2,003,323</b>	<b>2,422,089</b>	<b>269,527</b>	<b>4,694,939</b>
Main products/services:				
Sales of real estate developments	\$ 1,944,081	-	-	1,944,081
Sales of construction contracts	49,914	2,422,089	-	2,472,003
Sales commission from department store retailers	-	-	211,482	211,482
Service revenue	7,688	-	5,919	13,607
Rental income	1,640	-	28,355	29,995
Other income	-	-	23,771	23,771
	<b>\$ 2,003,323</b>	<b>2,422,089</b>	<b>269,527</b>	<b>4,694,939</b>
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 1,951,769	-	254,250	2,206,019
Gradually transferred revenue over time	1,640	-	15,277	16,917
Gradually transferred construction over time	49,914	2,422,089	-	2,472,003
	<b>\$ 2,003,323</b>	<b>2,422,089</b>	<b>269,527</b>	<b>4,694,939</b>

	<b>From April to June of 2021</b>			<b>Total</b>
	<b>Development business unit</b>	<b>Construction</b>	<b>Shopping mall</b>	
Main regional markets:				
Taiwan	<b>\$ 7,675,235</b>	<b>1,568,692</b>	<b>193,668</b>	<b>9,437,595</b>
Main products/services:				
Sales of real estate developments	\$ 7,611,130	-	-	7,611,130
Sales of construction contracts	61,018	1,568,013	-	1,629,031
Sales commission from department store retailers	-	-	157,925	157,925
Service revenue	-	-	4,526	4,526
Rental income	3,087	679	13,623	17,389
Other income	-	-	17,594	17,594
	<b>\$ 7,675,235</b>	<b>1,568,692</b>	<b>193,668</b>	<b>9,437,595</b>
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 7,611,130	-	179,900	7,791,030
Gradually transferred revenue over time	3,087	679	13,768	17,534
Gradually transferred construction over time	61,018	1,568,013	-	1,629,031
	<b>\$ 7,675,235</b>	<b>1,568,692</b>	<b>193,668</b>	<b>9,437,595</b>



**Notes to the Consolidated Financial Statements of  
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2. Contract balances

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Accounts receivable	\$ 1,091,423	1,265,714	1,068,203
Less: Allowance for losses	(8,707)	(12,876)	-
Total	<u>\$ 1,082,716</u>	<u>1,252,838</u>	<u>1,068,203</u>
Contract assets - construction	\$ 1,995,038	1,975,776	1,675,790
Less: Loss allowance	-	-	-
Total	<u>\$ 1,995,038</u>	<u>1,975,776</u>	<u>1,675,790</u>
Contract liabilities - construction	\$ 1,746,872	454,424	840,864
Contract liabilities - buildings	479,885	1,045,946	2,143,251
Contract liabilities - gym	11,223	11,584	10,621
Contract liabilities - customer loyalty points	34,937	26,516	18,371
Contract liabilities - vouchers	69,033	70,186	58,129
Total	<u>\$ 2,341,950</u>	<u>1,608,656</u>	<u>3,071,236</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 April 1 to June 30, 2022 and 2021, and from January 1 to June 30, 2022 and 2021

As of June 30, 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\$158,373 thousand. Details on the trust accounts were as follows:

<u>Project code</u>	<u>2022.6.30</u>
104A	\$ 138,872
103C	19,501
	<u>\$ 158,373</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.

The estimated remunerations to employees amounted to NT\$11,149 thousand, NT\$31,240 thousand, NT\$26,777 thousand, and NT\$34,511 thousand, and the estimated remunerations to directors amounted to NT\$11,149 thousand, NT\$31,240 thousand, NT\$26,777 thousand, and NT\$34,511 thousand for the periods from April 1 to June 30, 2022 and 2021, and from

**Notes to the Consolidated Financial Statements of  
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January 1 to June 30, 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:

	<b>From April to June of 2022</b>	<b>From April to June of 2021</b>	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Bank deposits (including short- term securities)	\$ 14,617	4,923	20,825	7,449
Loans and receivables	860	1,831	1,453	3,410
Construction refundable deposits (including deposits)	26	11	284	102
Other interest income	896	2,087	905	2,087
	<b>\$ 16,399</b>	<b>8,852</b>	<b>23,467</b>	<b>13,048</b>

2. Other income

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

	<b>From April to June of 2022</b>	<b>From April to June of 2021</b>	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Dividend income	<b>\$ 363</b>	<b>2,935</b>	<b>363</b>	<b>2,935</b>

3. Other gains or losses

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

	<b>From April to June of 2022</b>	<b>From April to June of 2021</b>	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Gains on foreign exchange	\$ 1,526	(15)	3,084	112
Net gain on financial assets at	(26,864)	24,054	(26,071)	38,375

**Notes to the Consolidated Financial Statements of  
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fair value through profit or loss				
Gains (losses) on disposal of property, plant, and equipment	-	-	-	28
Impairment loss	-	(6,000)	-	(6,000)
Government grant income	1,903	11,607	3,862	11,607
Rental income	157	188	331	355
Other income	30,607	5,859	45,483	9,447
Others	(319)	(6,272)	(651)	(6,585)
	<u>\$ 7,010</u>	<u>29,421</u>	<u>26,038</u>	<u>47,339</u>

4. Finance costs

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

	<u>From April to June of 2022</u>	<u>From April to June of 2021</u>	<u>From January to June of 2022</u>	<u>From January to June of 2021</u>
Interest expenses				
Bank loans	\$ 78,795	72,742	149,461	148,370
Interests on deposits in advance for public land development	-	-	34	46
Transaction fees and interests on corporate bonds	17,421	22,479	34,650	46,648
Lease liabilities	15,190	16,031	29,772	32,276
Others	253	242	468	475
Less: Capitalization of interest	(32,867)	(30,756)	(63,838)	(64,963)
	<u>\$ 78,792</u>	<u>80,738</u>	<u>150,547</u>	<u>162,852</u>

(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.

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>
<b>June 30, 2022</b>						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,652,254	17,076,790	8,643,517	6,370,075	2,063,198	-
Ordinary corporate bonds (including within one year)	4,000,000	4,056,387	1,005,725	2,031,018	1,019,644	-
Notes, accounts and other payables	7,170,420	7,170,420	5,488,891	1,681,529	-	-
Guarantee deposits received	95,713	95,713	-	95,713	-	-



**Notes to the Consolidated Financial Statements of  
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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>3,334,055</u>	<u>3,890,394</u>	<u>236,772</u>	<u>467,027</u>	<u>461,417</u>	<u>2,725,178</u>
	<b><u>\$ 31,293,282</u></b>	<b><u>32,330,874</u></b>	<b><u>15,391,439</u></b>	<b><u>10,669,998</u></b>	<b><u>3,544,259</u></b>	<b><u>2,725,178</u></b>

**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>
	<b><u>\$31,277,052</u></b>	<b><u>32,381,911</u></b>	<b><u>13,521,623</u></b>	<b><u>13,139,546</u></b>	<b><u>2,089,260</u></b>	<b><u>3,631,482</u></b>

**June 30, 2021**

Non-derivative financial liabilities

Long-/short-term loans (including current portion due within one year)	\$ 15,887,072	16,380,848	5,697,367	9,132,892	702,148	848,441
Ordinary corporate bonds (including within one year)	4,000,000	4,089,686	-	2,036,404	2,053,282	-
Notes, accounts and other payables	5,354,316	5,354,316	3,618,545	1,735,771	-	-
Guarantee deposits received	94,806	94,806	-	94,806	-	-
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>3,585,990</u>	<u>4,213,388</u>	<u>251,823</u>	<u>484,562</u>	<u>471,307</u>	<u>3,005,696</u>
	<b><u>\$28,979,360</u></b>	<b><u>30,190,838</u></b>	<b><u>9,584,358</u></b>	<b><u>13,517,416</u></b>	<b><u>3,234,927</u></b>	<b><u>3,854,137</u></b>

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.

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

**Notes to the Consolidated Financial Statements of  
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the assessment by management regarding the reasonable and possible changes in interest rates.

For the periods from January 1 to June 30, 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\$83,261 thousand and NT\$79,435 thousand, respectively; net profit will decrease or increase by NT\$58,468 thousand and NT\$56,784 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:

<u>Securities price on the reporting date</u>	<u>From January to June of 2022</u>		<u>From January to June of 2021</u>	
	<u>Other comprehensive income after tax</u>	<u>Net profit after tax</u>	<u>Other comprehensive income after tax</u>	<u>Net profit after tax</u>
Increase by 10%	<u>\$ 1,013</u>	<u>9,853</u>	<u>1,002</u>	<u>10,604</u>
Decrease by 10%	<u>\$ (1,013)</u>	<u>(9,853)</u>	<u>(1,002)</u>	<u>(10,604)</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:

	<u>2022.6.30</u>				
	<u>Book value</u>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 98,529	98,529	-	-	98,529
Financial assets at fair value through other comprehensive income	\$ 10,131	2,619	-	7,512	10,131
Financial assets at amortized cost					
Cash and cash equivalents	\$ 17,890,764	-	-	-	-
Notes, accounts and other receivables	1,086,267	-	-	-	-
Other financial assets-current	2,108,922	-	-	-	-
Other financial assets-non-current	77,527	-	-	-	-
Subtotal	<u>21,163,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,272,140</u>	<u>101,148</u>	<u>-</u>	<u>7,512</u>	<u>108,660</u>

**Notes to the Consolidated Financial Statements of  
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Financial liabilities measured at amortized costs

Long-/short-term loans (including current portion due within one year)	\$ 16,652,254	-	-	-	-
Notes, accounts and other payables	7,170,420	-	-	-	-
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-
Long-term payables (including current portion)	40,840	-	-	-	-
Lease liabilities (including current portion)	3,334,055	-	-	-	-
Guarantee deposits received	95,713	-	-	-	-
Total	<u>\$ 31,293,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**2021.12.31**

	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	<u>19,716,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 19,853,465</u>	<u>127,517</u>	<u>-</u>	<u>9,547</u>	<u>137,064</u>

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>

**2021.6.30**

	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	\$ 106,036	106,036	-	-	106,036
Financial assets at fair value through other comprehensive income	\$ 10,024	549	-	9,475	10,024
Financial assets at amortized cost					
Cash and cash equivalents	\$ 12,797,505	-	-	-	-
Notes and accounts receivable	1,075,219	-	-	-	-
Other financial assets-current	2,977,534	-	-	-	-
Other financial assets-non-current	76,005	-	-	-	-
Subtotal	<u>16,926,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,042,323</u>	<u>106,585</u>	<u>-</u>	<u>9,475</u>	<u>116,060</u>

**Notes to the Consolidated Financial Statements of  
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Financial liabilities measured at amortized costs

Long-/short-term loans (including current portion due within one year)	\$ 15,887,072	-	-	-	-
Notes, accounts and other payables	5,354,316	-	-	-	-
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-
Long-term payables (including current portion)	57,176	-	-	-	-
Lease liabilities (including current portion)	3,585,990	-	-	-	-
Guarantee deposits received	94,806	-	-	-	-
Total	<u>\$ 28,979,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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 active market quotes: the fair value is derived from comparable companies in the market and is determined by multiplying the investee's EBITDA with P/E ratio of comparable companies listed in the market. The calculation is then discounted for lack of marketability.

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(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	-
June 30, 2022	\$ 7,512	-	7,512
January 1, 2021	\$ 8,236	-	8,236
June 30, 2021	\$ 9,475	-	9,475

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 June 30, 2022 and 2021 are as follows:

	From April to June of 2022	From April to June of 2021	From January to June of 2022	From January to June of 2021
Total profit or loss				
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	\$ (2,358)	(423)	(2,035)	1,239

(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 June 30, 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 June 30, 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.

**Notes to the Consolidated Financial Statements of  
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(XXVII) Investment and financing activities for non-cash transaction

The group's non-cash investing and financing activities for the six months ended June 30, 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:

<b>Name of related party</b>	<b>Relationship with the group</b>
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\$15,500 thousand and NT\$12,000 thousand to other related parties in the period from January 1 to June 30, 2022 and 2021 for the promotion of foundation affairs.
2. The group leased part of the office building to other related parties, with a lease term of 5 years. The rent income was NT\$14 thousand for each of the periods from April 1 to June 30, 2022 and 2021, and NT\$28 thousand for each of the periods from January 1 to June 30, 2022 and 2021.

(III) Key management personnel transactions

Remuneration to major management personnel includes:

	<b>From April to June of 2022</b>	<b>From April to June of 2021</b>	<b>From January to June of 2022</b>	<b>From January to June of 2021</b>
Short-term employee	\$ 52,131	43,059	105,437	88,102
benefits				
Benefits after	65	86	140	154
retirement				
	<b>\$ 52,196</b>	<b>43,145</b>	<b>105,577</b>	<b>88,256</b>

**Notes to the Consolidated Financial Statements of  
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**VIII. Pledged Assets**

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

<u>Name of assets</u>	<u>Pledge guarantee object</u>	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Buildings and land held for sale	Bank loans	\$ 6,449,648	7,011,933	7,351,472
Land held for construction	Bank loans	1,739,371	1,709,071	1,709,071
Construction in progress	Bank loans	9,789,219	8,196,964	8,036,537
Investment properties and net value of property, plant, and equipment	Bank loans and corporate bonds payable	6,342,163	6,386,755	6,393,372
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, and corporate bonds payable	1,212,930	1,268,914	2,016,367
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	<u>50,795</u>	<u>50,595</u>	<u>50,594</u>
		<b><u>\$ 25,584,126</u></b>	<b><u>24,624,232</u></b>	<b><u>25,557,413</u></b>

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 June 30, 2022, December 31, 2021, and June 30, 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:

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Amount of construction contracts	<u>\$ 41,630,132</u>	<u>40,826,050</u>	<u>33,480,448</u>
Amount of payments received	<u>\$ 9,868,305</u>	<u>5,372,426</u>	<u>13,355,749</u>

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

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Amount of sales contracts signed	<u>\$ 3,317,440</u>	<u>4,427,490</u>	<u>6,111,503</u>
Amount of payments received per contracts	<u>\$ 479,885</u>	<u>1,045,946</u>	<u>2,143,251</u>

3. For details on lease agreements of the group's business in shopping mall management as of June 30, 2022, December 31, 2021, and June 30, 2021, please refer to Note 6(14). Details of the performance bond in relation to obligations under these agreements are as follows:

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Refundable notes	<u>\$ 232,550</u>	<u>232,550</u>	<u>232,550</u>

**Notes to the Consolidated Financial Statements of  
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4. Details on refundable deposits and notes paid for co-developments with land owners and third party developers as follows:

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Refundable deposits	<u>\$ 691,388</u>	<u>531,160</u>	<u>644,038</u>
Refundable notes	<u>\$ 1,427,368</u>	<u>1,438,635</u>	<u>1,108,635</u>

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.
6. It is passed by the Board meeting in December of 2021, 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.
8. On June 24, 2022, the group was selected as the best applicant for the "Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station". According to the regulations, the group should establish a joint venture. For relevant information, please refer to Note 11. In addition, the group is required to sign a capital contribution contract with the Taipei Housing and Urban Regeneration Center in accordance with the investment requirements, and to apply for the allocation of premises or payment of royalties. If it is not completed within the deadline, the Taipei Housing and Urban Regeneration Center may forfeit the relevant security deposit. As of June 30, 2022, the group had paid the application deposit of NT\$76,500 thousand.

(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**

On July 15, 2022, the board of directors of the group resolved to establish a joint venture Tua Tiann Co., Ltd. (project company) with Clevo Co. and Hua Tai Investment Corporation in accordance with the requirements of the "Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station". Tua Tiann Co., Ltd. initially



**Notes to the Consolidated Financial Statements of  
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issued 200 million shares of common stock with a paid-in capital of NT\$2 billion. The group contributed NT\$1.02 billion and acquired 51% of the equity interests.

**XII. Others**

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

Function Nature	From April to June of 2022			From April to June of 2021		
	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefit expenses						
Salaries and wages	144,255	161,492	305,747	113,776	186,781	300,557
Labor insurance and national health insurance	11,279	10,200	21,479	9,184	9,719	18,903
Pension expenses	4,503	6,068	10,571	4,184	4,886	9,070
Other employee benefits expenses	204	6,570	6,774	16	7,188	7,204
Depreciation	2,149	101,180	103,329	2,402	102,988	105,390
Amortization	-	2,608	2,608	-	2,412	2,412

Function Nature	From January to June of 2022			From January to June of 2021		
	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefit expenses						
Salaries and wages	262,545	322,765	585,310	239,544	325,988	565,532
Labor insurance and national health insurance	20,717	21,922	42,639	18,628	19,557	38,185
Pension expenses	8,852	11,440	20,292	8,538	10,502	19,040
Other employee benefits expenses	786	13,208	13,994	586	14,516	15,102
Depreciation	4,300	202,189	206,489	5,240	205,490	210,730
Amortization	-	5,332	5,332	-	4,804	4,804

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

**XIII. Disclosure Notes**

- (I) Information on significant transactions

In the period from January 1 to June 30, 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:

- Loans provided for others: None.

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

### 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	\$ 6,933,160	14,192	14,192	14,192	-	0.41%	6,933,160	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	47,689	14,192	14,192	14,192	-	29.76%	47,689	N	Y	N
2	Dingtian Construction	Kedge Construction	Parent company and subsidiary	7,153,385	1,376,500	1,376,500	1,376,500	-	2,886.41%	14,306,770	N	Y	N
3	Global Mall	Guan You	2	3,038,799	180,000	180,000	-	-	3.55%	6,077,558	Y	N	N
3	Global Mall	Guan Hua	2	3,038,799	110,000	110,000	20,000	-	2.17%	6,077,558	Y	N	N
3	Global Mall	Guan Cheng	2	3,038,799	61,550	61,550	61,550	-	1.22%	6,077,558	Y	N	N

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

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

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

Note 3: Per Kedge Construction's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 200% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 200% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statement.

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

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

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

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

Unit: NT\$ thousand/ thousand shares

Investing Company	Type and name of securities	Relationship with the securities issuer	Account title in book	End of period				Remark
				Number of shares	Book value	Percentage of shareholding	Fair value (Note)	
Kindom Development	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	575	34,389	- %	34,389	
Kindom Development	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	99	1,896	0.20 %	1,896	
Kindom Development	Stock - Clientron Corp.	-	Financial assets measured at FVTOCI - non-current	29	700	0.05 %	700	
Kindom Development	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets measured at FVTOCI - non-current	12	695	- %	695	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	537	32,090	- %	32,090	
Jiequn Investment Co., Ltd.	Stock - SinoPac Securities Corporation	-	Financial assets at fair value through profit or loss - current	211	3,547	- %	3,547	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets measured at FVTOCI - non-current	11	648	- %	648	
Jiequn Investment Co., Ltd.	Stock - Huei Ding Computer	-	Financial assets measured at FVTOCI - non-current	405	-	0.78 %	-	
Guangqing Electromechanical	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	477	28,503	- %	28,503	
Guangqing Electromechanical	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets measured at FVTOCI - non-current	10	576	- %	576	
Guangqing Electromechanical	Stock - Commonwealth Publishing Group	-	Financial assets measured at FVTOCI - non-current	145	5,616	0.59 %	5,616	

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

4. Accumulated amount of buying or selling the same marketable securities at NT\$300 million or more than 20% of the paid-in 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)		Remark
			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	Contracting	903,206	41.22%	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	(678,300)	(62.94)%	Note 2

**Notes to the Consolidated Financial Statements of  
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Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	Contracting	(903,206)	(14.17)%	Received payment by installment per contract or equivalent to a general transaction	Equivalent to other transactions	Slightly longer than normal	678,300	26.45%	"
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Note 1: Refers to the valuation amount for the 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:

Expressed in thousands of New Taiwan Dollars

The companies that record such transactions as receivables	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Receivable Overdue		Amounts received in subsequent periods	Allowance for losses appropriated
					Amount	Action taken		
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	678,300	2.04	-	-	125,966	-

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

9. Derivative financial instrument transactions: None.  
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	773,187	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	7.99%
0	The Company	Kedge Construction	1	Buildings and land held for sale	102,968	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	0.19%
0	The Company	Kedge Construction	1	Construction in progress	127,940	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	0.24%
0	The Company	Kedge Construction	1	Notes and accounts payable-related parties	678,300	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.25%
1	Kedge Construction	The Company	2	Operating revenue	773,187	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	7.99%
1	Kedge Construction	The Company	2	Operating costs	230,908	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	2.39%
1	Kedge Construction	The Company	2	Notes and accounts receivable-related parties, contract assets	678,300	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.25%
2	Global Mall	Guan Cheng	3	Accounts receivable-related parties	22,396	Once a year	0.04%
2	Global Mall	Guan Cheng	3	Operating revenue	18,974	Once a year	0.20%

**Notes to the Consolidated Financial Statements of  
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3	Guan Cheng	Global Mall	3	Accounts payable-related parties	22,396	Once a year	0.04%
3	Guan Cheng	Global Mall	3	Operating expenses	18,974	Once a year	0.20%

Note 1. Instructions on numbering:

1. The parent company is numbered 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.

**(II) Information on investees:**

The information on the group's investees in the period from January 1 to June 30, 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%	935,893	292,427	125,904	Subsidiary
Kindom Development	Global Mall	Taiwan	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	3,209,395	3,209,395	320,105	84.02%	4,280,164	118,440	99,510	"
Kindom Development	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store retailing	-	102,000	-	- %	-	46,109	23,516	Sub-subsidiary
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	Investment	163,935	163,935	16,396	99.98%	441,474	(10,703)	(10,701)	Sub-subsidiary
Kedge Construction	Guangqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	223,666	(10,528)	(10,524)	Sub-subsidiary
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,307	(384)	(115)	Sub-subsidiary
Guangqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,382	(384)	(269)	"
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,385	(1,574)	(735)	Investments accounted for using equity method
Global Mall	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	280,886	98,000	20,000	100.00%	295,198	46,109	22,593	Sub-subsidiary
Global Mall	Guan You (Note 2)	Taiwan	Department stores, supermarkets, and non-store retailing	-	5,000	-	- %	-	(7,646)	(101)	Third-tier subsidiary

**Notes to the Consolidated Financial Statements of  
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Global Mall	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	143,525	2,630	2,630	Sub-subsidiary
Global Mall	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%	1,803	(91)	(91)	Sub-subsidiary
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	230,006	130,000	13,500	100.00%	94,916	(7,646)	(7,545)	Third-tier subsidiary

Note 1: In line with the group's operational needs, the Company sold 51% of its shares of Guan Cheng to Global Mall in June 2022.

Note 2: In line with the group's operational needs, Global Mall sold 3.7% of its shares of Guan You to Guan Cheng in April 2022.

(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:

Unit: Thousands of USD/RMB/NTD

Cumulative investment remitted from Taiwan to Mainland China at end of the year	Amount of investment approved by the Investment Commission, M.O.E.A.	Limit on amount of investment stipulated by the Investment Commission, M.O.E.A.
1,076,350 (CNY 227,649) (Note 1)	USD 38,738	10,471,538 (Note 2)

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

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

3. Significant transactions with investees in mainland China: None

(IV) Information on major shareholders:

Expressed in 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%

**Notes to the Consolidated Financial Statements of  
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**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 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 April to June of 2022				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 2,003,323	2,422,089	269,527	-	4,694,939
Inter-segment income	1,692	387,030	16,231	(404,953)	-
Total revenue	<u>\$ 2,005,015</u>	<u>2,809,119</u>	<u>285,758</u>	<u>(404,953)</u>	<u>4,694,939</u>
<b>Reportable segment profits or loss</b>	<u>\$ 613,464</u>	<u>211,738</u>	<u>1,908</u>	<u>(27,891)</u>	<u>799,219</u>

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	From April to June of 2021				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 7,675,235	1,568,692	193,668	-	9,437,595
Inter-segment income	1,692	962,821	7,721	(972,234)	-
Total revenue	<u>\$ 7,676,927</u>	<u>2,531,513</u>	<u>201,389</u>	<u>(972,234)</u>	<u>9,437,595</u>
<b>Reportable segment profits or loss</b>	<u>\$ 1,561,048</u>	<u>346,026</u>	<u>(34,896)</u>	<u>(37,857)</u>	<u>1,834,321</u>

	From January to June of 2022				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 4,806,916	4,227,209	641,861	-	9,675,986
Inter-segment income	3,384	775,797	28,092	(807,273)	-
Total revenue	<u>\$ 4,810,300</u>	<u>5,003,006</u>	<u>669,953</u>	<u>(807,273)</u>	<u>9,675,986</u>
<b>Reportable segment profits or loss</b>	<u>\$ 1,551,185</u>	<u>391,086</u>	<u>146,236</u>	<u>(173,051)</u>	<u>1,915,456</u>

	From January to June of 2021				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 10,253,901	3,581,548	522,811	-	14,358,260
Inter-segment income	3,384	1,595,230	19,609	(1,618,223)	-
Total revenue	<u>\$ 10,257,285</u>	<u>5,176,778</u>	<u>542,420</u>	<u>(1,618,223)</u>	<u>14,358,260</u>
<b>Reportable segment profits or loss</b>	<u>\$ 2,223,214</u>	<u>489,959</u>	<u>45,834</u>	<u>(122,456)</u>	<u>2,636,551</u>

	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
<b>Assets of reportable segments</b>					
June 30, 2022	<u>\$ 39,646,143</u>	<u>9,901,938</u>	<u>11,512,004</u>	<u>(6,866,569)</u>	<u>54,193,516</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>
June 30, 2021	<u>\$ 38,949,360</u>	<u>8,858,326</u>	<u>11,915,789</u>	<u>(7,499,037)</u>	<u>52,224,438</u>
<b>Reportable segment liabilities</b>					
June 30, 2022	<u>\$ 22,193,580</u>	<u>6,435,173</u>	<u>6,447,372</u>	<u>(847,083)</u>	<u>34,229,042</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>
June 30, 2021	<u>\$ 21,805,484</u>	<u>5,330,692</u>	<u>6,701,003</u>	<u>(1,199,490)</u>	<u>32,637,689</u>