

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

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

For 2022 and 2021

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

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Statement of Declaration

The entities that are required to be included in the consolidated financial statements of Kindom Development Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Kindom Development Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declared,

Kindom Development Co., Ltd.

Chairman: Chih-Kang, Ma

Date: March 14, 2023

Independent Auditors' Report

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

Opinion

We have audited the Consolidated Balance Sheets of Kindom Development Co., Ltd. and its subsidiaries as of December 31, 2022, and 2021, as well as the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2022, and 2021.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and 2021, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2022, and 2021 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2022 consolidated financial statements of the Group. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, key audit matters for the Company's Parent Company Only Financial Statements for the year ended December 31, 2019 are stated as follows:

1. Revenue recognition of real estate sales

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

Description of key audit matters:

The Group engaged primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue of real estate sales amounts to NT\$7,498,364 thousand in 2022, which is material to the fair presentation of consolidated financial statements. Consequently, the Group's revenue recognition has been identified as one of the key audit matters.

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

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

2. Construction contracts

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

Description of key audit matters:

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

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

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

3. Inventory valuation

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

Description of key audit matters:

As of December 31, 2022, the Group's inventory amounts to NT\$21,094,871 thousand and accounts for 38% of total assets. The cost or net realizable value is presented as the inventory amount, whichever is the lowest. that is the price of real estate market with highly subject to large capital investment and long payback period and greatly subject to political, overall economic conditions, and real estate tax reforms. The future investment costs for land held for construction and construction in progress and the Company's net realizable value depends on the subjective judgment or estimation of the management. Therefore, inventory evaluation of land held for construction and construction in progress is one of the important evaluation items in the accountant's auditing on the financial review of the Group.

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

In relation to the key audit matter above, we have performed certain audit procedures including understanding the Group's internal procedures and accounting processes over land held for construction and construction in progress, and obtaining the net realizable value of the Company's land held for construction and construction in progress as of the end of the reporting period; inspecting and comparing the market price in the content mentioned above with the sales prices of the transactions in the neighborhood, registered sales prices of real estate published by contract prices of recent sales of the Company's developments, or the registered price with the Ministry of the Interior, or confirming and recalculating the investment return analysis of each developments, to evaluate if the net realizable value of land held for construction and construction in progress is fairly presented.

Other Matters

Kindom Development Co., Ltd. has compiled the Parent-Company-Only Financial Statements for 2022 and 2021, and they have also received an unqualified audit opinion from our CPAs for your reference.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the consolidated financial statements of the Group of 2022. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Securities Competent Authority Approval No. Jin-Guan-Zheng-Shen-Zi No. 1090332798
Jin-Guan-Zheng-Liu-Zi No. 0940129108
March 14, 2023

Notices to Readers

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

The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2022, and 2021

Expressed in thousands of New Taiwan Dollars

Assets		2022.12.31		2021.12.31		Liabilities and Equity		2022.12.31		2021.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1) and (25))	\$ 15,522,920	28	16,080,562	30	2100	Short-term loans (Note 6(13) and (25))	\$ 15,025,856	27	14,479,725	27
1110	Financial assets measured at fair value through profit or loss - current (Note 6(2) and (25))	97,466	-	124,600	-	2130	Contract liabilities - current (Note 6(22))	2,045,805	4	1,608,656	3
1140	Contract assets - current (Note 6(22))	1,675,939	3	1,975,776	4	2150	Notes payable (Note 6(25))	392,662	1	327,149	1
1170	Note receivable and net accounts (Note 6(4), (22), (25))	2,149,847	4	1,253,113	2	2170	Accounts payable (Note 6(25))	5,955,906	11	5,729,916	11
1220	Current tax assets	48	-	28	-	2200	Other payables (Note 6(25) and 7)	908,607	2	954,084	2
1300	Inventories - trading (Note 6(5))	12,977	-	9,789	-	2230	Current tax liabilities	652,771	1	693,349	1
1320	Inventories - construction (Notes 6(5) & 8)	21,094,871	38	21,231,255	40	2250	Current provisions (Note 6(16))	183,236	-	181,626	-
1410	Prepayments	199,044	-	124,164	-	2251	Current provisions for employee benefit (Note 6(18))	20,174	-	21,907	-
1476	Other financial assets - current (Notes 6(12), (22), (25), and 8)	3,675,772	7	2,303,584	4	2280	Current lease liabilities (Note 6(15) and (25))	191,062	-	181,149	-
1479	Other current assets - others	80,582	-	70,039	-	2321	Current portion of convertible corporate bond due within one year or one operating period (Note 6(14) and (25))	2,000,000	3	-	-
1480	Incremental costs of obtaining a contract - current (Note 6(12))	9,978	-	50,897	-	2322	Current portion of long-term loans due within one year or one operating period (Note 6(13) and (25))	204,640	-	283,680	1
		<u>44,519,444</u>	<u>80</u>	<u>43,223,807</u>	<u>80</u>	2399	Other current liabilities- others (Note 6(25))	40,786	-	83,621	-
Non-current assets:							Non-current liabilities:				
1517	Financial assets measured at fair value through other gain or loss - non-current (Note 6(3) and (25))	12,509	-	12,464	-	2530	Corporate bonds payable (Note 6(14) and (25))	2,000,000	3	4,000,000	7
1550	Investments accounted for using the equity method (Note 6(6))	1,136,118	2	15,120	-	2540	Long-term loans (Note 6(13) and (25))	1,438,200	3	1,833,560	3
1600	Property, plant and equipment (Note 6(8) and 8)	6,379,227	11	6,503,236	13	2573	Deferred tax liabilities— Others (Note 6(19))	921	-	-	-
1755	Right-of-use assets (Note 6(9))	3,098,436	6	3,336,729	6	2580	Non-current lease liabilities (Note 6(15) and (25))	3,123,422	6	3,340,967	6
1760	Investment property (Note 6(10) and 8)	462,365	1	501,662	1	2640	Defined benefit liabilities, net - non-current (Note 6(18))	821	-	2,935	-
1780	Intangible assets (Note 6(11))	53,874	-	54,404	-	2645	Refundable deposits (Note 6(25))	96,204	-	97,814	-
1840	Deferred tax assets (Note 6(19))	57,161	-	66,996	-	2670	Other non-current liabilities- others (Note 6(25))	16,336	-	32,672	-
1975	Defined benefit assets, net - non-current	5,820	-	2,438	-		Total liabilities	<u>6,675,904</u>	<u>12</u>	<u>9,307,948</u>	<u>16</u>
1980	Other non-current financial assets (Note 6(25) and 8)	73,566	-	79,142	-		Equity attributable to owners of the parent company (Note 6(20))				
1995	Other non-current assets - others	64,337	-	52,445	-	3100	Share capital	5,541,701	10	5,541,701	10
		<u>11,343,413</u>	<u>20</u>	<u>10,624,636</u>	<u>20</u>	3200	Capital reserve	1,451,569	3	1,421,924	3
						3300	Retained earnings	11,648,455	20	10,697,059	20
						3400	Other equity interest	(26,544)	-	(26,727)	-
						3500	Treasury stock	(98,702)	-	(71,196)	-
							Total equity attributable to owners of the parent company	<u>18,516,479</u>	<u>33</u>	<u>17,562,761</u>	<u>33</u>
						36XX	Non-controlling interests (Note 6(7))	3,048,969	6	2,432,872	5
							Total equity	<u>21,565,448</u>	<u>39</u>	<u>19,995,633</u>	<u>38</u>
Total assets		<u>\$ 55,862,857</u>	<u>100</u>	<u>53,848,443</u>	<u>100</u>		Total liabilities and equity	<u>\$ 55,862,857</u>	<u>100</u>	<u>53,848,443</u>	<u>100</u>

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

Chairman: Chih-Kang, Ma

General Manager: Chang-Jung, Hsieh Sheng-An, Chang

Chief Accounting Officer: Shu-Lien, Chang

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2022, and 2021

Unit: NT\$ thousand

		2022		2021	
		Amount	%	Amount	%
4000	Operating income (Note 6 (17) and (22))	\$ 21,506,102	100	25,191,138	100
5000	Operating costs (Note 6(5) and(18))	15,582,332	72	18,173,783	72
	Gross profit	5,923,770	28	7,017,355	28
	Operating expenses:				
6100	Selling and marketing expenses (Note 6(18))	219,758	1	255,126	1
6200	General and administrative expenses (Note 6(18))	1,677,024	8	1,584,947	6
6450	Expected credit (gain) loss (Note 6(4))	(1,396)	-	12,885	-
		1,895,386	9	1,852,958	7
	Net operating income	4,028,384	19	5,164,397	21
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	71,821	-	25,436	-
7010	Other income (Note 6(24))	7,330	-	4,763	-
7020	Other gains and losses (Note 6(24))	34,244	-	104,594	-
7050	Financial cost (Note 6(24))	(302,865)	(1)	(315,117)	(1)
7060	Share of profit and loss of associates and joint ventures accounted for using the equity method (Note 6(6))	998	-	(5,387)	-
		(188,472)	(1)	(185,711)	(1)
	Profit before tax from continuing operating department	3,839,912	18	4,978,686	20
7950	Less: Income tax expenses (Note 6(19))	710,215	3	901,353	4
	Net income	3,129,697	15	4,077,333	16
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	4,792	-	(2,128)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	45	-	2,784	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	189	-	(1,347)	-
8300	Other comprehensive income (loss)(net of taxes)	5,026	-	(691)	-
	Total comprehensive income for the year	\$ 3,134,723	15	4,076,642	16
	Net profit attributable to:				
8610	Owners of the parent company	\$ 2,333,896	11	3,508,103	14
8620	Non-controlling interests	795,801	4	569,230	2
		\$ 3,129,697	15	4,077,333	16
	Total comprehensive income attributable to:				
8710	Owners of the parent company	\$ 2,337,004	11	3,508,131	14
8720	Non-controlling interests	797,719	4	568,511	2
		\$ 3,134,723	15	4,076,642	16
9750	Basic earnings per share (in NT\$) (Note 6(21))	\$ 4.31		6.47	
9850	Diluted earnings per share (in NT\$) (Note 6(21))	\$ 4.29		6.44	

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

Chairman: Chih-Kang, Ma General Manager: Chang-Jung, Hsieh
Sheng-An, Chang

Chief Accounting Officer:
Shu-Lien, Chang

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022, and 2021

Expressed in thousands of New Taiwan Dollars

	Equity attributable to owners of parent											
	Equity attributable to owners of parent						Other equity					
	Share capital	Retained earnings					Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Total							
Balance as of January 1, 2021	\$ 5,037,910	1,396,097	1,816,778	25,804	7,060,355	8,902,937	(28,521)	674	(71,196)	15,237,901	2,127,656	17,365,557
Net income	-	-	-	-	3,508,103	3,508,103	-	-	-	3,508,103	569,230	4,077,333
Other comprehensive income for the period	-	-	-	-	(1,092)	(1,092)	(1,131)	2,251	-	28	(719)	(691)
Total comprehensive income for the year	-	-	-	-	3,507,011	3,507,011	(1,131)	2,251	-	3,508,131	568,511	4,076,642
Appropriation of earnings:												
Legal reserve appropriated	-	-	335,191	-	(335,191)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	2,043	(2,043)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,209,098)	(1,209,098)	-	-	-	(1,209,098)	-	(1,209,098)
Share dividends of common stocks	503,791	-	-	-	(503,791)	(503,791)	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for under the equity method	-	37	-	-	-	-	-	-	-	37	-	37
Changes in capital reserve from dividends paid to subsidiaries	-	25,501	-	-	-	-	-	-	-	25,501	-	25,501
Unclaimed dividends after effective period	-	289	-	-	-	-	-	-	-	289	71	360
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(263,366)	(263,366)
Balance as of December 31, 2021	5,541,701	1,421,924	2,151,969	27,847	8,517,243	10,697,059	(29,652)	2,925	(71,196)	17,562,761	2,432,872	19,995,633
Net income	-	-	-	-	2,333,896	2,333,896	-	-	-	2,333,896	795,801	3,129,697
Other comprehensive income for the period	-	-	-	-	2,925	2,925	159	24	-	3,108	1,918	5,026
Total comprehensive income for the year	-	-	-	-	2,336,821	2,336,821	159	24	-	2,337,004	797,719	3,134,723
Appropriation of earnings:												
Legal reserve appropriated	-	-	350,701	-	(350,701)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(1,120)	1,120	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,385,425)	(1,385,425)	-	-	-	(1,385,425)	-	(1,385,425)
Changes in equity of associates and joint ventures accounted for under the equity method	-	(216)	-	-	-	-	-	-	-	(216)	(333)	(549)
Buyback treasury stock	-	-	-	-	-	-	-	-	(27,506)	(27,506)	-	(27,506)
Changes in capital reserve from dividends paid to subsidiaries	-	29,227	-	-	-	-	-	-	-	29,227	-	29,227
Unclaimed dividends after effective period	-	634	-	-	-	-	-	-	-	634	93	727
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(181,382)	(181,382)
Balance as of December 31, 2022	\$ 5,541,701	1,451,569	2,502,670	26,727	9,119,058	11,648,455	(29,493)	2,949	(98,702)	18,516,479	3,048,969	21,565,448

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

Chairman: Chih-Kang, Ma

General Manager: Chang-Jung, Hsieh Sheng-An, Chang

Chief Accounting Officer: Shu-Lien, Chang

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2022, and 2021

Unit: NT\$ thousand

	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 3,839,912	4,978,686
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	416,556	424,270
Amortization	10,690	9,779
Expected credit losses (reversal)	(1,396)	12,885
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	27,134	(53,805)
Interest expenses	302,865	315,117
Interest income	(71,821)	(25,436)
Dividend income	(7,330)	(4,763)
Share of (gains) loss of associates and joint ventures accounted for using equity method	(998)	5,387
Gains on disposal of property, plant and equipment	-	(28)
Impairment loss	300	24,618
Gains from lease modifications	-	(58)
Total adjustments to reconcile profit (loss)	676,000	707,966
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	-	(3,134)
Decrease (increase) in contract assets	299,837	(304,209)
(Increase) decrease in note receivable and accounts	(895,338)	974,346
Decrease in inventory	280,504	7,185,817
Decrease (increase) in prepayments	(75,666)	30,767
Increase in other current assets	(10,543)	(8,554)
Increase in other financial assets - current	(1,367,885)	(41,812)
Decrease in the incremental costs to obtain contract with customers	40,919	70,141
Decrease (increase) in defined benefit assets - non-current	(3,382)	962
Increase in other non-current assets	(41)	(48)
Total changes in operating assets	(1,731,595)	7,904,276
Total changes in operating liabilities:		
Increase (decrease) in contract liabilities	437,149	(3,976,991)
Increase (decrease) in notes payable	65,513	(62,722)
Increase in accounts payable	226,436	523,216
Increase (decrease) in other payables	44,439	(209,783)
Decrease in employee benefit liabilities - current	(1,733)	(371)
Increase in provisions - current	1,610	31,263
Increase (decrease) in other current liabilities	(42,835)	14,641
Increase (decrease) in net defined benefit liabilities	2,678	(5,172)
Decrease in other non-current liabilities	(16,336)	(16,336)
Total changes in operating liabilities	716,921	(3,702,255)
Total changes in operating assets and liabilities	(1,014,674)	4,202,021
Total adjustments	(338,674)	4,909,987
Cash flows generated from operations	3,501,238	9,888,673
Income taxes paid	(740,057)	(851,421)
Net cash flows from operating activities	2,761,181	9,037,252

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

Unit: NT\$ thousand

	2022	2021
Cash flows from investing activities:		
Obtained financial assets at fair value through other comprehensive income	-	(1,941)
Payment returned on capital reduction of financial assets at fair value through other comprehensive income	-	992
Obtained investments accounted for using equity method	(1,120,000)	-
Acquisition of property, plant, and equipment	(135,490)	(108,747)
Disposal of property, plant and equipment	-	76
Acquisition of intangible assets	(10,070)	(14,488)
Increase in prepayments for business facilities	5,576	53,138
Increase in other non-current assets	(11,851)	(187)
Interest received	67,518	25,779
Dividends received	7,330	4,763
Others investment activities	(549)	-
Net cash flows used in investing activities	(1,197,536)	(40,615)
Cash flows from financing activities:		
Increase in short-term loans	5,087,369	4,671,600
Decrease in short-term loans	(4,541,238)	(5,293,226)
Increase in short-term notes and bills payable	110,000	480,000
Decrease in short-term notes and bills payable	(110,000)	(480,000)
Redemption of convertible corporate bonds	-	(1,500,000)
Proceeds from long-term debt	5,000	200,000
Repayments of long-term loans	(479,400)	(457,760)
Increase in guarantee deposits received	(1,610)	3,395
Repayments of lease principal	(177,345)	(158,485)
Cash dividends distributed	(1,356,198)	(1,183,597)
Cost of buying back treasury stocks	(27,506)	-
Interest paid	(449,166)	(444,038)
Changes in non-controlling interests	(181,382)	(263,366)
Net cash flows used in financing activities	(2,121,476)	(4,425,477)
Effects of exchange rate changes on the balance of cash and cash equivalents	189	(1,347)
Net increase (decrease) in cash and cash equivalents	(557,642)	4,569,813
Cash and cash equivalents at beginning of the period	16,080,562	11,510,749
Cash and cash equivalents at end of the period	\$ 15,522,920	16,080,562

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

Chairman: Chih-Kang, Ma

General Manager: Chang-Jung, Hsieh

Chief Accounting Officer: Shu-

Sheng-An, Chang

Lien, Chang

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

1. Company Overview

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

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were published upon approval by the Board of Directors on March 14, 2023.

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

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

The 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"

(2) 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)**

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

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

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

The 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"

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

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

4. Summary of Significant Accounting Policies

The summary of material accounting policies adopted in the consolidated financial statements is as follows. The following accounting policies have been consistently applied to all stated periods in the Consolidated Financial Statements.

(1) Compliance statement

The Group's consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations") and the IFRS, IAS, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (collectively as the "IFRSs approved by FSC").

(2) Basis of Preparation

1. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following significant accounts:

- (1) Financial assets measured at fair value through profit or loss;
- (2) Financial assets measured at fair value through other comprehensive income; and
- (3) Net defined benefit liability (or asset) measured at the fair value of plan assets less present value of defined benefit obligation, and the limits disclosed in Note 4(19).

2. Functional and presentation currency

Every individual entity of the Group takes the currency of the economic environment its operation domiciles are in as the functional currency. The consolidated financial statements were expressed in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The preparation subjects of the consolidated financial statements include the Company and individuals controlled by the Company (i.e. subsidiaries.) The Company controls an individual entity when it is exposed to, or has rights to, variable remuneration from its participation in that individual and can influence that remuneration through its power over that individual.

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

From the date of attaining control over the subsidiary, its financial statements shall be included in the consolidated financial statements until the date of losing control. The transactions, balances and, any unrealized income and expenses between the consolidated companies have been eliminated in full at the time of preparing the consolidated financial statements. The total comprehensive income of subsidiaries is attributable to the owners and non-controlling interests of the Company, even if the non-controlling interests become the deficit balance.

Financial statements of subsidiaries are adjusted to ensure consistency with the accounting policies adopted by the Group.

If the change of ownership equity to subsidiaries by the Group does not cause lost control over them, it will be considered equity transaction between shareholders. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received shall be directly recognized in equity attributable to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Subsidiary name	Main business and products	Percentage of ownership		Explanation
			2022.12.31	2021.12.31	
The company	Kedge Construction Co., Ltd. (Kedge Construction)	The comprehensive construction industry, etc.	34.18%	34.18%	The company has more than half of the company's director seats
"	Global Mall Co., Ltd. (Global Mall)	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	84.02%	84.02%	The subsidiary in which the company's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guan Cheng Co., Ltd. (Guan Cheng) (Note 1)	Department stores, supermarkets, and non-store retailing	- %	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%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)	Installation and engineering of electrical and fire safety equipment	99.96%	99.96%	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%	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
			2022.12.31	2021.12.31	
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%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guan Hua Co., Ltd. (Guan Hua)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guan Cheng (Note 1)	Department stores, supermarkets, and non-store retailing	100.00%	49.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (Guan You) (Note 3)	Department stores, supermarkets, and non-store retailing	- %	3.70%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Guan Cheng	Guan You (Note 3)	Department stores, supermarkets, and non-store retailing	100.00%	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 has 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.

3. List of subsidiaries which are excluded from the consolidated financial statements: None

(4) Foreign Currency

1. Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the period (the "reporting date") are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured

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

at historical cost are retranslated using the exchange rates prevailing at the transaction dates.
Foreign operations

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

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into NT\$ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NT\$ at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When the disposal of foreign operation leads to loss of control, joint control or material influence, the cumulative exchange difference amount related to them will be re-classified into profit or loss. When partially disposing of subsidiaries containing foreign operation, the cumulative exchange difference amount will be re-attached to non-controlling equity according to proportion. When partially disposing of affiliated enterprises or joint investments containing foreign operation, the cumulative exchange difference amount will be re-classified into profit or loss according to proportion.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

(5) Classification of Current and Non-current Assets and Liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:"

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

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

(6) Cash and cash equivalents

Cash includes inventory cash and current deposit. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

(7) Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were originally recognized when the Group became a party to the terms of a financial instrument contract. Financial assets not measured at fair value through profit or loss (other than accounts receivable excluding material financial components) or financial liabilities primitively at fair value may be measured directly attributable to the transaction cost of the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

All financial assets that are purchased or sold in ordinary business transactions are recognized and derecognized on a trade-date basis.

Upon initial recognition, financial assets are classified following categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). Only upon changes in the Group's management of financial assets, the affected assets are reclassified at the beginning of the next reporting period.

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently accrued based on the original recognized amount plus or minus the effective interest method, and adjusted for the amortized cost of any allowance losses. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

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

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

At the time of initial recognition, the Group may make an irrevocable choice and report the subsequent changes at the fair value of equity instrument investment not held for trading to other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity instrument investments shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit and loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

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

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

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

(4) Impairment of financial assets

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

The Company measures its loss allowances at an amount equal to lifetime ECL), except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Group's historical experience, credit assessment, as well as forward-looking information.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Group can collect according to the contract and the expected cash flow that the Group will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

On each reporting date, the Group assesses whether there is credit impairment on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. The evidences for credit impairment of financial assets include the observable data for the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue more than one year;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets. The loss allowance of debt instrument investment measured at fair value through other comprehensive income is adjusted profit and loss and recognized in other comprehensive income (without reducing the carrying amount of assets).

When the Group fails to carry out a reasonable expectation of recovery of financial assets in part or whole, the total carrying amount of the financial assets directly decreases. For companies, the Group analyzes the timing and amount of write-offs individually based on whether it is reasonably expected to be recoverable. The Group expects that the written off amount will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Group to recover the overdue amount.

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

(5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, when the Group transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the Group neither retain nor transfer substantial risks and rewards of the ownership, and does not retain control of the asset.

Even when it transfers the financial assets, if it retains all or some the risks and rewards of ownership of the assets, the Group continue to recognize the assets in the balance sheets.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements.

(2) Equity instruments

Equity instruments refer to any contracts containing the Group's residual interest after subtracting liabilities from assets. The equity instrument issued by the Group shall be recognized by the payment net of the direct cost of issuance.

(3) Treasury stock

When buying back the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

(4) Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently assessed at amortized cost employing an effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

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

(5) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled or matured. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and included in non-operating income and loss.

(6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(7) Financial guarantee contract

A financial guarantee contract ("FGC") is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Upon the issuance, a FGC that is not designated as measured at FVTPL is initially recognized at fair value less any direct issue cost and subsequently measured as the greater of (a) the IFRS 9 Expected Credit Loss allowance, and (b) the amount initially recognized, when appropriate, less any cumulative amount of income recognized.

(8) Inventories

Construction

Inventory is measured by the lower of cost and NRV. The cost includes all necessary expenditures and capitalized borrowing costs to get an asset in place and in conditions ready for use.

The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale. The measurement of NRV is as follows:

1. Land held for construction

The NRV is calculated on the basis of the expected selling price judged by the management based on the current market conditions, less cost of construction completion and selling expenses, or the most recent estimated market value (based on land development analysis approach or comparison approach).

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

2. Construction in progress

The NRV is calculated on the basis of the expected selling price (based on the current market conditions) less cost of construction completion and selling costs.

3. Buildings and land held for sale

The NRV is calculated on the basis of the expected selling price (based on the current market conditions) less the estimated selling costs.

Trading

Inventory is measured by the lower of cost and NRV. The cost is the weighted average of all costs necessary to get an asset in place and in conditions ready for use.

The NRV is the expected selling price in the ordinary course of business, less the estimated cost to get the inventory ready for use and selling costs.

(9) Investments in associates

An associate is an entity over which the Group has significant influence to participate in the entity's financial and operating policies but is not in control or joint control over those policies.

The Group adopts the equity method for handling the equity of associates. Under the equity method, the initial acquisition is recognized according to the cost, and the investment cost includes the transaction cost. The carrying amount of invested associates includes the goodwill recognized at the time of initial investment less any accumulative impairment loss.

The consolidated financial statements include the amount of profit and loss and other comprehensive profit and loss of each invested associate recognized by the Group according to the proportionate interest after the adjustment of the consistency with the accounting policies of the Group from the date of attaining a material influence to the date of losing such influence. When associates undergo non-equity or other comprehensive income equity changes without influencing the shareholding proportion of the Group, the Group will recognize the equity change in the share of affiliated enterprises attributable to it as capital reserve according to shareholding proportion.

Only when the transactions are neither upstream nor downstream transactions, unrealized profits and losses resulting from transactions between the Group and an associate are recognized in the associate's financial statements.

If the Group's share of losses of an associate equals or exceeds its proportionate interest, the Group discontinues recognizing its share of further losses. After the Group's proportionate interest is reduced to zero, additional losses are recognized as a provision (liability) only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate.

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

(10) Joint Arrangements

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

Joint Ventures

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

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

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

(11) Investment property

Investment property refers to property held for earning rent or asset appreciation or both, rather than for normal business sale, production, provision of goods or services, or administrative purposes. Investment property is initially measured by cost and subsequently measured by cost minus accumulated depreciation and accumulated impairment. Its depreciation method, service life, and residual value are treated following the provisions of property, plant, and equipment.

Gain or loss on disposal of investment property (i.e. the difference between net proceed and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized in operating revenue on a straight-line basis during the lease term. The lease incentive is recognized as part of the lease income during the lease term.

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

(12)Property, Plant, and Equipment

1. Recognition and measurement

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

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

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

2. Subsequent costs

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

3. Depreciation

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

Land is not depreciable.

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

- | | |
|---------------------------------------|---------------|
| (1) Buildings | 3~55 years |
| (2) Transportation, office and others | 1 to 30 years |
| (3) Leasehold improvements | 2 to 20 years |

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(13)Lease

At the contract commencement date, the Group determined whether it is or contains a lease. A sublease containing the right to direct the use of an identified asset for a period of time in exchange for consideration is also identified as a lease.

1. The Company as lessee

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured, using a cost model, at the original amount of the lease liability, plus lease payments at or before lease commencement, any initial direct costs, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, and less lease incentives.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate shall be the interest rate; if it is not easy to determine, the incremental borrowing rate of interest of the Group shall be used. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease payments comprise as follows:

- (1) fixed payments, including in-substance fixed lease payments;
- (2) variable lease payments that depend on an index or a rate and initially measured at the index or rate at the lease commencement date;
- (3) amounts expected to be payable by the lessee under residual value guarantees;
- (4) an option to purchase the underlying asset if it is reasonably certain to be exercised, and penalty payments for terminating the lease.

The lease liability is subsequently measured on an amortized cost basis, using an effective interest method, and remeasured to reflect the following conditions:

- (1) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;
- (2) changes in the amounts expected to be payable under a residual value guarantee;
- (3) changes in the assessment of the purchase option;
- (4) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or
- (5) lease modifications of the underlying asset, scope, and other terms and conditions.

The remeasurements made under (i), (ii) and (iii) are treated as adjustments to the right-of-use asset. When the carrying amount is reduced to zero, any further reduction is recognized immediately in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial or full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Group records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the consolidated balance sheets.

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

The Group elects not to recognize short-term assets of office equipment and other low-value assets as right-of-use assets and lease liabilities, but instead recognizes payments of these leases as expenses on a straight-line basis over the lease term.

The Group chooses to apply the practical expedient to its rent concessions that fit all the following criteria without assessing if they are lease modifications:

- (1) Rent concessions occurring as a direct consequence of the covid-19 pandemic;
- (2) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (3) Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- (4) There is no substantive change to other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments that arise from rent concessions are recognized in profit or loss for the reporting period.

2. The Company as lessor

When the Group acts as a lessor, it determines at lease commencement date whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. At the time of evaluation, the Group's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

If the Group is a sublessor, it will handle the main lease and sub-lease transactions separately, and use the right-of-use assets generated by the main lease to evaluate the classification of the sub-lease transactions. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

If the sublease includes lease and non-lease components, the consideration is allocated in accordance with IFRS 15.

(14) Intangible assets

1. Recognition and measurement

Intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.

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

2. Subsequent expenses

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

The amortizable amount is the cost of an asset, less, its residual value. Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

(1) Patents and trademarks: 10 years

(2) Service concessions: 16 years

(3) Computer software: 2~5 years

The amortization method, amortization period, and residual value are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(15) Impairments of Non-financial Assets

The Group assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventory, contractual assets, and deferred income tax assets) may be impaired. If there is any sign, an estimate is made of its recoverable amount.

For the impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is regarded as the smallest identifiable asset group.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

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

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

(16) Provisions

The recognition of liability provision means current obligation for past events, so that in the future the Group is most likely to outflow resources with economic benefits to settle it, and the amount of the obligation can be reliably estimated. The provision is discounted at a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risk of liabilities. The amortization of the discount is recognized as interest expense.

A provision for warranties is recognized upon the completion of construction. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(17) Revenue Recognition

1. Revenue of Customer Contract

The revenue is measured by the consideration expected to be entitled to for the transfer of goods or services. The Group recognizes the revenue when the control over goods or services is transferred to the client, and the performance obligations are met. The accounting policies for the Group's main types of revenue are explained below:

(1) Development of land and buildings

The Group develops and sells residential property, and often pre-sells property during or before construction. The Group recognizes the income upon transfer of control over property asset. Due to contractual restrictions, the property usually has no other use for the Group. Therefore, if the Group transfers the legal ownership of the property to the client, and the date of the actual delivery of the property shall prevail. However, if only one item is completed before the reporting date, but the other item is actually completed during the subsequent period, it is also recognized as income.

Revenue is measured based on the transaction price of the contractual agreement. When sales happen after construction is completed, in most cases, consideration is made upon transfer of legal ownership; however, in some cases, consideration is deferred for less than twelve months per contract terms. Consequently, no adjustment in the transaction price for the effect of financing component of the contract. When sales happen before construction is completed, consideration is payable in installments during the period from signing a contract to transfer of legal ownership of the real property. If a significant financing component is included in the contract, the installments are discounted at the interest rate of the construction loan to reflect the effect of time value of money. Prepayments are recognized as a contract liability in balance sheet, and discounts reflecting the effect of time value of money are recognized as interest expenses in profit or loss. The accumulated contract liabilities are reclassified as revenue upon the transfer of legal ownership.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(2) Customer loyalty program

The Group provides a customer loyalty program to retail customers, and the points obtained by customers' product purchase give customers the right to purchase products at a discount or exchange for gifts from the Group in the future. The Group believes that these points provide important rights that customers would not be able to obtain if they did not sign the contract, so the commitment to provide points to customers is a performance of obligation. The Group allocates the transaction price to the product and these points based on the relative stand-alone selling price. Based on past experience, the management estimates the stand-alone selling price of each point based on the discount given when the points are redeemed and the possibility of redemption; the retail price of the product is used as the basis to estimate the stand-alone price at the time of sale. The Group recognizes contract liabilities on the above-mentioned basis when selling products, and transfers revenue when these points are converted or lapsed.

(3) Consulting and management services

The Group provides business consulting and management services and recognizes the relevant revenue during the financial reporting period of providing labor services. Fixed-price contracts recognize the revenue based on the proportion of actual services provided to the total services as of the reporting date, which is determined by the proportion of costs incurred to the estimated total costs of services.

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

Under a fixed-price contract, the client pays a fixed amount of money according to the agreed schedule. When the service provided exceeds the payment, the contract assets shall be recognized. When the payment exceeds the service provided, the contract liabilities shall be recognized.

(4) Construction contracts

The Group is engaged in the contracting business of residential property and public construction. Since the assets are under the control of clients at the time of construction, the revenue is gradually recognized over time based on the proportion of the construction costs incurred to date to the estimated total contract costs. The contract includes fixed and variable consideration. The client pays a fixed amount of money according to the agreed schedule. Some variable consideration (such as penalty and price adjustment calculated based on overdue days) is estimated by the expected value based on the accumulated experience in the past. The Group recognizes revenue only within the range where the accumulated income is highly unlikely to have a material reversal. If the amount of recognized revenue has not yet been claimed, it shall be recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset shall be transferred to the accounts receivable.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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When the Company is unable to measure the stage of completion of a contractual performance obligations, revenue is recognized only to the extent that contract costs incurred are expected to be recoverable.

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

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

The Group grants standard warranties on residential real estate and public construction according to contract agreements and recognizes this obligation as provisions - warranty. Refer to Note 6(16) for more details.

(5) Commission income

In the department store business, when the Group acts as agent and not principal in an transaction, it recognizes commission revenue, on a net basis.

(6) Rental income

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

(7) Financing components

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

2. Contract costs

(1) Incremental costs of obtaining a contract

If the Group expects to recover the incremental cost for acquiring the customer contract, the cost will be recognized as asset. The incremental cost of acquiring contract is cost that will arise in acquiring customer contract and will not arise otherwise The contract acquisition cost no matter the contract will happen or not is recognized as expense, unless the cost is explicitly collectable from customer no matter the contract is acquired or not.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(2) Costs of fulfilling a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

For general and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(18) Government subsidies

The Group recognized COVID-19 related government grants with no conditions attached as other income when the grants became receivable. For other asset-related grants, the Group recognizes the deferred revenue at fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The deferred revenue is recognized as other income of depreciation expense over the useful life of the asset on a systematic basis. Government grants intended to compensate expenses incurred or losses of the Group were recognized in profit or loss in the same period as relevant expenses on a systematic basis.

(19) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

2. Defined benefit plans

The net obligation of the Group to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value and deducting any fair value of any plan assets.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation result may be beneficial to the Group, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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The remeasurement of net defined benefit liabilities, including actuarial gains and losses, plan asset returns (excluding interest), and any changes in the impact of the asset ceiling (excluding interest), are immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) determined by the Group is the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest paid and other expenses of the benefit plan are recognized in profit and loss.

When the plan is revised or reduced, the number of changes in benefits related to the past service costs or reduced benefits or losses is immediately recognized as profit or loss. When the settlement occurs, the Group shall recognize the settlement profit and loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are provided. If the Group has current legal or constructive payment obligations due to the past services provided by employees and the obligations can be estimated reliably, the amount shall be recognized as liabilities.

(20) Income tax

Income taxes include current and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to income tax payable or tax refund receivable in previous years. The amount is the best estimate of the expected payment or receipt based on the legal tax rate or substantively enacted tax rate on the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

1. Temporary arising from the initial recognition of an asset/liability other than in a business merger which, at the time of the transaction, does not affect either the accounting or the taxable profit;
2. Temporary differences arising from investments in subsidiaries, associates, and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future; and
3. Temporary differences arising from initial recognition of goodwill.

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

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The amounts of deferred tax assets and liabilities are:
 - (1) Levied by the same taxing authority; or
 - (2) Levied by different entities that intend to realize the asset and settle the liability at the same time.

(21) Earnings per Share

The Group presents the basic and diluted earnings per share of shareholders of common stock equity. The consolidation's basic earnings per share signifies that the profit and loss of the common shareholders of the Company divided by the weighted average number of common shares outstanding during the period. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stock holders and weighted average number of common shares outstanding.

(22) Segment Information

The operation department, as part of the Group, is engaged in operating activities for gaining income or incurring expenses (including income and expense related to the transaction with other departments in the Group). The operation results of all operation departments are regularly re-checked by major operation decision-makers of the Group, to make decisions on resources allocation and assess the performance. Every operation segment has its independent financial information.

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

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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The management will continue to review estimates and basic assumptions. If amendment of the estimations only affects the current period, it will be recognized in the period of amendment. If the amendment of the accounting estimations affects both the current and future periods, it will be recognized in the current and future periods.

Major Sources of Estimation and Assumption Uncertainty:

(1) Construction contracts

The recognition of the profit and loss of the construction contract of the Group refers to the recognition of the revenue and the cost respectively according to the complete degree of the contractual activities and the degree of completion is measured by the performance obligations fulfilled specified in the contract. As the estimation of total cost and contract projects are evaluated and judged by management based on the nature of different constructions, estimated contract, project duration, construction process, and construction methods, it may affect the calculation of the percentage of completion and the profit and loss of the construction.

(2) Inventory valuation

As inventory shall be measured based on the cost or realizable value, whichever is lower; if on the Group's evaluation report date, the inventory has no market value, the inventory cost shall be offset to net realizable value. The net realizable value of the inventory is mainly determined based on the current market conditions. However, due to political, economic and real estate tax reforms, the above estimation may have a significant change. See Note 6(5) for details of inventory valuation.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	2022.12.31	2021.12.31
Petty cash and cash on hand	\$ 12,016	12,051
Bank deposits		
Check deposits	3,667,802	3,070,313
Demand deposits	1,341,239	7,657,754
Time deposits	8,412,390	-
Cash equivalents	2,089,473	5,340,444
	\$ 15,522,920	16,080,562

These cash equivalents expire in January to February 2023, and 2022, respectively; interest rate of these cash equivalents are 0.98% ~ 1.02% and 0.25% ~ 0.27%.

Disclosure of interest rate risk and sensitivity analysis of our financial assets and liabilities of the Group is detailed in Note 6(25).

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(2) Financial assets at fair value through profit or loss

	2022.12.31	2021.12.31
Financial assets mandatorily measured at fair value through profit or loss:		
TWSE (or TPEX) listed company shares	\$ 97,466	124,600

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(24).
2. For the non-derivative financial assets mandatorily measured at fair value through profit or loss, the dividend incomes recognized by the Group in 2022 and 2021 were NT\$5,728 thousand and NT\$4,335 thousand.
3. As of December 31, 2022, and 2021, none of the financial assets of the Group was pledged as collateral.

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

	2022.12.31	2021.12.31
Equity investments measured at FVTOCI:		
Listed stock—Fubon Financial Holding Preferred Shares C	\$ 1,783	1,944
Listed stock - Clientron Corp.	655	973
Unlisted stock - Everterminal Co. Ltd.	3,305	2,914
Unlisted stock—Commonwealth Publishing Group	6,766	6,633
Unlisted stock—Huei Ding Computer	-	-
Total	\$ 12,509	12,464

1. The Group designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.
2. For the equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Group in 2022 and 2021 were NT\$1,602 thousand and NT\$428 thousand.
3. The Group did not dispose of strategic investment in 2022 and 2021, and accumulated profit and loss during that period were not transferred within the equity.
4. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(25).
5. None of the aforementioned financial assets has been pledged as collateral.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(4) Notes and accounts receivable

	2022.12.31	2021.12.31
Notes receivable	\$ 352	275
Accounts receivable	2,157,591	1,265,714
Less: Loss allowance	(8,096)	(12,876)
	\$ 2,149,847	1,253,113

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:

	2022.12.31		
	Carrying amount	Weighted average loss rate	Loss allowance for expected credit impairment of the period
Not past due	\$ 2,149,847	-	-
Past due more than 90 days	8,096	100%	8,096
	\$ 2,157,943		8,096
	2021.12.31		
	Carrying amount	Weighted average loss rate	Loss allowance for expected credit impairment of the period
Not past due	\$ 1,253,113	-	-
Past due more than 90 days	12,876	100%	12,876
	\$ 1,265,989		12,876

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

	2022	2021
Beginning balance	\$ 12,876	-
Impairment losses recognized	2,161	12,885
Reversal of impairment loss	(3,557)	-
Amounts written off as uncollectible during the year	(3,384)	(9)
Ending balance	\$ 8,096	12,876

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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As of December 31, 2022, and 2021, none of the receivables of the Group were pledged as collateral.

(5) Inventories

	2022.12.31	2021.12.31
Inventory - trading	\$ 12,977	9,789
Inventory - construction		
Prepayment for buildings and land	4,235	4,235
Land held for construction	2,899,060	2,609,060
Construction in progress	11,056,039	8,519,284
Buildings and land held for sale	7,135,537	10,098,676
Subtotal	21,094,871	21,231,255
Total	\$ 21,107,848	21,241,044

1. The amounts of the reversal of allowance for valuation loss written down due to sales of inventories was NT\$2,536 thousand for 2022.
2. For the years ended December 31, 2022 and 2021, the inventory valuation losses recognized due to inventories written down to net realizable value both amounted to NT\$14,593 thousand and NT\$6,667 thousand, respectively, and is recognized as cost of goods sold.
3. For the years ended December 31, 2022 and 2021, the capitalization rates applied in the calculation of construction in progress were 1.922% and 1.756%. Refer to Note 6(24) for details on the amounts of capitalization.
4. As of December 31, 2022, and 2021, the Group entrusted the statutory parking spaces held for sale to other parties, which amounted to NT\$13,796 thousand and NT\$16,332 thousand, respectively.
5. See Note 8 for details about the provision of inventories of the Group as the pledge guarantee as of December 31, 2022, and 2021.

(6) Investments accounted for using equity method

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

	2022.12.31	2021.12.31
Associates	\$ 114,347	15,120
Joint Ventures	1,021,771	-
	\$ 1,136,118	15,120

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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1. Associates

The relevant information on significant associates for the Group is as follows:

Name of Associates	The nature of the relations with the company	Principal places of business/ Country of registration	Proportion of ownership interest and voting right	
			2022.12.31	2021.12.31
Hon Hui Zhu Gao Co., Ltd. (Note 1)	Department stores, supermarkets, and non-store retailing	Taiwan	20%	- %

Note 1: The Group acquired 20% of the equity of Hon Hui Zhu Gao Co., Ltd. for NT\$100,000 thousand in cash in December 2022.

The summarized financial information for significant associates to the Group is as follows. Such financial information has been adjusted to reflect any adjustments to the fair value at the date of acquisition of associates' equity and adjustments to accounting policy differences included in the financial statements in conformity with the International Financial Reporting Standards of each associate.

The summary of the Hon Hui Zhu Gao Co., Ltd. financial information:

	2022.12.31
Current assets	\$ 299,875
Non-current assets	200,000
Current liabilities	(100)
Net assets	\$ 499,775
Net assets attributable to the Group	\$ 99,955
	2022
Operating revenue	\$ -
Net loss of units in continuing operations	\$ (225)
Total comprehensive income	\$ (225)
Total comprehensive income attributable to the Group	\$ (45)

The Group's associates accounted for using the equity method are individually insignificant, and the summarized financial information is as follows. Such financial information is the amount included in the consolidated financial statements of the Group:

	2022.12.31	2021.12.31
The book value of equity of individual insignificant associates is summarized.	\$ 14,392	15,120
	2022	2021
Shares attributable to the Group		
Net loss of units in continuing operations	\$ (728)	(5,387)
Total comprehensive income	\$ (728)	(5,387)

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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2. Joint Ventures

The Group, Clevo Co., and Hua Tai Investment Corporation jointly participated in the Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station. According to the joint venture agreement, the three companies establish a joint venture Tua Tiann Co., Ltd. As of December 31, 2022, the shareholding ratios were 51%, 24.5%, and 24.5%, respectively, and total investments of NT\$1,020,000 thousand, NT\$490,000 thousand, and NT\$490,000 thousand, respectively.

In September 2022, the joint venture signed the "Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station" contract with the Taipei Housing and Urban Regeneration Center. According to the contract, the joint venture is required to sign the "Lease Agreement for Shopping Malls at Highly Developed Zones" and "Lease Agreement for Low Developed Zones," respectively, with the Taiwan Railway Administration within one month after the transfer of ownership of the commercial facilities of the project building and within three months after the completion of the restoration and reuse plan for special reserved areas' open spaces. The lease term is 20 years.

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

	2022.12.31
Proportion of ownership interest right	51%
Current assets	\$ 2,004,350
Non-current assets	202
Current liabilities	939
Non-current liabilities	141
Net assets	\$ 2,003,472
Cash and cash equivalents	\$ 208,931
Share of net assets obtained by the Group	\$ 1,021,771
Book value of interest in joint ventures	\$ 1,021,771
	2022
Operating revenue	\$ -
Net income of units in continuing operations	\$ 3,473
Total comprehensive income	\$ 3,473
Operating expenses	\$ 695
Interest income	\$ 5,038
Interest expenses	\$ 2
Income tax expense	\$ 868
Total comprehensive income obtained by the Group	\$ 1,771

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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3. Collateral

As of December 31, 2022, and 2021, the investments under the equity method of the Group were not pledged as collateral.

(7) Subsidiary with material non-controlling interests

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

<u>Subsidiary name</u>	<u>Principal places of business / Country of registration</u>	<u>Proportion of ownership interest and voting right of non- controlling interests</u>	
		<u>2022.12.31</u>	<u>2021.12.31</u>
Kedge Construction Co., Ltd. and subsidiaries	Taiwan	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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 11,146,094	8,531,294
Non-current assets	652,598	746,449
Current liabilities	(7,416,157)	(5,576,580)
Non-current liabilities	(196,104)	(190,024)
Net assets	<u>\$ 4,186,431</u>	<u>3,511,139</u>
Carrying amount of non-controlling interests	<u>\$ 2,195,666</u>	<u>1,642,010</u>
	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$ 14,204,563</u>	<u>10,772,322</u>
Net income	\$ 1,047,936	740,492
Other comprehensive income	(97,090)	82,990
Total comprehensive income	<u>\$ 950,846</u>	<u>823,482</u>
Net profit attributable to non-controlling interests in this period	<u>\$ 733,055</u>	<u>550,639</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 734,940</u>	<u>550,137</u>
Cash flows from operating activities	\$ 929,487	267,343
Cash flows from investing activities	(14,236)	(16,219)
Cash flows from financing activities	7,534	(334,404)
Net increase in cash and cash equivalents	<u>\$ 922,785</u>	<u>(83,280)</u>
Dividends paid to non-controlling interests	<u>\$ 181,449</u>	<u>251,236</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(8) Property, Plant, and Equipment

The changes in the cost, depreciation and impairment losses of property, plant and equipment in 2022 and 2021 of the Group are as follows:

	Land	Buildings	Leasehold improvements	Other equipment (including transportation equipment, office equipment, machinery, other equipment and leased assets)	Construction in progress	Total
Cost or deemed cost:						
Balance as of January 1, 2022	\$ 3,567,078	4,355,494	1,047,652	391,669	3,452	9,365,345
Addition	-	23,319	6,869	44,037	8,471	82,696
Transfer from prepayments	-	339	-	357	-	696
Disposal and scrap	-	(21,345)	-	(4,407)	-	(25,752)
Adjustment of decoration works	-	(5,060)	(29,267)	377	(3,452)	(37,402)
Reclassifications	40,401	14,818	-	(811)	-	54,408
Balance as of December 31, 2022	\$ 3,607,479	4,367,565	1,025,254	431,222	8,471	9,439,991
Balance as of January 1, 2021	\$ 3,567,078	4,302,115	995,377	344,728	9,492	9,218,790
Addition	-	25,847	29,791	39,042	68,314	162,994
Transfer into (out of) construction in progress	-	31,358	33,035	9,803	(74,354)	(158)
Reclassifications	-	-	-	189	-	189
Disposal and scrap	-	-	(870)	(2,093)	-	(2,963)
Leasehold improvement paid by retailers	-	(3,826)	(9,681)	-	-	(13,507)
Balance as of December 31, 2021	\$ 3,567,078	4,355,494	1,047,652	391,669	3,452	9,365,345
Depreciation and impairment Losses						
Balance as of January 1, 2022	\$ -	1,857,836	755,840	248,433	-	2,862,109
Depreciation for the year	-	111,244	49,254	43,797	-	204,295
Disposal and scrap	-	(21,345)	-	(4,407)	-	(25,752)
Impairment loss	-	-	300	-	-	300
Reclassifications	14,000	6,177	-	(365)	-	19,812
Balance as of December 31, 2022	\$ 14,000	1,953,912	805,394	287,458	-	3,060,764
Balance as of January 1, 2021	\$ -	1,730,573	692,172	209,879	-	2,632,624
Depreciation for the year	-	111,610	58,702	37,470	-	207,782
Disposal and scrap	-	-	(1,034)	(1,881)	-	(2,915)
Impairment loss	-	15,653	6,000	2,965	-	24,618
Balance as of December 31, 2021	\$ -	1,857,836	755,840	248,433	-	2,862,109
Carrying amount:						
December 31, 2022	\$ 3,593,479	2,413,653	219,860	143,764	8,471	6,379,227
January 1, 2021	\$ 3,567,078	2,571,542	303,205	134,849	9,492	6,586,166
December 31, 2021	\$ 3,567,078	2,497,658	291,812	143,236	3,452	6,503,236

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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1. Impairment loss

In 2022 and 2021, the Group recognized impairment losses of NT\$300 thousand and NT\$24,618 thousand, respectively, for related properties, plants, and equipment, which were recognized as other gains and losses. Please refer to Note 6(24) for details.

2. Collateral

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

(9) Right-of-use assets

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

	Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2022	\$ -	3,884,636	16,789	3,901,425
Addition	2,302	6,543	10,860	19,705
Lease modifications	-	(49,992)	-	(49,992)
Transfer out - Lease expires	-	-	(2,281)	(2,281)
Balance as of December 31, 2022	<u>\$ 2,302</u>	<u>3,841,187</u>	<u>25,368</u>	<u>3,868,857</u>
Balance as of January 1, 2021	\$ -	3,890,784	13,394	3,904,178
Addition	-	-	3,395	3,395
Lease modifications	-	(6,148)	-	(6,148)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 3,884,636</u>	<u>16,789</u>	<u>3,901,425</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	-	202,462	5,544	208,006
Transfer out - Lease expires	-	-	(2,281)	(2,281)
Balance as of December 31, 2022	<u>\$ -</u>	<u>757,943</u>	<u>12,478</u>	<u>770,421</u>
Balance as of January 1, 2021	\$ -	351,108	4,072	355,180
Depreciation for the period	-	206,832	5,143	211,975
Lease modifications	-	(2,459)	-	(2,459)
Balance as of December 31, 2021	<u>\$ -</u>	<u>555,481</u>	<u>9,215</u>	<u>564,696</u>
Carrying amount:				
December 31, 2022	<u>\$ 2,302</u>	<u>3,083,244</u>	<u>12,890</u>	<u>3,098,436</u>
January 1, 2021	<u>\$ -</u>	<u>3,539,676</u>	<u>9,322</u>	<u>3,548,998</u>
December 31, 2021	<u>\$ -</u>	<u>3,329,155</u>	<u>7,574</u>	<u>3,336,729</u>

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

(10) Investment property

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

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance as of January 1, 2022	\$ 335,287	216,663	551,950
Property, Plant, and Equipment	(53,200)	(2,019)	(55,219)
Reclassifications	-	(830)	(830)
Balance as of December 31, 2022	<u>\$ 282,087</u>	<u>213,814</u>	<u>495,901</u>
Balance as of January 1, 2021	<u>\$ 335,287</u>	<u>216,663</u>	<u>551,950</u>
Balance as of December 31, 2021	<u>\$ 335,287</u>	<u>216,663</u>	<u>551,950</u>
Depreciation and impairment Losses			
Balance as of January 1, 2022	\$ -	50,288	50,288
Depreciation for the year	-	4,255	4,255
Property, Plant, and Equipment	-	(20,177)	(20,177)
Reclassifications	-	(830)	(830)
Balance as of December 31, 2022	<u>\$ -</u>	<u>33,536</u>	<u>33,536</u>
Balance as of January 1, 2021	\$ -	45,775	45,775
Depreciation for the year	-	4,513	4,513
Balance as of December 31, 2021	<u>\$ -</u>	<u>50,288</u>	<u>50,288</u>
Carrying amount:			
December 31, 2022	<u>\$ 282,087</u>	<u>180,278</u>	<u>462,365</u>
January 1, 2021	<u>\$ 335,287</u>	<u>170,888</u>	<u>506,175</u>
December 31, 2021	<u>\$ 335,287</u>	<u>166,375</u>	<u>501,662</u>
Fair value:			
December 31, 2022		<u>\$ 591,998</u>	
December 31, 2021		<u>\$ 673,652</u>	

Investment properties are commercial real estates leased to third parties. Refer to Note 6(17) for details.

Fair value of investment properties is determined by the valuation of an independent appraiser (licensed in related professions and currently experienced in appraising similar properties) or by the Company's self-assessment (referring to the sales price of similar real estate transactions in the neighborhood). These inputs used in the fair value measurement were classified to Level 3.

The fair value measurement is assessed using the market approach and income approach. When quoted prices in an active market are not available, fair value of investment properties is determined by the present value of total future cash flows generate over the property's lifetime, discount at rates reflecting special risks of such cash flows. The discount rate applied for the years ended December 31, 2022, and 2021, ranged at 1.55% and 1.18% ~ 1.55%.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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See Note 8 for details about the provision of investment property of the Group as the pledge guarantee as of December 31, 2022, and 2021.

(11) Intangible assets

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

	<u>Franchise</u>	<u>Trademarks and patents</u>	<u>Computer software and others</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2022	\$ 54,199	500	127,972	182,671
Capitalized R&D	-	-	10,070	10,070
Transfer from prepayments	-	-	90	90
Disposal	-	-	(591)	(591)
Balance as of December 31, 2022	<u>\$ 54,199</u>	<u>500</u>	<u>137,541</u>	<u>192,240</u>
Balance as of January 1, 2021	\$ 54,199	500	113,025	167,724
Capitalized R&D	-	-	14,488	14,488
Transfer from prepayments	-	-	459	459
Balance as of December 31, 2021	<u>\$ 54,199</u>	<u>500</u>	<u>127,972</u>	<u>182,671</u>
Amortization and impairment loss:				
Balance as of January 1, 2022	\$ 33,147	500	94,620	128,267
Amortization for the year	3,475	-	7,215	10,690
Disposal	-	-	(591)	(591)
Balance as of December 31, 2022	<u>\$ 36,622</u>	<u>500</u>	<u>101,244</u>	<u>138,366</u>
Balance as of January 1, 2021	\$ 29,674	500	88,314	118,488
Amortization for the year	3,473	-	6,306	9,779
Balance as of December 31, 2021	<u>\$ 33,147</u>	<u>500</u>	<u>94,620</u>	<u>128,267</u>
Carrying amount:				
December 31, 2022	<u>\$ 17,577</u>	<u>-</u>	<u>36,297</u>	<u>53,874</u>
January 1, 2021	<u>\$ 24,525</u>	<u>-</u>	<u>24,711</u>	<u>49,236</u>
December 31, 2021	<u>\$ 21,052</u>	<u>-</u>	<u>33,352</u>	<u>54,404</u>

- For the amount of amortization of intangible assets included in the consolidated statements of comprehensive income for the years ended December 31, 2022, and 2021, please refer to Note 12.
- As of December 31, 2022, and 2021, the Group did not provide any collaterals.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Other financial assets - current	\$ 3,675,772	2,303,584
Incremental costs of obtaining a contract	9,978	50,897
	<u>\$ 3,685,750</u>	<u>2,354,481</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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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, time deposits, and bank accounts 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 costs are amortized upon revenue recognition of real estate sales. For the years ended on December 31, 2022 and 2021, the amount of incremental costs were NT\$50,897 thousand and NT\$110,885 thousand, respectively.

(13) Short-term 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:

	2022.12.31			
	Currency	Interest rate collars	Maturity year	Amount
Secured bank loans	NTD	1.79%~2.56%	112~116	\$ 12,223,318
Unsecured bank loans	NTD	1.57%~2.44%	112~113	4,445,378
Total				\$ 16,668,696
Current				\$ 15,230,496
Non-current				1,438,200
Total				\$ 16,668,696

	2021.12.31			
	Currency	Interest rate collars	Maturity year	Amount
Secured bank loans	NTD	1.41% ~ 1.90%	111~116	\$ 11,983,298
Unsecured bank loans	NTD	1.05% ~ 2.44%	111~112	4,613,667
Total				\$ 16,596,965
Current				\$ 14,763,405
Non-current				1,833,560
Total				\$ 16,596,965

1. Issuance and repayment of loans

In 2022 and 2021, the increases in loans were NT\$5,092,369 thousand and NT\$4,871,600 thousand, respectively; the amounts of repayments were NT\$5,020,638 thousand and NT\$5,750,986 thousand, respectively.

2. Collateral

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(14) 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>2022.12.31</u>	<u>2021.12.31</u>
Secured ordinary corporate bonds - current	\$ 2,000,000	-
Secured ordinary corporate bonds - non-current	2,000,000	4,000,000
Total	<u>\$ 4,000,000</u>	<u>4,000,000</u>

1. In the year 2022 and 2021, the Group did not issue, repurchase or repay corporate bonds payable.
2. For details on the aforementioned secured ordinary corporate bonds, please refer to Note 8.

(15) Lease liabilities

The carrying amount of lease liability is as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current	<u>\$ 191,062</u>	<u>181,149</u>
Non-current	<u>\$ 3,123,422</u>	<u>3,340,967</u>

For maturity analysis, please refer to Note 6(25) Financial Instruments.

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

	<u>2022</u>	<u>2021</u>
Interest expense on lease liability	<u>\$ 59,318</u>	<u>63,969</u>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 11,057</u>	<u>12,344</u>
Lease subsidies related to COVID-19 (other income)	<u>\$ 21,553</u>	<u>42,785</u>

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

	<u>2022</u>	<u>2021</u>
Variable lease payments not accounted for in lease liability	<u>\$ 83,867</u>	<u>80,387</u>
Total cash used in lease	<u>\$ 331,587</u>	<u>315,185</u>

1. Lease of buildings and constructions

- (1) The land on Gongyuan Road in Pingtung City is leased by Pingtung Irrigation Association. The lease term was twenty years, and according to the contract, the lease payment was for 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.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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- (2) 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.
- (3) 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.
- (4) 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.
- (5) The mall in Banqiao HSR station is leased from Taiwan Railways Administration under a service concession contract to be used as offices and stores. The lease term is sixteen years 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. In addition to paying an annual concession fee, both a flat amount and a percentage of retail sales revenue shall be paid.
- (6) The Group signed an operating and investment contract, "Zuoying HSR station Building," with the Taiwan Railways Administration, MOTC (referred to as "TRA" below). TRA provides the east and west commercial spaces from 1F to 4F of the shopping mall in the Zuoying HSR station Building. The Group is authorized to renovate (for one year) and operate (for 12 years). 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.

2. Other leases

The Group leases transportation equipment and the lease period is three years. In addition, the Group leases office equipment, outdoor fixed-spot advertising, and reception center. 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.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(16) Provisions

	Warranties
Balance as of January 1, 2022	\$ 181,626
Additions	19,636
Reclassifications	3,907
Used	(20,933)
Reversal liability provision for the period	(1,000)
Balance as of December 31, 2022	<u>\$ 183,236</u>
Balance as of January 1, 2021	\$ 150,363
Additions	37,076
Used	(5,813)
Balance as of December 31, 2021	<u>\$ 181,626</u>

In 2022 and 2021, the warranty provisions of the Group are mainly related to construction contracting. The warranty provisions are estimated based on the historical warranty data of various constructions. The Group expects that the liability will occur mostly one year after the construction acceptance.

(17) Operating lease (lessor)

The Group leases its investment properties and recognizes the leases that do not transfer of the substantial risks and rewards incident to ownership of an underlying asset under as operating leases. Refer to Note 6(10) for details.

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

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

For the years ended December 31, 2022, and 2021, the rental income from investment property amounted to NT\$7,623 thousand and NT\$11,443 thousand, respectively; no significant repair and maintenance expenses were recognized.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(18) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets for defined benefit plans was as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Present value of defined benefit obligations	\$ 23,413	31,567
Fair value of plan assets	(28,412)	(31,070)
Net defined benefit (assets) liabilities	<u>\$ (4,999)</u>	<u>497</u>

Details on employee benefit liabilities were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Short-term compensated absences liabilities	<u>\$ 20,174</u>	<u>21,907</u>

The Group makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans covered by the Labor Standards Act entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(1) Composition of plan assets

The Group allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to NT\$29,682 thousand as of the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Movements in present value of the defined benefit obligations

The changes in the present value of defined benefit obligations of the Group in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligations at January 1	\$ 31,567	34,797
Current service costs and interest cost (income)	174	278
Remeasurement on the net defined benefit liabilities (assets)		
— Actuarial loss (gain) arising from changes in financial assumption	(1,437)	722
— Experience adjustments	(1,107)	(172)
Benefits paid by the plan	(5,784)	(4,058)
Fair value of plan assets at December 31	<u>\$ 23,413</u>	<u>31,567</u>

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

(3) Movements in fair value of plan assets

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

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 31,070	32,218
Interest income	183	261
Remeasurement on the net defined benefit liabilities (assets)		
— Return on plan assets (excluding amounts included in net interest expense)	2,248	(1,577)
Contributions paid by the employer	695	4,226
Benefits paid by the plan	<u>(5,784)</u>	<u>(4,058)</u>
Fair value of plan assets at December 31	<u><u>\$ 28,412</u></u>	<u><u>31,070</u></u>

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

(5) Expenses recognized in profit or loss

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

	<u>2022</u>	<u>2021</u>
Current service costs	\$ 55	101
Net interest of net defined benefit liabilities (assets)	<u>(64)</u>	<u>(84)</u>
	<u><u>\$ (9)</u></u>	<u><u>17</u></u>
Operating costs	\$ (15)	(30)
General and administrative expenses	<u>6</u>	<u>47</u>
	<u><u>\$ (9)</u></u>	<u><u>17</u></u>

(6) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

The re-measurement amount of the net defined benefit liabilities (assets) recognized as other consolidated benefit and losses in 2022 and 2021 of the Group is as follows:

	<u>2022</u>	<u>2021</u>
Cumulative balance as of January 1	\$ (10,896)	(8,768)
Recognized for the year	<u>4,792</u>	<u>(2,128)</u>
Cumulative Balance as of December 31	<u><u>\$ (6,104)</u></u>	<u><u>(10,896)</u></u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2022.12.31	2021.12.31
Discount rate	1.25%	0.55%
Future salary increases rate	1.75%~2.00%	1.75%

Based on the actuarial report, the Group is expected to make a contribution payment of NT\$696 thousand to the defined benefit plans for the one-year period after the reporting date of 2022.

The weighted average survival period of defined benefit plan is 7.8 to 10.5 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2022, and 2021 on the present value of defined benefit obligations is as follows:

	The impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2022		
Discount rate (change by 0.25%)	(483)	499
Future salary increases rate (change by 1%)	2,075	(1,864)
December 31, 2021		
Discount rate (change by 0.25%)	(722)	746
Future salary increases rate (change by 1%)	3,083	(2,758)

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. This analysis shows the isolated effect of changing one individual assumption, but in fact, many assumptions are correlated. There were no changes in the method and assumptions used in the preparation of sensitivity analysis for the current period and for the prior periods.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for the prior periods.

2. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2022, and 2021 amounted to NT\$41,720 thousand and NT\$37,055 thousand, respectively.

(19) Income tax

1. Income tax expense

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

	<u>2022</u>	<u>2021</u>
Current tax expenses		
Accrued in current period	\$ 529,333	570,574
Surtax on unappropriated earnings	108,659	84,484
Adjustments to income tax expenses of previous period	(3,402)	(3,001)
Land value increment tax	64,870	261,779
	<u>699,460</u>	<u>913,836</u>
Deferred income tax expenses		
Reversal of tax loss recognized for the prior periods	-	1,500
Occurrence and reversal of temporary differences	10,755	(13,983)
	<u>10,755</u>	<u>(12,483)</u>
Income tax expenses on units in continuing operation	<u>\$ 710,215</u>	<u>901,353</u>

For 2022, and 2021, no income tax expenses of the Group are recognized in equity or other comprehensive income.

The relationship between the income tax expense and the profit before tax of the Group in 2022 and 2021 is adjusted as follows:

	<u>2022</u>	<u>2021</u>
Net income before tax	\$ 3,839,912	4,978,686
Income tax using the Company's domestic tax rate	\$ 767,982	995,737
Non-deductible expenses	852	-
Non-taxable incomes	(151,092)	(312,863)
Deferred tax on interest expenses	(9,436)	(2,550)
Deferred tax on interest expenses	(2,650)	(8,009)
Domestic investment gain accounted for using equity method	(200)	-
Valuation loss (gain) on financial assets measured at fair value through profit or loss	5,427	(3,824)
Changes in temporary differences are not recognized	(2,076)	-
Changes in recognized temporary differences	-	(4)
Timing differences	-	(51,221)
Tax loss of unrecognized deferred tax assets for the current period	3,854	22,489
Loss carryforward	(51,478)	-
Overestimation in the previous period	(3,401)	(3,001)
Land value increment tax	64,870	261,779
Total land price increase	(16,437)	(26,176)
Surtax on unappropriated earnings	108,659	84,484
Realized investment loss	(19,259)	(34,491)
Others	14,600	(20,997)
	<u>\$ 710,215</u>	<u>901,353</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were as follows:

	2022.12.31	2021.12.31
Deductible temporary differences	\$ 803	8,251
Tax losses	51,410	99,580
	\$ 52,213	107,831

Tax losses are permitted by Income Tax Act, according to which, operating losses for the prior ten periods can be deducted from operating profits for the respective period before the calculation of income tax, so long as the operating losses are assessed by tax collection agencies. Instead of recognized as a deferred income tax asset, the tax losses is recognized as temporary differences, for the Group expects sufficient future taxable profits to offset the tax losses.

As of December 31, 2022, the deduction period for the tax loss of deferred income tax assets recognized and those not recognized by the Group is as follows:

Year of operating loss	Amount of deductible losses	Expiration year
Assessed operating losses for fiscal year 2013	\$ 41,055	2023
Assessed operating losses for fiscal year 2014	17,243	2024
Assessed operating losses for fiscal year 2015	34,098	2025
Assessed operating losses for fiscal year 2016	29,999	2026
Assessed operating losses for fiscal year 2017	20,447	2027
Assessed operating losses for fiscal year 2018	17,364	2028
Assessed operating losses for fiscal year 2019	16,776	2029
Assessed operating losses for fiscal year 2020	15,141	2030
Loss declared in 2021	45,655	2031
Loss estimated in 2022	\$ 19,271	2032
	\$ 257,049	

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

(2) Recognized deferred tax assets and liabilities

The changes in deferred income tax assets for the year 2022 and 2021 are as follows

Deferred tax assets:

	Defined benefit plans	Provisions	Loss carryforward	Others	Total
January 1, 2022	\$ 1,002	36,321	183	29,490	66,996
Credit (debit) on income statements	<u>30</u>	<u>321</u>	<u>(183)</u>	<u>(10,003)</u>	<u>(9,835)</u>
December 31, 2022	<u>\$ 1,032</u>	<u>36,642</u>	<u>-</u>	<u>19,487</u>	<u>57,161</u>
January 1, 2021	\$ 829	30,068	1,895	21,720	54,512
Credit (debit) on income statements	<u>173</u>	<u>6,253</u>	<u>(1,712)</u>	<u>7,770</u>	<u>12,484</u>
December 31, 2021	<u>\$ 1,002</u>	<u>36,321</u>	<u>183</u>	<u>29,490</u>	<u>66,996</u>

Deferred tax liabilities:

	Unrealized gains on foreign exchange
Balance as of January 1, 2022	\$ -
Credit on income statements	<u>921</u>
Balance as of December 31, 2022	<u>\$ 921</u>
Balance as of January 1, 2021 (i.e. Balance as of December 31, 2021)	<u>\$ -</u>

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

(20) Capital and other equity interest

As of December 31, 2022 and 2021, the total value of nominal common stocks both amounted to NT\$6,500,000 thousand, with a par value of NT\$10 per share, consisting of 650,000 thousand shares issued. The aforementioned nominal common stocks are all ordinary shares. There was 554,170 thousand shares of ordinary shares already issued. All the funds of the issued shares has been collected.

1. Issuance of common shares

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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2. Capital reserve

The details of capital reserve were as follows:

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

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

3. Retained earnings

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

(1) Legal reserve

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

(2) Special reserve

According to the FSC regulations, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve appropriated during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, are included in the undistributed earnings of the period, and a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not

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

qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of December 31, 2022, the balance of special reserve was NT\$26,727 thousand.

(3) Earnings distribution

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

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

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

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

4. Treasury stock

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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(2) As of December 31, 2022 and 2021, the Company's common stock held by the Group was as follows:

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

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

5. Other equity items (net of tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	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	159	-	30	189
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	24	21	45
Balance as of December 31, 2022	\$ (29,493)	2,949	(5,172)	(31,716)
Balance as of January 1, 2021	\$ (28,521)	674	(5,540)	(33,387)
The exchange differences yielded by net assets of overseas operating institutions	(1,131)	-	(216)	(1,347)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,251	533	2,784
Balance as of December 31, 2021	\$ (29,652)	2,925	(5,223)	(31,950)

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

(22) Earnings per Share

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

1. Basic earnings per share

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

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

(2) Weighted average number of ordinary shares outstanding

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

2. Diluted earnings per share

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

	2022	2021
Net income attributable to the shareholders of common stocks of the company (diluted)	\$ 2,333,896	3,508,103

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

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

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

1. Disaggregation of revenue

	2022			
	Development business unit	Construction	Shopping mall	Total
Main regional markets:				
Taiwan	\$ 7,658,037	12,355,600	1,492,465	21,506,102
Main products/services:				
Sales of real estate developments	\$ 7,498,364	-	-	7,498,364
Sales of construction contracts	137,988	12,355,611	-	12,493,599
Sales commission from department store retailers	-	-	1,203,276	1,203,276
Service revenue	13,234	-	27,947	41,181
Rental income	8,451	(11)	126,548	134,988
Other income	-	-	134,694	134,694
	\$ 7,658,037	12,355,600	1,492,465	21,506,102
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 7,511,598	-	1,346,755	8,858,353
Gradually transferred revenue over time	8,451	(11)	145,710	154,150
Gradually transferred construction over time	137,988	12,355,611	-	12,493,599
	\$ 7,658,037	12,355,600	1,492,465	21,506,102
	2021			
	Development business unit	Construction	Shopping mall	Total
Main regional markets:				
Taiwan	\$ 16,098,786	7,939,091	1,153,261	25,191,138
Main products/services:				
Sales of real estate developments	\$ 15,886,329	-	-	15,886,329
Sales of construction contracts	187,440	7,936,459	-	8,123,899
Sales commission from department store retailers	-	-	949,519	949,519
Service revenue	2,659	-	17,709	20,368
Rental income	10,232	2,632	79,055	91,919
Other income	12,126	-	106,978	119,104
	\$ 16,098,786	7,939,091	1,153,261	25,191,138
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 15,901,114	-	1,096,903	16,998,017
Gradually transferred revenue over time	10,232	2,632	56,358	69,222
Gradually transferred construction over time	187,440	7,936,459	-	8,123,899
	\$ 16,098,786	7,939,091	1,153,261	25,191,138

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

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Accounts receivable	\$ 2,157,591	1,265,714	2,225,979
Less: Loss allowance	(8,096)	(12,876)	-
Total	<u>\$ 2,149,495</u>	<u>1,252,838</u>	<u>2,225,979</u>
Contract assets - construction	\$ 1,675,939	1,975,776	1,671,567
Less: Loss allowance	-	-	-
Total	<u>\$ 1,675,939</u>	<u>1,975,776</u>	<u>1,671,567</u>
Contract liabilities - construction	\$ 1,635,353	454,424	1,247,902
Contract liabilities - buildings	306,601	1,045,946	4,257,365
Contract liabilities - gym	12,011	11,584	10,243
Contract liabilities - customer loyalty points	17,009	26,516	11,927
Contract liabilities - vouchers	74,831	70,186	58,210
Total	<u>\$ 2,045,805</u>	<u>1,608,656</u>	<u>5,585,647</u>

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

The beginning balance of contract liability on January 1, 2022, and 2021, were NT\$980,194 thousand and NT\$4,049,760 thousand, respectively.

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. For the years ended December 31, 2022, and 2021, no material changes were recognized.

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

<u>Project code</u>	<u>2022.12.31</u>
104A	\$ 139,038
101A	25,564
	<u>\$ 164,602</u>

(24) 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.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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In 2022 and 2021, the Company's employee bonus was set aside for NT\$41,942 thousand and NT\$53,929 thousand respectively, and the Director's remuneration was set aside for NT\$41,942 thousand and NT\$53,929 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and Directors in each period multiplied by the distribution percentage of the bonus of employees and Directors stipulated in the Articles of Incorporation of the Company, and reported as the operating expenses of 2022 and 2021. 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.

(25) Non-operating income and expenses

1. Interest income

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

	<u>2022</u>	<u>2021</u>
Bank deposits (including short-term securities)	\$ 69,696	22,775
Loans and receivables	435	388
Construction refundable deposits (including deposits)	584	177
Other interest income	1,106	2,096
	<u>\$ 71,821</u>	<u>25,436</u>

2. Other income

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

	<u>2022</u>	<u>2021</u>
Dividend income	<u>\$ 7,330</u>	<u>4,763</u>

3. Other gains or losses

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

	<u>2022</u>	<u>2021</u>
Gains on foreign exchange	\$ 4,290	1,163
Profit (loss) on financial assets measured at fair value through profit or loss	(27,134)	53,805
Proceeds from disposals of property, plant and equipment	-	28
Impairment loss	(300)	(24,618)
Government grant income	21,825	51,864
Rental income	665	784
Other income	59,033	45,511
Others	(24,135)	(24,001)
Gains from lease modifications	-	58
	<u>\$ 34,244</u>	<u>104,594</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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4. Finance costs

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

	2022	2021
Interest expenses		
Bank loans	\$ 319,902	290,604
Interests on deposits in advance for public land development	62	86
Transaction fees and interests on corporate bonds	69,916	81,550
Lease liabilities	59,318	63,969
Others	975	2,015
Less: Capitalization of interest	(147,308)	(123,107)
	\$ 302,865	315,117

(26) Financial Instruments

1. Credit risk

(1) Credit risk exposure

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

(2) Concentration of credit risk

The Group's clientele is mainly public works and the vast majority of consumers. The accounts receivable of the Group's shopping mall business unit is receivables from financial institutions, generated by credit card transactions, that of the construction business unit receivables of construction projects under contracts, and that of the Development business unit receivables of real estate sales. The receivables from financial institutions are directly wired into the Group's bank accounts, and the receivables of real estate sales are paid by individual consumers through wire transfers, cashier's or certified checks and mortgage. Consequently, the credit risks in relations to these receivables are estimated to be minimal and hence can be effectively managed and controlled.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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2. 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>
December 31, 2022						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,668,696	17,134,531	10,927,881	4,413,182	1,793,468	-
Ordinary corporate bonds (including within one year)	4,000,000	4,039,600	2,007,375	2,032,225	-	-
Notes, accounts and other payables	7,257,175	7,257,175	5,373,925	1,883,250	-	-
Guarantee deposits received	96,204	96,204	-	96,204	-	-
Other current and non-current liabilities (long-term liabilities)	32,672	32,892	16,490	16,402	-	-
Lease liabilities (including current portion)	3,314,484	3,845,738	245,058	470,844	464,549	2,665,287
	<u>\$ 31,369,231</u>	<u>32,406,140</u>	<u>18,570,729</u>	<u>8,912,107</u>	<u>2,258,017</u>	<u>2,665,287</u>
December 31, 2021						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,596,965	17,029,145	8,219,855	7,510,881	597,787	700,622
Ordinary corporate bonds (including within one year)	4,000,000	4,072,900	-	3,050,281	1,022,619	-
Notes, accounts and other payables	7,011,149	7,011,149	5,044,435	1,966,714	-	-
Guarantee deposits received	97,814	97,814	-	97,814	-	-
Other current and non-current liabilities (long-term liabilities)	49,008	49,471	16,579	32,892	-	-
Lease liabilities (including current portion)	3,522,116	4,121,432	240,754	480,964	468,854	2,930,860
	<u>\$ 31,277,052</u>	<u>32,381,911</u>	<u>13,521,623</u>	<u>13,139,546</u>	<u>2,089,260</u>	<u>3,631,482</u>

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.

3. Interest rate analysis

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

The following sensitivity analysis is based on the interest rate exposure of derivatives and non-derivatives on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The interest rate fluctuation of 1% increase or decrease is used internally for reporting the interest rate to management and is the assessment by management regarding the reasonable and possible changes in interest rates.

If the interest rate increases or decreases by 1% on the, while other factors remained unchanged, the Group's profit before tax in 2022 and 2021 would decrease or increase by NT\$166,687 thousand and NT\$165,970 thousand, respectively; net profit before tax will decrease or increase by NT\$112,143 thousand and NT\$119,345 thousand, respectively, after capitalization of interest. This is mainly because the Group has floating rate loans.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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4. Other price risk

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

<u>Securities price on the reporting date</u>	2022		2021	
	Other comprehensive income after tax	Net profit after tax	Other comprehensive income after tax	Net profit after tax
Increase by 10%	\$ 1,251	9,747	1,246	12,460
Decrease by 10%	\$ (1,251)	(9,747)	(1,246)	(12,460)

5. 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:

	2022.12.31				
	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	\$ 97,466	97,466	-	-	97,466
Financial assets at fair value through other comprehensive income	\$ 12,509	2,438	-	10,071	12,509
Financial assets at amortized cost					
Cash and cash equivalents	\$ 15,522,920	-	-	-	-
Notes and accounts receivable	2,149,847	-	-	-	-
Other financial assets-current	3,675,772	-	-	-	-
Other financial assets-non-current	73,566	-	-	-	-
Subtotal	21,422,105	-	-	-	-
Total	\$ 21,532,080	99,904	-	10,071	109,975
Financial liabilities measured at amortized costs					
Long-/short-term loans (including current portion due within one year)	\$ 16,668,696	-	-	-	-
Notes, accounts and other payables	7,257,175	-	-	-	-
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-
Other current liabilities (long-term payables)	16,336	-	-	-	-
Other non-current liabilities (long-term payables)	16,336	-	-	-	-
Lease liabilities (including current portion)	3,314,484	-	-	-	-
Guarantee deposits received	96,204	-	-	-	-
Total	\$ 31,369,231	-	-	-	-

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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	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
	2021.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost					
Cash and cash equivalents	\$ 16,080,562	-	-	-	-
Notes and accounts receivable	1,253,113	-	-	-	-
Other financial assets-current	2,303,584	-	-	-	-
Other financial assets-non-current	79,142	-	-	-	-
Subtotal	19,716,401	-	-	-	-
Total	\$ 19,853,465	127,517	-	9,547	137,064
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	-	-	-	-
Other current liabilities (long-term payables)	16,336	-	-	-	-
Other non-current liabilities (long-term payables)	32,672	-	-	-	-
Lease liabilities (including current portion)	3,522,116	-	-	-	-
Guarantee deposits received	97,814	-	-	-	-
Total	\$ 31,277,052	-	-	-	-

(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.

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

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.

(3) Changes in Level 3 financial assets

	Measured at fair value through other comprehensive income
	Equity instruments without public quotes
January 1, 2022	\$ 9,547
December 31, 2022	\$ 10,071
January 1, 2021	\$ 8,236
December 31, 2021	\$ 9,547

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

	2022	2021
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	\$ 524	2,303

(27) Financial risk management

1. Overview

The Group is exposed to the following risks from its financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. For more details, please refer to the related notes to parent company only financial statements.

2. Structure of risk management

(1) Risk management policy

Enterprises often encounter many uncertainties that may threaten their operations. In order to find and control them as early as possible and reduce the losses caused by risks, good risk management policies are required. The Board of Directors of the Group establishes the overall risk management policy in line with the operating strategy, operating environment and department plan. Its main subjects include the aspects of the environment, internal and external operational flow, and strategic decision-making, etc. In addition, the Board of Directors shall submit risk management reports on various risk management resolutions, delivery matters, supervision and follow-up implementation, so that when future operation and management face similar or identical problems, they can refer to past experience and propose better solutions.

(2) Organization structure of risk management

Every level in the organization structure or every department in the Group has responsibility for risk management. A discovery of any risk shall be reported to the internal audit and senior management, who then shall take related actions in the first place.

The organization structure of risk management is as follows:

Organization name	Responsibilities
Board of Directors	Establish risk management policy Ensure effective operation of and sufficient resources allocated to risk management
Senior management	Execute risk management policy determined by Board of Directors Coordinate cross-functional risk control activities
Internal Audit	Perform routine audits on risk control Monitor risk control activities and report them to Board of Directors and Audit Committee
Others	Compiling results of risk control activities Perform routine activities on risk control Evaluate risk types based on circumstances and propose corresponding action plans

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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4. Credit risk

Credit risk is the risk of financial losses resulting, when the Group's customers or counter-parties of its financial instruments fail to meet their contractual obligations, principally from the Group's receivables from clients and investment securities.

(1) Accounts receivable and other receivables

The credit risk exposure of the Group is primarily affected by the individual circumstances of each client. The management also considers the statistical data on the basis of Group customers, including the default risk of industry and country, because these factors can also influence credit risk. The Group's revenues in both 2022 and 2021 were derived from sales to domestic customers. The accounts receivable of the Group's shopping mall business unit is receivables from financial institutions, generated by credit card transactions, that of the construction business unit receivables of construction projects under contracts and that of the development business unit receivables of real estate sales. The receivables from financial institutions are directly wired into the Group's bank accounts, the project receivable requires the other party to provide a guarantee or assurance when necessary, and the receivables of real estate sales are paid by individual consumers through wire transfers, cashier's or certified checks and mortgage. Consequently, the credit risks in relations to these receivables are estimated to be minimal.

The Group sets up an allowance doubtful debts account to reflect the estimated incurred cost in accounts receivable and other receivables and investment. The allowance account consists of two components; the main component refers specific losses associated with individual significant exposure to credit risks; and the other component refers to a portfolio of already occurred but yet to have identified losses of a group of similar assets. The portfolio of loss allowance account is determined by historical statistics on payments eventually received for similar financial assets.

(2) Investments

The exposure to credit risk in relation to bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Group's finance department. Since the Group only deals with banks with good credit rating as well as financial institutions, corporations, and government agencies with investment-grade credit ratings, no concerns on the fulfillment of its counterparty's obligations and no significant exposure to credit risk were recognized.

(3) Guarantees

Policies of the Group stipulates that financial guarantee can be made available to counter-parties with whom the Group has business. As of December 31, 2022, and 2021, the Group provides no endorsements/guarantees mentioned above.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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5. Liquidity risk

Liquidity risk is the risk of unfulfilled obligations occurring when the Group cannot settle its financial liabilities with cash or another financial asset. The Group's approach to managing liquidity is to always ensure that it has sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking its reputation.

6. Market risk

Market risk is the risk of changes in the Group's profits or value of its financial instruments resulting from changes in market factors, such as foreign exchange rates, interest rates, and prices of equity instruments. The Group's objective of market risk management is to control its market risk exposure within a bearable range while optimizing the investment return.

(1) Interest rate risk

The Group adopts the most cost-effective strategy in maintaining an appropriate portfolio of fixed and floating interest rates and conducting such assessment regularly.

(2) Other market price risk

The Group is exposed to the risk of market price fluctuation in its equity instruments held for sale with the intention to cover the unfunded portion of the defined benefit obligations. The Group's management adjusts the ratio of equity to debt in its investment portfolio according to fluctuation in market price index. Any material investment in the portfolio is managed separately.

(28) Capital management

The Group's objectives of capital management is to ensure its capacity in operation continuity, to return profits to its shareholders and other stakeholders, and to optimize its capital structure to reduce cost of capital.

In maintaining or adjusting the capital structure, the Group may settle liabilities through adjustments in dividend payment or capital return to its shareholders, issuance of new shares, or disposal of assets.

The Group, like its peer companies, control capital management on the basis of debt-to-capital ratio, which is net debt divided by total capital. The net debt is the total liabilities less cash and cash equivalents. The total capital is total equity (including share capital, capital reserve, retained earnings, other equity, and non-controlling equity) plus net debt.

For the years ended December 31, 2022 and 2021, the Group had the same policy on capital management and maintained the debt-to-capital ratio between 40% to 60% to ensure reasonable cost of capital. The debt-to-capital ratios on December 31 of 2022 and 2021 are as follows:

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

	2022.12.31	2021.12.31
Total liabilities	\$ 34,297,409	33,852,810
Less: cash and cash equivalents	(15,522,920)	(16,080,562)
Net liability	18,774,489	17,772,248
Total equity	21,565,448	19,995,633
Capital after adjustment	\$ 40,339,937	37,767,881
Debt-to-capital ratio	46.54%	47.06%

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

The statement of non-cash transaction investments and financing activities of the Group in 2022 and 2021.

1. For details right-of-use assets obtained by lease, please refer to Note 6(9).
2. Acquisition of property, plant, and equipment are as follow :

	2022	2021
Purchase of Property, Plant, and Equipment	\$ 82,696	162,994
Add: Equipment payable in the beginning of period	80,080	25,833
Less: Equipment payable in the end of period	(27,286)	(80,080)
	\$ 135,490	108,747

7. Related-Party Transactions

(1) 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:

Name of related party	Relationship with the Group
Kindom Yu San Education Foundation	The entity's chairman is the second-degree relative of the company's chairman.
Tua Tiann Co., Ltd.	A joint venture of the Group.
ReadyCom eServices Co. Ltd.	Associates

(2) Transactions with related parties

1. For the years ended December 31, 2022 and 2021, donations made to the related party in the amounts of NT\$20,000 thousand and NT\$15,000 thousand are for the purpose of promoting the Foundation's services.
2. Part of the Group's office building was leased to its related parties and joint venture in a lease term of one year and three years with a rent in the amount of NT\$84 thousand and NT\$57 thousand, respectively, for years ended December 31, 2022, and 2021.
3. The Group signed an information project consulting service contract with associates in

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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December 2021. The total value of the contract is NT\$50 thousand per month, and the information project consulting service fee for the 2022 was NT\$600 thousand.

4. Debt situation

The details of Debt of between the Party the Group are as follows:

Accounting Subject	Category and Name of Related Party	2022.12.31	2021.12.31
Other payables	Associates	\$ 150	-

(3) Key management personnel transactions

Remuneration to major management personnel includes:

	2022	2021
Short-term employee benefits	\$ 218,332	164,592
Benefits after retirement	271	325
	\$ 218,603	164,917

8. Pledged Assets

The details of the carrying value of collateral pledged on restricted assets provided by the Group are as follows:

Name of assets	Pledge guarantee object	2022.12.31	2021.12.31
Buildings and land held for sale	Bank loans	\$ 6,150,657	7,011,933
Land held for construction	"	1,724,867	1,709,071
Construction in progress	"	8,876,318	8,196,964
Investment properties and net value of property, plant, and equipment	Bank loans and corporate bonds payable	6,309,937	6,386,755
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, and bonds payable, and restricted assets	2,541,820	1,268,914
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	50,802	50,595
		\$ 25,654,401	24,624,232

Note: The shares pledged as collateral for the subsidiary's bank borrowings amounted to 223,414 thousand shares in December 31, 2022 and 2021.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Amount of construction contracts	<u>\$ 42,465,890</u>	<u>40,826,050</u>
Amount of payments received	<u>\$ 14,488,226</u>	<u>5,372,426</u>

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

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

3. For details on lease agreements of the Group's business in shopping mall management as of December 31, 2022, and 2021, please refer to Note 6(15). Details of the performance bond in relation to obligations under these agreements are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Refundable notes	<u>\$ 232,550</u>	<u>232,550</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Refundable deposits	<u>\$ 686,090</u>	<u>531,160</u>
Guarantees	<u>\$ 1,552,737</u>	<u>1,438,635</u>

5. As of December 31, 2022, and 2021, the Group issued performance bond for construction projects, which amounted to NT\$57,992 thousand and NT\$401,342 thousand, respectively.

6. As of December 31, 2022, and 2021, the Group issued bank guarantee for construction warranty's guarantee and advance payment guarantee, which amounted to NT\$4,279,154 thousand and NT\$2,701,314 thousand, respectively.

7. 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.

8. It is passed by the Group's Board Meeting in December 2022, and 2021, that the promised to donate NT\$18,000 thousand and NT\$20,000 thousand in 2023 and 2022, respectively, to Kindom Yu San Education Foundation for the promotion of foundation affairs.

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

9. 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.
10. As stated in Note 6(6), in September 2022, the Company's joint venture (Tua Tiann Co., Ltd) signed the "Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station" contract with the Taipei Housing and Urban Regeneration Center. The Company bears a joint liability for the compensation and performance obligations.
11. In December 2022, the Group signed the "Phase 2 and Phase 3 Public Solicitation of Investors Investment Project in Taipei City" contract with the National Housing and Urban Regeneration Center. The Group is required to lease back the commercial facilities affiliated with the administrative office building, with a lease term of 20 years.

10. Significant Disaster Loss: None

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

12. Others

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

Function	2022			2021		
	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Nature						
Employee benefit expenses						
Salaries and wages	528,547	655,153	1,183,700	459,506	629,446	1,088,952
Labor insurance and national health insurance	43,153	44,416	87,569	36,251	40,476	76,727
Pension expenses	18,532	23,179	41,711	16,388	20,684	37,072
Other employee benefits expenses	14,765	39,334	54,099	11,023	36,156	47,179
Depreciation	9,239	407,317	416,556	9,655	414,615	424,270
Amortization	-	10,690	10,690	-	9,779	9,779

13. Disclosure Notes

(1) Information on significant transactions

In 2022, under Regulations Governing the Preparation of Financial Reports by Securities Issuers, information related to material transactions should be disclosed by the Group is as the following:

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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1. Loans provided for others: None.
2. Endorsements/Guarantees Provided for Others:

Expressed in thousands of New Taiwan Dollars

No.	Name of endorsement/guarantee provider	Subject of endorsements/guarantees		Limit on endorsements/guarantees provided for a single party	Maximum balance for this period	Closing balance of endorsement/guarantees	Actual amount used	Amount of endorsement/guarantees collateralized with assets	Ratio of accumulated endorsement/guarantees to net equity per latest financial statements	Maximum endorsement/guarantee amount	Endorsement/guarantees provided by parent company to subsidiaries	Endorsement/guarantees provided by subsidiaries to parent company	Endorsement/guarantee provided to subsidiary in China
		Name of Company	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	\$ 8,372,491	14,192	14,192	14,192	-	0.34%	8,372,491	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	47,780	14,192	14,192	14,192	-	29.70%	47,780	N	Y	N
2	"	Kedge Construction	Parent company and subsidiary	7,166,999	1,376,500	1,376,500	1,376,500	-	2,880.91%	14,333,998	N	Y	N
3	Global Mall	Guan Hua	2	3,203,295	110,000	110,000	20,000	-	2.06%	6,406,591	Y	N	N
3	"	Guan Cheng	2	3,203,295	61,550	61,550	61,550	-	1.15%	6,406,591	Y	N	N
3	"	Guan You	2	3,203,295	180,000	180,000	-	-	3.37%	6,406,591	Y	N	N

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

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

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

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

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

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

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

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

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

Unit: NT\$ thousand/ thousand shares

Investing Company	Type and name of securities	Relationship with the securities issuer	Account title in book	End of period				Highest Percentage of Ownership period Or Capital Invested during the period	Remark
				Number of shares	Book value	Percentage of shareholding	Fair value (Note)		
Kindom Development	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	604	33,995	- %	33,995	- %	
"	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	99	3,305	0.20 %	3,305	0.20%	
"	Stock - Clientron Corp.	-	"	29	655	0.05 %	655	0.05%	
"	Stock - Fubon Financial Holding Co Ltd.	-	"	12	645	- %	645	- %	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	563	31,723	- %	31,723	- %	
"	Stock - SinoPac Securities Corporation	-	"	213	3,572	- %	3,572	- %	
"	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	11	603	- %	603	- %	
"	Stock - Huei Ding Computer	-	"	405	-	0.78 %	-	0.78%	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	500	28,176	- %	28,176	- %	
"	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	10	535	- %	535	- %	
"	Stock - Commonwealth Publishing Group	-	"	160	6,766	0.59 %	6,766	0.59%	

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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4. Accumulated to buy or sell the same marketable securities amount to NT\$ 300 million or more than 20% of the paid-up capital:

Unit: NT\$ thousand/ thousand shares

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

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

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

Expressed in thousands of New Taiwan Dollars

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

6. Disposal of real estate at prices exceeding NT\$ 300 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Disposing Company	Asset title	Date of event	Date of acquisition	Carrying amount	Transaction amount	Payment collection status	Gain or loss on disposal	Transaction counterparty	Relationship	Purpose of disposal	Reference for price determination	Other stipulations of the transaction
Kindom Development	Inventories - buildings and land held for sale	2022.09-2022.12	Not applicable: inventories sold, not acquired	N/A	1,232,933	404,810	N/A	More than one third party	Non-related party	Selling inventories	Reference based on market price	None

Note 1: The amounts above are expressed before taxes.

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

Expressed in thousands of New Taiwan Dollars

Companies involved in purchases (Sales)	Name of transaction counterparty	Relationship	Transaction Situation				Transactions with Terms Different from Others		Notes/accounts receivable (or payable)		Remark
			Purchases (Sales)	Amount (Note 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	1,886,595	41.39%	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(614,624)	(57.81)%	Note 2
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	Contracting	1,886,595	(12.44)%	Receive payment by installment per contract and slightly longer than a normal transaction	"	"	614,624	20.27%	"

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

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Note 1: Refers to the valuation amount for current period

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

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

Expressed in thousands of New Taiwan Dollars

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

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	1,822,037	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	8.47%
0	The company	Kedge Construction	1	Buildings and land held for sale	103,178	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	0.18%
0	The company	Kedge Construction	1	Construction in progress	111,054	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	0.20%
0	The company	Kedge Construction	1	Notes and accounts payable-related parties	614,624	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.10%
0	The company	Kedge Construction	1	Operating revenue	6,572	Pay once a quarter	0.03%
0	The company	Kedge Construction	1	Operating expenses	3,360	Once a quarter	0.02%
0	The company	Dingtian Construction	1	Cost of construction	22,636	50% due immediately and 50% due in 60 days	0.11%
0	The company	Dingtian Construction	1	Construction in progress	1,048	50% due immediately and 50% due in 60 days	-%
0	The company	Dingtian Construction	1	Notes and accounts payable-related parties	5,499	50% due immediately and 50% due in 60 days	0.01%
0	The company	Dingtian Construction	1	Operating revenue	98	Pay once a quarter	-%
0	The company	Dingtian Construction	1	Operating expenses	930	100% due immediately	-%
0	The company	Guanqing Electromechanical	1	Operating revenue	98	Pay once a quarter	-%

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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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	Global Mall	1	Operating expenses	190	100% due immediately	-%
1	Kedge Construction	The company	2	Operating revenue	1,822,037	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	8.47%
1	Kedge Construction	The company	2	Operating costs	214,232	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.00%
1	Kedge Construction	The company	2	Notes and accounts receivable-related parties, contract assets	614,624	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.10%
1	Kedge Construction	The company	2	Operating revenue	3,360	Pay once a quarter	0.02%
1	Kedge Construction	The company	2	Operating expenses	6,572	Pay once a quarter	0.03%
2	Dingtian Construction	The company	2	Operating revenue	22,636	50% due immediately and 50% due in 60 days	0.11%
2	Dingtian Construction	The company	2	Operating costs	1,048	50% due immediately and 50% due in 60 days	-%
2	Dingtian Construction	The company	2	Operating revenue	930	100% due immediately	-%
2	Dingtian Construction	The company	2	Operating expenses	98	Pay once a quarter	-%
2	Dingtian Construction	The company	2	Notes and accounts receivable-related parties	5,499	50% due immediately and 50% due in 60 days	0.01%
3	Guanqing Electromechanical	The company	2	Operating expenses	98	Once a quarter	-%
4	Global Mall	The company	2	Operating revenue	190	100% due immediately	-%
4	Global Mall	Guan Cheng	3	Accounts receivable-related parties	52,513	Collect once a year and settled every 30 days	0.09%
4	Global Mall	Guan Cheng	3	Operating revenue	44,453	Collect once a year	0.21%
4	Global Mall	Guan Hua	3	Accounts receivable-related parties	14,822	Collect once a year and settled every 30 days	0.03%
4	Global Mall	Guan Hua	3	Operating revenue	14,127	Collect once a year	0.07%
4	Global Mall	Guan You	3	Accounts receivable-related parties	3,740	Collect once a year and settled every 30 days	0.01%
4	Global Mall	Guan You	3	Operating revenue	3,215	Collect once a year	0.01%
5	Guan Cheng	Global Mall	3	Other payables-related parties	52,513	Paid once a year and settled every 30 days	0.09%
5	Guan Cheng	Global Mall	3	Operating expenses	44,453	Once a year	0.21%
6	Guan Hua	Global Mall	3	Other payables-related parties	14,822	Paid once a year and settled every 30 days	0.03%
6	Guan Hua	Global Mall	3	Operating expenses	14,127	Once a year	0.07%
7	Guan You	Global Mall	3	Other payables-related parties	3,740	Paid once a year and settled every 30 days	0.01%
7	Guan You	Global Mall	3	Operating expenses	3,215	Once a year	0.01%

Note 1: Instruction for numbering.

1. The parent company is numbered 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

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

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.

(2) Information on Invested Companies:

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

Unit: NT\$ thousand/ thousand shares

Name of Investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Highest Percentage of Ownership or Capital Invested during the period	Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value				
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	39,873	34.18%	1,221,298	34.18%	1,047,933	380,748	Subsidiary
"	Global Mall	Taiwan	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	3,209,395	3,209,395	320,105	84.02%	4,510,534	84.02%	392,562	329,818	"
"	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store retailing	-	102,000	-	- %	-	- %	116,761	23,516	Sub-subsidiary
"	Da Cheng (Note 2)	Taiwan	Commercial real estate development industry	1,020,000	-	102,000	51.00%	1,021,771	51.00%	3,473	1,771	Investments accounted for using equity method
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	Investment	163,935	163,935	16,396	99.98%	434,730	99.98%	14,466	14,463	Sub-subsidiary
"	Guanqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	228,533	99.96%	(759)	(759)	"
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,334	30.00%	(293)	(88)	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,446	70.00%	(293)	(205)	"
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,392	46.67%	(1,560)	(728)	Investments accounted for using equity method
Global Mall	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store retailing	280,886	98,000	20,000	100.00%	365,850	100.00%	116,761	93,245	Sub-subsidiary
"	Guan You (Note 3)	Taiwan	Department stores, supermarkets, and non-store retailing	-	5,000	-	- %	-	- %	(10,545)	(101)	Third-tier subsidiary
"	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	146,766	100.00%	5,871	5,871	Sub-subsidiary
"	KGM	Hong Kong	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	9,339 (HKD390千元)	9,339 (HKD390千元)	- (有限公司)	100.00%	1,799	100.00%	(167)	(167)	"
Global Mall	Hon Hui Zhu Gao	Taiwan	Department stores, supermarkets, and non-store retailing	100,000	-	10,000	20.00%	99,955	20.00%	(225)	(45)	Investments accounted for using equity method
Guan Cheng	Guan You (Note 3)	Taiwan	Department stores, supermarkets, and non-store retailing	230,006	130,000	13,500	100.00%	92,017	100.00%	(10,545)	(10,444)	Third-tier subsidiary

Note 1: In line with the Group's operational needs, the Company sold 51% of its equity of Guan

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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Cheng to Global Mall in June 2022.

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

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

(3) Information on Investments in Mainland China:

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

Unit: Thousands of USD/RMB/NTD

Cumulative investment remitted from Taiwan to Mainland China at end of the year	Amount of investment approved by the Investment Commission, M.O.E.A.	Limit on amount of investment stipulated by the Investment Commission, M.O.E.A.
1,076,350 (CNY 227,649) (Note 1)	USD 38,738	11,109,887 (Note 2)

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

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

3. Significant transactions with investees in mainland China: None

(4) Information on Major Shareholders:

Expressed in shares

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%

14. Segment Information

(1) 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.

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

(2) 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:

	2022				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 7,658,037	12,355,600	1,492,465	-	21,506,102
Inter-segment income	6,768	1,848,963	190	(1,855,921)	-
Interest income	40,566	22,872	8,383	-	71,821
Total revenue	<u>\$ 7,705,371</u>	<u>14,227,435</u>	<u>1,501,038</u>	<u>(1,855,921)</u>	<u>21,577,923</u>
Interest expenses	\$ 207,558	4,223	91,084	-	302,865
Depreciation and amortization	20,285	17,435	396,777	(7,251)	427,246
Share of profits (losses) of associates accounted for using equity method	735,853	(728)	(45)	(734,082)	998
Reportable segment profits or loss	<u>\$ 2,748,700</u>	<u>1,325,771</u>	<u>433,652</u>	<u>(668,211)</u>	<u>3,839,912</u>
Asset:					
Investment accounted for using equity method	\$ 6,753,603	14,392	99,955	(5,731,832)	1,136,118
Capital expenditure on non-current asset	12,634	21,109	59,023	-	92,766
Assets of reportable segments	<u>\$ 39,085,228</u>	<u>11,798,692</u>	<u>12,108,433</u>	<u>(7,129,496)</u>	<u>55,862,857</u>
Reportable segment liabilities	<u>\$ 20,568,749</u>	<u>7,612,261</u>	<u>6,769,607</u>	<u>(653,208)</u>	<u>34,297,409</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO.,
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	2021				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 16,098,786	7,939,091	1,153,261	-	25,191,138
Inter-segment income	6,768	2,833,231	40,791	(2,880,790)	-
Interest income	12,117	10,035	3,284	-	25,436
Total revenue	\$ 16,117,671	10,782,357	1,197,336	(2,880,790)	25,216,574
Interest expenses	\$ 214,898	1,457	98,762	-	315,117
Depreciation and amortization	18,962	19,694	402,644	(7,251)	434,049
Share of profits (losses) of associates accounted for using equity method	417,232	(5,387)	9,104	(426,336)	(5,387)
Reportable segment profits or loss	\$ 4,196,791	923,047	189,018	(330,170)	4,978,686
Asset:					
Investment accounted for using equity method	\$ 5,244,133	15,120	153,679	(5,397,812)	15,120
Capital expenditure on non-current asset	14,393	3,875	159,214	-	177,482
Assets of reportable segments	\$ 39,053,427	9,277,743	12,773,455	(7,256,182)	53,848,443
Reportable segment liabilities	\$ 21,490,666	5,766,604	7,514,330	(918,790)	33,852,810

Significant reconciliation items of reportable segments are as follows:

In the years of 2022 and 2021, the total amount of reportable segment revenue shall deduct the inter-segment revenue of NT\$1,855,921 thousand and NT\$2,880,790 thousand, respectively.

(3) Product and service information

Refer to Note 6(22) for details on the Group's product and service information.

(4) Geographic information

There is no export transaction in the Group, and therefore information by geographical distribution will not be disclosed.

(5) Major customers

The Group is engaged in the development of real estate, comprehensive construction, and operation of shopping malls. Its clientele is mainly the vast majority of consumers and public works, no significant key accounts.