

Stock Code: 2520

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

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

2023 and 2022 Q1

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Independent Auditors' Review Report

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

Introduction

We have audited the consolidated balance sheets of Kindom Development Co., Ltd. and its subsidiaries (Kindom Group) as of March 31, 2023, and 2022, the consolidated statements of comprehensive income, changes in equity, and cash flows for the three-month periods from January 1 to March 31, 2023 and 2022 as well as notes to the consolidated financial statements (including a summary of significant accounting policies) for the period then ended. It is the management's responsibility to prepare a set of fairly presented consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 Interim Financial Reporting as endorsed, issued, and effected by the Financial Supervisory Commission (FSC). Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our reviews in accordance with the Review Standard No. 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects of the consolidated financial position of the company as of March 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and "IAS 34 - Interim Financial Reporting" approved and issued by the FSC.

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

KPMG

Taipei, Taiwan

Republic of China

Securities Competent : Jin-Guan-Zheng-Shen-Zi No.

Authority Approval No. 1090332798

Jin-Guan-Zheng-Liu-Zi No.

0940129108

May 11, 2023

Notice to Readers

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

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

As of March 31, 2023 and 2022 - only reviewed, not audited in accordance with auditing standards.

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Balance Sheets

March 31, 2023, December 31, 2022 and March 31, 2022

Expressed in thousands of New Taiwan Dollars

Assets	2023.3.31		2022.12.31		2022.3.31			Liabilities and Equity	2023.3.31		2022.12.31		2022.3.31	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (Note 6(1) and (25))	\$ 14,658,904	27	15,522,920	28	17,875,131	33	2100 Short-term loans (Note 6(13) and (25))	\$ 15,035,418	28	15,025,856	27	14,602,485	27	
1110 Current financial assets at fair value through profit or loss (Note 6(2) and (25))	97,954	-	97,466	-	125,393	-	2130 Contract liabilities - current (Note 6(22))	2,356,376	4	2,045,805	4	2,707,436	5	
1140 Contract assets - current (Note 6(22))	1,333,814	3	1,675,939	3	1,869,909	4	2150 Notes payable (Note 6(25))	282,038	1	392,662	1	254,558	-	
1170 Net Notes and accounts receivable (Note 6(4), (22) and (25))	2,337,561	4	2,149,847	4	903,470	2	2170 Accounts payable (Note 6(25))	5,155,080	9	5,955,906	11	4,826,521	9	
1220 Current tax assets	64	-	48	-	76	-	2200 Other payables (Note 6(25) and 7)	631,395	1	908,607	2	766,042	1	
1300 Inventories - trading (Note 6(5))	12,095	-	12,977	-	13,797	-	2230 Current tax liabilities	770,204	2	652,771	1	812,632	2	
1320 Inventories - construction (Notes 6(5) & 8)	21,170,390	39	21,094,871	38	20,999,030	38	2250 Current provisions (Note 6(16))	181,785	-	183,236	-	178,463	-	
1410 Prepayments	272,467	-	199,044	-	145,937	-	2251 Current provisions for employee benefit (Note 6(18))	19,991	-	20,174	-	19,021	-	
1476 Other current financial assets (Note 6(12), (22), (25) and 8)	3,352,134	6	3,675,772	7	2,187,714	4	2280 Current lease liabilities (Note 6(15) and (25))	168,393	-	191,062	-	178,746	-	
1479 Other current assets - others	84,316	-	80,582	-	140,075	-	2321 Current portion of convertible corporate bond due within one year or one operating period (Note 6(14) and (25))	1,000,000	2	2,000,000	3	1,000,000	2	
1480 Incremental costs of obtaining a contract - current (Note 6(12))	11,992	-	9,978	-	17,107	-	2322 Current portion of long-term loans due within one year or one operating period (Note 6(13) and (25))	204,640	-	204,640	-	204,640	-	
							2399 Other-current liabilities, others (Note 6(25))	66,326	-	40,786	-	72,592	-	
	<u>43,331,691</u>	<u>79</u>	<u>44,519,444</u>	<u>80</u>	<u>44,277,639</u>	<u>81</u>		<u>25,871,646</u>	<u>47</u>	<u>27,621,505</u>	<u>49</u>	<u>25,623,136</u>	<u>46</u>	
Non-current assets:							Non-current liabilities:							
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3) and (25))	11,725	-	12,509	-	12,721	-	2530 Bonds payable (Note 6(14) and (25))	2,000,000	4	2,000,000	3	3,000,000	6	
1550 Investments accounted for using the equity method (Note 6(6))	1,138,148	2	1,136,118	2	15,149	-	2540 Long-term loans (Note 6(13) and (25))	1,387,040	3	1,438,200	3	1,841,680	3	
1600 Property, plant and equipment (Note 6(8) and 8)	6,343,748	12	6,379,227	11	6,515,514	12	2573 Other deferred tax liabilities	44	-	921	-	-	-	
1755 Right-of-use assets (Note 6(9))	3,048,261	6	3,098,436	6	3,202,361	6	2580 Non-current lease liabilities (Note 6(15) and (25))	3,037,183	5	3,123,422	6	3,158,554	6	
1760 Investment property (Note 6(10) and 8)	461,317	1	462,365	1	447,903	1	2640 Defined benefit liabilities, net - non-current (Note 6(18))	819	-	821	-	3,028	-	
1780 Intangible assets (Note 6(11))	51,667	-	53,874	-	53,231	-	2645 Guarantee deposits received (Note 6(25))	99,187	-	96,204	-	96,871	-	
1840 Deferred tax assets	57,654	-	57,161	-	61,768	-	2670 Other non-current liabilities, others (Note 6(25))	8,168	-	16,336	-	24,504	-	
1975 Defined benefit assets, net - non-current	5,777	-	5,820	-	2,390	-		<u>6,532,441</u>	<u>12</u>	<u>6,675,904</u>	<u>12</u>	<u>8,124,637</u>	<u>15</u>	
1980 Other non-current financial assets (Note 6(25) and 8)	60,167	-	73,566	-	76,369	-	Total liabilities	<u>32,404,087</u>	<u>59</u>	<u>34,297,409</u>	<u>61</u>	<u>33,747,773</u>	<u>61</u>	
1995 Other non-current assets - others	65,631	-	64,337	-	52,882	-	Equity attributable to owners of the parent company (Note 6(20))							
	<u>11,244,095</u>	<u>21</u>	<u>11,343,413</u>	<u>20</u>	<u>10,440,288</u>	<u>19</u>	3100 Share capital	5,541,701	10	5,541,701	10	5,541,701	10	
	<u>\$ 54,575,786</u>	<u>100</u>	<u>55,862,857</u>	<u>100</u>	<u>54,717,927</u>	<u>100</u>	3200 Capital reserve	1,451,905	3	1,451,569	3	1,422,479	3	
							3300 Retained earnings	12,129,043	22	11,648,455	20	11,527,414	21	
							3400 Other equity interest	(26,782)	-	(26,544)	-	(26,515)	-	
							3500 Treasury stock	(98,702)	-	(98,702)	-	(71,196)	-	
								<u>18,997,165</u>	<u>35</u>	<u>18,516,479</u>	<u>33</u>	<u>18,393,883</u>	<u>34</u>	
							36XX Non-controlling interests (Note 6(7))	3,174,534	6	3,048,969	6	2,576,271	5	
							Total equity	<u>22,171,699</u>	<u>41</u>	<u>21,565,448</u>	<u>39</u>	<u>20,970,154</u>	<u>39</u>	
							Total liabilities and equity	<u>\$ 54,575,786</u>	<u>100</u>	<u>55,862,857</u>	<u>100</u>	<u>54,717,927</u>	<u>100</u>	

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

Chairman: Chih-Kang, Ma

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

Chief Accounting Officer: Shu-Lien, Chang

Reviewed, not audited in accordance with auditing standards.

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to March 31, 2023 and 2022

Unit: NT\$ thousand

	Jan. - Mar. 2023		Jan. - Mar. 2022	
	Amount	%	Amount	%
4000 Operating income (Note 6 (17) and (22))	\$ 4,492,665	100	4,981,047	100
5000 Operating costs (Note 6(5) and(18))	3,237,184	72	3,323,501	67
Gross profit	<u>1,255,481</u>	<u>28</u>	<u>1,657,546</u>	<u>33</u>
Operating expenses:				
6100 Selling and marketing expenses (Note 6(18))	40,562	1	87,971	2
6200 General and administrative expenses (Note 6(18))	415,952	9	409,342	8
6450 Expected credit gain (Note 6(4))	(157)	-	(1,634)	-
	<u>456,357</u>	<u>10</u>	<u>495,679</u>	<u>10</u>
Net operating income	<u>799,124</u>	<u>18</u>	<u>1,161,867</u>	<u>23</u>
Non-operating income and expenses:				
7100 Interest income (Note 6(24))	31,005	1	7,068	-
7020 Other gains and losses (Note 6(24))	3,968	-	19,028	-
7050 Finance costs (Note 6(24))	(72,199)	(2)	(71,755)	(1)
7060 Share of profit and loss of associates and joint ventures accounted for using the equity method (Note 6(6))	2,030	-	29	-
	<u>(35,196)</u>	<u>(1)</u>	<u>(45,630)</u>	<u>(1)</u>
Profit before tax from continuing operating department	<u>763,928</u>	<u>17</u>	<u>1,116,237</u>	<u>22</u>
7950 Less: Income tax expenses (Note 6(19))	<u>157,263</u>	<u>4</u>	<u>142,752</u>	<u>3</u>
Net income	<u>606,665</u>	<u>13</u>	<u>973,485</u>	<u>19</u>
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss:				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(784)	-	257	-
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of financial statements of foreign operations	(28)	-	52	-
8300 Other comprehensive income (loss)(net of taxes)	<u>(812)</u>	<u>-</u>	<u>309</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 605,853</u>	<u>13</u>	<u>973,794</u>	<u>19</u>
Net profit attributable to:				
8610 Owners of the parent company	\$ 480,588	10	830,355	16
8620 Non-controlling interests	126,077	3	143,130	3
	<u>\$ 606,665</u>	<u>13</u>	<u>973,485</u>	<u>19</u>
Total comprehensive income attributable to:				
8710 Owners of the parent company	\$ 480,350	10	830,567	16
8720 Non-controlling interests	125,503	3	143,227	3
	<u>\$ 605,853</u>	<u>13</u>	<u>973,794</u>	<u>19</u>
9750 Basic earnings per share (in NT\$) (Note 6(21))	<u>\$ 0.89</u>		<u>1.53</u>	
9850 Diluted earnings per share (in NT\$) (Note 6(21))	<u>\$ 0.89</u>		<u>1.53</u>	

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

Chairman:

Chih-Kang, Ma

Manager:

Hsieh, Chang-Jung

Chief Accounting Officer:

Shu-Lien, Chang

Chang, Sheng-An

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

Consolidated Statements of Changes in Equity

January 1 to March 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Equity attributable to owners of parent											
	Share capital	Retained earnings				Total	Other equity		Treasury stock	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
		of common stocks	Capital reserve	Legal reserve	Special reserve		Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations				
Balance as of January 1, 2022	\$ 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	-	-	-	-	830,355	830,355	-	-	-	830,355	143,130	973,485
Other comprehensive income for the period	-	-	-	-	-	-	44	168	-	212	97	309
Total comprehensive income for the year	-	-	-	-	830,355	830,355	44	168	-	830,567	143,227	973,794
Changes in equity of associates and joint ventures accounted for under the equity method	-	(79)	-	-	-	-	-	-	-	(79)	79	-
Unclaimed dividends after effective period	-	634	-	-	-	-	-	-	-	634	93	727
Balance as of March 31, 2022	\$ 5,541,701	1,422,479	2,151,969	27,847	9,347,598	11,527,414	(29,608)	3,093	(71,196)	18,393,883	2,576,271	20,970,154
Balance as of January 1, 2023	\$ 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
Net income	-	-	-	-	480,588	480,588	-	-	-	480,588	126,077	606,665
Other comprehensive income for the period	-	-	-	-	-	-	(23)	(215)	-	(238)	(574)	(812)
Total comprehensive income for the year	-	-	-	-	480,588	480,588	(23)	(215)	-	480,350	125,503	605,853
Unclaimed dividends after effective period	-	336	-	-	-	-	-	-	-	336	62	398
Balance as of March 31, 2023	\$ 5,541,701	1,451,905	2,502,670	26,727	9,599,646	12,129,043	(29,516)	2,734	(98,702)	18,997,165	3,174,534	22,171,699

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

Chairman: Chih-Kang, Ma

Manager: Hsieh, Chang-Jung

Chang, Sheng-An

Chief Accounting Officer: Shu-Lien, Chang

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

Consolidated Statements of Cash Flows
January 1 to March 31, 2023 and 2022

Unit: NT\$ thousand

	Jan. - Mar. 2023	Jan. - Mar. 2022
Cash flows from operating activities:		
Income before income tax	\$ 763,928	1,116,237
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	107,262	103,160
Amortization	2,926	2,724
Expected credit losses reversal	(157)	(1,634)
Net gain on financial assets and liabilities measured at fair value through profit or loss	(320)	(793)
Interest expenses	72,199	71,755
Interest income	(31,005)	(7,068)
Share of profit of associates and joint ventures accounted for using the equity method	(2,030)	(29)
Gains on disposal of property, plant and equipment	(362)	-
Total adjustments to reconcile profit (loss)	148,513	168,115
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(168)	-
Decrease in contract assets	342,125	105,867
(Increase) decrease in notes and accounts receivable	(187,252)	351,277
Decrease (increase) in inventory	(27,636)	259,188
Increase in prepayments	(79,380)	(22,193)
Increase in other current assets	(2,088)	(69,592)
Decrease in other financial assets - liquidity decrease	324,415	115,835
Decrease (increase) in the incremental costs to obtain contract with customers	(2,014)	33,790
Decrease in net defined benefit assets, non-current	43	48
Decrease in other non-current assets	6	5
Total changes in operating assets	368,051	774,225
Total changes in operating liabilities:		
Increase in contract liabilities	310,571	1,098,780
Decrease in notes payable	(110,624)	(72,591)
Decrease in accounts payable	(800,826)	(903,395)
Decrease in other payables	(260,724)	(167,041)
Decrease in employee benefit liabilities - current	(183)	(2,886)
Decrease in provisions - current	(1,451)	(3,163)
Increase (decrease) in other current liabilities	25,540	(11,029)
Increase (Decrease) in net defined benefit liabilities	(2)	93
Decrease in other non-current liabilities	(8,168)	(8,168)
Total changes in operating liabilities	(845,867)	(69,400)
Total changes in operating assets and liabilities	(477,816)	704,825
Total adjustments	(329,303)	872,940
Cash flows generated from operations	434,625	1,989,177
Income taxes paid	(42,882)	(18,736)
Net cash flows from operating activities	391,743	1,970,441

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

Consolidated Statements of Cash Flows (continued)

January 1 to March 31, 2023 and 2022

Unit: NT\$ thousand

	Jan. - Mar. 2023	Jan. - Mar. 2022
Cash flows from investing activities:		
obtained property, plant and equipment (Note 6(28))	(20,608)	(25,583)
Disposal of property, plant and equipment	362	-
Acquisition of intangible assets	(411)	(1,551)
Decrease in other financial assets - non-current	13,399	2,773
Increase in other non-current assets	(1,608)	(442)
Interest received	30,228	7,103
Net cash flows generated from (used in) investing activities	21,362	(17,700)
Cash flows from financing activities:		
Increase in short-term loans	990,000	862,760
Decrease in short-term loans	(980,438)	(740,000)
Increase in short-term notes and bills payable	50,000	80,000
Decrease in short-term notes and bills payable	(50,000)	(80,000)
Redemption of convertible corporate bonds	(1,000,000)	-
Repayments of long-term loans	(51,160)	(70,920)
Increase in guarantee deposits received	2,983	(943)
Repayments of lease principal	(112,442)	(101,813)
Interest paid	(126,036)	(107,308)
Net cash flows used in financing activities	(1,277,093)	(158,224)
Effects of exchange rate changes on the balance of cash and cash equivalents	(28)	52
Cash and cash equivalents increase	(864,016)	1,794,569
Cash and cash equivalents at beginning of the period	15,522,920	16,080,562
Cash and cash equivalents at end of the period	\$ 14,658,904	17,875,131

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

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

Reviewed, not audited in accordance with auditing standards.

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

2023 and 2022 Q1

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

I. Company Overview

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

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved and issued two May 11, 2023 by the Board of Directors.

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

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

The group has adopted the newly revised International Financial Reporting Standards ("IFRSs") specified above since January 1, 2023, and assessed that the adoption 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"

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

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

<u>New, revised or amended standards and interpretations</u>	<u>Main amendments</u>	<u>Effective date released by the IASB</u>
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	According to the provisions in the current IAS 1, liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period, which should be classified as current. The amendment removes the requirement that the right be unconditional and instead requires that the right exist and be substantive as of the end of the reporting period. The amendment clarifies how an enterprise should classify liabilities that are settled by issuing its own equity instruments (e.g., convertible bonds).	January 1, 2024

(Continued on next page)

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

(Continued from previous page)

<u>New, revised or amended standards and interpretations</u>	<u>Main amendments</u>	<u>Effective date released by the IASB</u>
Amendments to IAS 1 "Non-current Liabilities with Contractual Terms"	<p>After reconsidering certain aspects of the 2020 IAS 1 amendments, the new amendments clarify that only contractual terms followed on or before the reporting date will affect the classification of a liability as current or non-current.</p> <p>The contractual terms (i.e., future terms) to which an enterprise is subject after the reporting date do not affect the classification of the liability at that date. However, when non-current liabilities are subject to future contractual terms, companies need to disclose information to help users of financial statements understand the risk that these liabilities may be repaid within 12 months of the reporting date</p>	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"
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- Amendments to IFRS 16 "Requirements for Sale-and-Leaseback Transactions"

IV. Summary of Significant Accounting Policies

(I) Compliance statement

The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter "the Regulations") and the IAS 34 - Interim Financial Reporting approved and issued by the FSC. The consolidated financial statements do not contain all necessary information that should be disclosed in the annual consolidated financial statements in accordance with the International Financial Reporting Standards, International Accounting Standard, and the explanations and interpretations endorsed by the FSC (hereinafter referred to as the "IFRSs endorsed by the FSC").

Apart from the matters described in the following paragraphs, the major accounting policies adopted by the consolidated financial statements are the same as those adopted by the 2022 consolidated financial statements. For related information, please refer to Note 4 to the 2022 consolidated financial statements.

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

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements:

Name of Investor	Subsidiary name	Main business and products	Percentage of ownership			Explanation
			2023.3.31	2022.12.31	2022.3.31	
The company	Kedge Construction Co., Ltd. (Kedge Construction)	The comprehensive construction industry, etc.	34.18%	34.18%	34.18%	The company has more than half of the company's director seats
"	Global Mall Co., Ltd. (Global Mall)	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	84.02%	84.02%	84.02%	The subsidiary in which the company's voting share exceeds more than 50% of the subsidiary's issued shares.
The company	Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE) (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%	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%	99.96%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Construction Co., Ltd. (Dingtian Construction)	The comprehensive construction industry, etc.	100.00%	100.00%	100.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Global Mall	KGM International Investment Co., Ltd. (KGM)	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	100.00%	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE) (Guan Hua)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guan Cheng (Note 1)	Department stores, supermarkets, and non-store retailing	100.00%	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 2)	Department stores, supermarkets, and non-store retailing	- %	- %	0.96%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Guan Cheng	Guan You (Note 2)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	99.04%	The subsidiary in which Guan Cheng'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)

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

Note 2. In line with the Group's operational needs, Global Mall sold the remaining shares of Guan You to Guan Cheng in April 2022.

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

(III) Income tax

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

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

(IV) Employee benefits

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

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

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

In preparing the consolidated financial statements, the significant judgments made by management when adopting the accounting policies of the Group and the major sources of uncertainty over estimation are consistent with Note 5 to the 2022 consolidated financial statements.

VI. Explanation of Significant Accounts

Apart from the matters described in the following paragraphs, the descriptions of significant accounting items in the consolidated financial statements bear no significant difference from those adopted by the 2022 consolidated financial statements. For related information, please refer to Note 6 to the 2022 consolidated financial statements.

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

(I)	Cash and cash equivalents		<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
	Petty cash and cash on hand	\$	12,146	12,016	11,921
	Bank deposits				
	Check deposits		2,658,350	3,667,802	3,813,392
	Demand deposits		1,142,157	1,341,239	8,580,309
	Time deposits		8,969,458	8,412,390	1,657,647
	Cash equivalents		<u>1,876,793</u>	<u>2,089,473</u>	<u>3,811,862</u>
		\$	<u>14,658,904</u>	<u>15,522,920</u>	<u>17,875,131</u>

The maturity dates of the aforementioned cash equivalents are in the periods, Apr. 2023, Jan. to Feb. 2023 and Apr. to May 2022, and the interest rate collars are 1.07%~1.20%, 0.98%~1.20% and 0.28%~0.40%, respectively.

Refer to Note 6(25) for the details on interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(II)	Financial assets at fair value through profit or loss		<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
	Financial assets mandatorily measured at fair value through profit or loss:				
	TWSE (or TPEX) listed company shares	\$	<u>97,954</u>	<u>97,466</u>	<u>125,393</u>

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(24).
2. As of March 31, 2023, December 31, 2022, and March 31, 2022, none of the financial assets of the group has been pledged as collateral.

(III)	Financial assets at fair value through other comprehensive income		<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
	Equity investments measured at FVTOCI:				
	Listed stock - Fubon Financial Type C Special Share	\$	1,912	1,783	1,945
	Listed stock - Clientron Corp.		699	655	906
	Unlisted stock - Everterminal Co. Ltd.		3,295	3,305	3,104
	Unlisted stock - Commonwealth Publishing Group		5,819	6,766	6,766
	Unlisted stock - Shenzhen Goodix Technology		-	-	-
	Total	\$	<u>11,725</u>	<u>12,509</u>	<u>12,721</u>

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

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. The Group did not dispose of strategic investment in the period from January 1 to to March 31, 2023 and 2022. The accumulated gains and losses in that period have not been transferred within the equity.
3. Refer to Note 6(25) for details on credit risk (including impairment on debt instruments) and market risk.
4. None of the aforementioned financial assets has been pledged as collateral.

(IV) Notes and accounts receivable

	2023.3.31	2022.12.31	2022.3.31
Notes receivable	\$ 2,534	352	532
Accounts receivable	2,342,966	2,157,591	914,180
Less: Loss allowance	(7,939)	(8,096)	(11,242)
	\$ 2,337,561	2,149,847	903,470

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:

	2023.3.31		
	Carrying amount	Weighted average loss rate	Loss allowance for expected credit impairment of the period
Not past due	\$ 2,337,561	-	-
Past due 90 days and above	7,939	100%	7,939
	\$ 2,345,500		7,939

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

	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 90 days and above	8,096	100%	8,096
	\$ 2,157,943		8,096
	2022.3.31		
	Carrying amount	Weighted average loss rate	Loss allowance for expected credit impairment of the period
Not past due	\$ 903,470	-	-
Past due 90 days and above	11,242	100%	11,242
	\$ 914,712		11,242

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Beginning balance	\$ 8,096	12,876
Reversal of impairment loss	(157)	(1,634)
Ending balance	\$ 7,939	11,242

As of March 31, 2023, December 31, 2022, and March 31, 2022, none of the accounts receivable of the group has been pledged as collateral.

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

(V) Inventories

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Inventory - trading	\$ 12,095	12,977	13,797
Inventory - construction			
Prepayment for buildings and land	4,235	4,235	4,235
Land held for construction	1,371,643	2,899,060	2,899,060
Construction in progress	13,301,547	11,056,039	9,713,076
Buildings and land held for sale	6,492,965	7,135,537	8,382,659
Subtotal	<u>21,170,390</u>	<u>21,094,871</u>	<u>20,999,030</u>
Total	<u>\$ 21,182,485</u>	<u>21,107,848</u>	<u>21,012,827</u>

1. The reversal of allowance for losses on sales of inventories amounted to NT\$1,133 thousand and NT\$2,029 thousand, respectively, during the periods from January 1 to March 31, 2023 and 2022.
2. The group's construction in progress was calculated based on the capitalization rate of 2.136% and 1.726% for the periods from January 1 to March 31, 2023 and 2022, respectively. For the amount of capitalization, please refer to Note 6(24).
3. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group entrusted the statutory parking spaces held for sale to other parties, which amounted to NT\$12,663 thousand, NT\$13,796 thousand and NT\$14,303 thousand, respectively.
4. As of March 31, 2023, December 31, 2022, and March 31, 2022, for information regarding the group's inventories pledged as collateral, please refer to Note 8.

(VI) Investments accounted for using equity method

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

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Associates	\$ 114,430	114,347	15,149
Joint Venture	1,023,718	1,021,771	-
	<u>\$ 1,138,148</u>	<u>1,136,118</u>	<u>15,149</u>

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

1. Associates

Information on affiliates that are material to the Consolidated Company is as follows:

Names of Associates	Nature of relationship with the Company	Principal places of business / Country of registration	Proportion of ownership interest and voting right		
			2023.3.31	2022.12.31	2022.3.31
Hon Hui Zhu Gao CO., LTD. (Note 1)	Department stores, supermarkets, and non-store retailing	Taiwan	20%	20%	- %

Note 1. In December 2022, the Consolidated Company acquired 20% of the shares of Hon Hui Zhu Gao for NT\$100,000 thousand in cash.

Aggregated financial information for affiliates of the Consolidated Company that are significant is as follows, which are adjusted for the amounts included in the IFRS financial statements of each affiliate to reflect the fair value adjustments made upon the acquisition of the Company's equity interest in the affiliate and adjustments for differences in accounting policies:

Summary of financial information on Hon Hui Zhu Gao:

	2023.3.31	2022.12.31	2022.3.31
Current assets	\$ 299,559	299,875	-
Non-current assets	200,000	200,000	-
Current liabilities	(14)	(100)	-
Net assets	<u>\$ 499,545</u>	<u>499,775</u>	-
Net assets attributable to the Consolidated Company	<u>\$ 99,909</u>	<u>99,955</u>	-

	Jan. - Mar. 2023	Jan. - Mar. 2022
Operating revenue	\$ -	-
Net loss for the period from continuing business units	\$ (231)	-
Total comprehensive income	<u>\$ (231)</u>	-
Total consolidated profit or loss attributable to the Consolidated Company	<u>\$ (46)</u>	-

The aggregated financial information of the Consolidated Company's equity-method affiliates, which are individually insignificant, is as follows, which are included in the Consolidated Company's consolidated financial statements

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

	2023.3.31	2022.12.31	2022.3.31
Total carrying amount of equity in individual insignificant affiliates at the end of the period	<u>\$ 14,521</u>	<u>14,392</u>	<u>15,149</u>
		Jan. - Mar. 2023	Jan. - Mar. 2022
Share attributable to the Consolidated Company:			
Net loss for the period from continuing business units	\$	<u>129</u>	<u>29</u>
Total comprehensive income	\$	<u>129</u>	<u>29</u>

2. Joint Venture

The consolidated company and Clevo Co. and HUATAI SECURITIES CO.,LTD. jointly participated in the public office urban renewal project of the E1E2 street profile of the Taipei Station. As of March 31, 2023, the three parties have 51%, 24.5%, and 24.5% of the shares, respectively, in the amount of NT\$1,020,000,000, NT\$490,000,000, and NT\$490,000,000, respectively.

In September 2023, the joint venture company signed a contract with the Taipei City Housing and Urban Renewal Center for the "Taipei Station Specific Dedicated Area E1E2 Street Profile Publicly-Owned Urban Renewal Project", under which the joint venture company is required to sign a "High Development Area Shopping Center Lease" and a "Low Development Area Lease" with the Taiwan Railway Administration within one month of the transfer of ownership of the commercial facilities of the project buildings and within three months of the completion of the rehabilitation and reuse of the open space in the Specific Dedicated Area. The leases are for a term of 20 years.

The following table summarizes Tua Tiann Co., Ltd.'s own financial information, adjusting for fair value adjustments and accounting policy differences at the time of acquisition. The Company will reconcile the financial information to the carrying value of the Consolidated Company's interest in Tua Tiann Co., Ltd.

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

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Proportion of ownership interest of non-controlling interests	<u>51%</u>	<u>51%</u>	<u>-%</u>
Current assets	\$ 2,008,287	2,004,350	-
Non-current assets	183	202	-
Current liabilities	(1,055)	(939)	-
Non-current liabilities	(124)	(141)	-
Net assets	<u>\$ 2,007,291</u>	<u>2,003,472</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 196,392</u>	<u>208,931</u>	<u>-</u>
Share of net assets attributable to the Consolidated Company	<u>\$ 1,023,718</u>	<u>1,021,771</u>	<u>-</u>
Carrying amount of equity in joint ventures	<u>\$ 1,023,718</u>	<u>1,021,771</u>	<u>-</u>

	<u>Jan. - Mar. 2023</u>	<u>Jan. - Mar. 2022</u>
Operating revenue	<u>\$ -</u>	<u>-</u>
Net income of continuing business units for the period	\$ 3,818	-
Total comprehensive income	<u>\$ 3,818</u>	<u>-</u>
Operating expenses	<u>\$ 20</u>	<u>-</u>
Interest income	<u>\$ 3,839</u>	<u>-</u>
Interest expenses	<u>\$ 1</u>	<u>-</u>
Total consolidated profit or loss attributable to the Consolidated Company	<u>\$ 1,947</u>	<u>-</u>

3. Collateral

As of March 31, 2023, December 31, 2022, and March 31, 2022, the consolidated company's investments accounted for under the equity method are not pledged as collateral.

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

(VII) Subsidiary with material non-controlling interests

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

Subsidiary name	Principal places of business / Country of registration	Proportion of ownership interest and voting right of non-controlling interests		
		2023.3.31	2022.12.31	2022.3.31
Kedge Construction Co., Ltd. and subsidiaries	Taiwan	65.82%	65.82%	65.82%

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

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

	2023.3.31	2022.12.31	2022.3.31
Current assets	\$ 10,798,179	11,146,094	9,324,135
Non-current assets	648,050	652,598	716,093
Current liabilities	(6,887,873)	(7,416,157)	(6,217,630)
Non-current liabilities	(196,047)	(196,104)	(185,686)
Net assets	\$ 4,362,309	4,186,431	3,636,912
Carrying amount of non-controlling interests	\$ 2,303,774	2,195,666	1,767,393

	Jan. - Mar. 2023	Jan. - Mar. 2022
Operating revenue	\$ 3,270,556	2,193,887
Net income	\$ 167,296	144,791
Other comprehensive income	8,488	(19,157)
Total comprehensive income	\$ 175,784	125,634
Net profit attributable to non-controlling interests in this period	\$ 108,615	125,203
Total comprehensive income attributable to non-controlling interests	\$ 108,046	125,290
Cash flows from operating activities	\$ (139,413)	1,506,559
Cash flows from investing activities	2,716	573
Cash flows from financing activities	(211,862)	(200,443)
Net increase in cash and cash equivalents	\$ (348,559)	1,306,689

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

(VIII) Property, Plant, and Equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold improvements</u>	<u>Other equipment (including transportation equipment, office equipment, machinery, other equipment and leased assets)</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:						
Balance as of January 1, 2023	\$ 3,607,479	4,367,565	1,025,254	431,222	8,471	9,439,991
Addition	-	640	78	10,636	-	11,354
Transfer from prepayments	-	-	-	5,977	-	5,977
Disposal and scrap	-	(787)	-	(28,467)	-	(29,254)
Adjustment of decoration works	-	-	-	-	(305)	(305)
Balance as of March 31, 2023	<u>\$ 3,607,479</u>	<u>4,367,418</u>	<u>1,025,332</u>	<u>419,368</u>	<u>8,166</u>	<u>9,427,763</u>
Balance as of January 1, 2022	\$ 3,567,078	4,355,494	1,047,652	391,669	3,452	9,365,345
Addition	-	1,504	1,242	6,842	303	9,891
Transfer from prepayments	-	339	-	84	-	423
Disposal and scrap	-	(21,345)	-	(4,044)	-	(25,389)
Reclassifications	53,200	12,667	-	-	-	65,867
Balance as of March 31, 2022	<u>\$ 3,620,278</u>	<u>4,348,659</u>	<u>1,048,894</u>	<u>394,551</u>	<u>3,755</u>	<u>9,416,137</u>
Depreciation and impairment Losses						
Balance as of January 1, 2023	\$ 14,000	1,953,912	805,394	287,458	-	3,060,764
Depreciation for the year	-	28,667	11,463	12,375	-	52,505
Disposal and scrap	-	(787)	-	(28,467)	-	(29,254)
Balance as of March 31, 2023	<u>\$ 14,000</u>	<u>1,981,792</u>	<u>816,857</u>	<u>271,366</u>	<u>-</u>	<u>3,084,015</u>
Balance as of January 1, 2022	\$ -	1,857,836	755,840	248,433	-	2,862,109
Depreciation for the year	-	27,649	12,912	10,165	-	50,726
Disposal and scrap	-	(21,345)	-	(4,044)	-	(25,389)
Reclassifications	7,000	6,177	-	-	-	13,177
Balance as of March 31, 2022	<u>\$ 7,000</u>	<u>1,870,317</u>	<u>768,752</u>	<u>254,554</u>	<u>-</u>	<u>2,900,623</u>
Carrying amount:						
January 1, 2023	<u>\$ 3,593,479</u>	<u>2,413,653</u>	<u>219,860</u>	<u>143,764</u>	<u>8,471</u>	<u>6,379,227</u>
March 31, 2023	<u>\$ 3,593,479</u>	<u>2,385,626</u>	<u>208,475</u>	<u>148,002</u>	<u>8,166</u>	<u>6,343,748</u>
January 1, 2022	<u>\$ 3,567,078</u>	<u>2,497,658</u>	<u>291,812</u>	<u>143,236</u>	<u>3,452</u>	<u>6,503,236</u>
March 31, 2022	<u>\$ 3,613,278</u>	<u>2,478,342</u>	<u>280,142</u>	<u>139,997</u>	<u>3,755</u>	<u>6,515,514</u>

As of March 31, 2023, December 31, 2022, and March 31, 2022, for information regarding the details on the guarantees on financing amount limits, please refer to Note 8.

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

(IX) Right-of-use assets

Details of changes in cost and depreciation of leased land, houses and 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, 2023	\$ 2,302	3,841,187	25,368	3,868,857
Addition	-	112	3,422	3,534
Balance as of March 31, 2023	<u>\$ 2,302</u>	<u>3,841,299</u>	<u>28,790</u>	<u>3,872,391</u>
Balance as of January 1, 2022	\$ -	3,884,636	16,789	3,901,425
Lease modifications	-	(87,497)	-	(87,497)
Re-evaluation	-	4,494	-	4,494
Transfer out - Lease expires	-	-	(872)	(872)
Balance as of March 31, 2022	<u>\$ -</u>	<u>\$ 3,801,633</u>	<u>15,917</u>	<u>3,817,550</u>
Depreciation and impairment losses of the right-of-use assets:				
Balance as of January 1, 2023	\$ -	757,943	12,478	770,421
Depreciation for the period	162	51,263	2,284	53,709
Balance as of March 31, 2023	<u>\$ 162</u>	<u>809,206</u>	<u>14,762</u>	<u>824,130</u>
Balance as of January 1, 2022	\$ -	555,481	9,215	564,696
Depreciation for the period	-	49,942	1,423	51,365
Transfer out - Lease expires	-	-	(872)	(872)
Balance as of March 31, 2022	<u>\$ -</u>	<u>605,423</u>	<u>9,766</u>	<u>615,189</u>
Carrying amount:				
January 1, 2023	<u>\$ 2,302</u>	<u>3,083,244</u>	<u>12,890</u>	<u>3,098,436</u>
March 31, 2023	<u>\$ 2,140</u>	<u>3,032,093</u>	<u>14,028</u>	<u>3,048,261</u>
January 1, 2022	<u>\$ -</u>	<u>3,329,155</u>	<u>7,574</u>	<u>3,336,729</u>
March 31, 2022	<u>\$ -</u>	<u>3,196,210</u>	<u>6,151</u>	<u>3,202,361</u>

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

(X) 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, 2023	\$ 282,087	213,814	495,901
Balance as of March 31, 2023	\$ 282,087	213,814	495,901
Balance as of January 1, 2022	\$ 335,287	216,663	551,950
Property, Plant, and Equipment	(53,200)	(12,667)	(65,867)
Balance as of March 31, 2022	\$ 282,087	203,996	486,083
Depreciation and impairment Losses			
Balance as of January 1, 2023	\$ -	33,536	33,536
Depreciation for the year	-	1,048	1,048
Balance as of March 31, 2023	\$ -	34,584	34,584
Balance as of January 1, 2022	\$ -	50,288	50,288
Depreciation for the year	-	1,069	1,069
Property, Plant, and Equipment	-	(13,177)	(13,177)
Balance as of March 31, 2022	\$ -	38,180	38,180
Carrying amount:			
January 1, 2023	\$ 282,087	180,278	462,365
March 31, 2023	\$ 282,087	179,230	461,317
January 1, 2022	\$ 335,287	166,375	501,662
March 31, 2022	\$ 282,087	165,816	447,903

There is no significant difference between the fair value or the investment property of the group and the information disclosed in Note 6(10) to the 2022 annual consolidated financial statements.

As of March 31, 2023, December 31, 2022, and March 31, 2022, for information regarding the group's investment property pledged as collateral, please refer to Note 8.

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

(XI) Intangible assets

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

	Franchise	Trademarks and patents	Computer software and others	Total
Balance as of January 1, 2023	\$ 54,199	500	137,541	192,240
Capitalized R&D	-	-	411	411
Transfer from prepayments	-	-	308	308
Disposal	-	-	(40,727)	(40,727)
Balance as of March 31, 2023	\$ 54,199	500	97,533	152,232
Balance as of January 1, 2022	\$ 54,199	500	127,972	182,671
Capitalized R&D	-	-	1,551	1,551
Balance as of March 31, 2022	\$ 54,199	500	129,523	184,222
Amortization and impairment loss:				
Balance as of January 1, 2023	\$ 36,622	500	101,244	138,366
Amortization for the year	869	-	2,057	2,926
Disposal	-	-	(40,727)	(40,727)
Balance as of March 31, 2023	\$ 37,491	500	62,574	100,565
Balance as of January 1, 2022	\$ 33,147	500	94,620	128,267
Amortization for the year	869	-	1,855	2,724
Balance as of March 31, 2022	\$ 34,016	500	96,475	130,991
Carrying amount:				
January 1, 2023	\$ 17,577	-	36,297	53,874
March 31, 2023	\$ 16,708	-	34,959	51,667
January 1, 2022	\$ 21,052	-	33,352	54,404
March 31, 2022	\$ 20,183	-	33,048	53,231

As of March 31, 2023, December 31, 2022, and March 31, 2022, none of the intangible assets of the group has been pledged as collateral.

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

	2023.3.31	2022.12.31	2022.3.31
Other financial assets - current	\$ 3,352,134	3,675,772	2,187,714
Incremental costs of obtaining a contract	11,992	9,978	17,107
	\$ 3,364,126	3,685,750	2,204,821

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

1. Other financial assets - current

For details on collateral pledged on restricted assets (loans and reserve accounts and trust), refundable deposits on constructions, and time deposits 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 are amortized when sales revenue is recognized. In the periods from January 1 to March 31, 2023 and 2022, the amortization costs recognized were NT\$0 thousand and NT\$36,072 thousand, respectively.

(XIII) 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:

2023.3.31				
	Currency	Interest rate collars	Maturity year	Amount
Secured bank loans	NTD	2.18%~2.71%	112~116	\$ 12,245,498
Unsecured bank loans	NTD	1.70%~2.70%	112~117	4,381,600
Total				<u>\$ 16,627,098</u>
Current				\$ 15,240,058
Non-current				1,387,040
Total				<u>\$ 16,627,098</u>
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				<u>\$ 16,668,696</u>
Current				\$ 15,230,496
Non-current				1,438,200
Total				<u>\$ 16,668,696</u>
2022.3.31				
	Currency	Interest rate collars	Maturity year	Amount
Secured bank loans	NTD	1.41%~2.16%	111~116	\$ 12,355,138
Unsecured bank loans	NTD	1.30%~2.44%	111~112	4,293,667
Total				<u>\$ 16,648,805</u>
Current				\$ 14,807,125
Non-current				1,841,680
Total				<u>\$ 16,648,805</u>

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

1. Issuance and repayment of loans

In the periods from January 1 to March 31, 2023 and 2022, the increases in loans were NT\$990,000 thousand and NT\$862,760 thousand, respectively; the amounts of repayments were NT\$1,031,598 thousand and NT\$810,920 thousand, respectively.

2. Collateral

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

(XIV) 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>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Secured ordinary corporate bonds - current	\$ 1,000,000	2,000,000	1,000,000
Secured ordinary corporate bonds - non-current	2,000,000	2,000,000	3,000,000
Total	<u>\$ 3,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

1. In the periods from January 1 to March 30, 2023 and 2022, the Group did not issue corporate bonds payable. For 2022 relevant information, please refer to Note 6(14) to the 2022 consolidated financial statements.

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

(XV) Lease liabilities

The carrying amount of lease liability is as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Current	<u>\$ 168,393</u>	<u>191,062</u>	<u>178,746</u>
Non-current	<u>\$ 3,037,183</u>	<u>3,123,422</u>	<u>3,158,554</u>

Refer to Note 6(25) for the details on the analysis of maturity profile of the Group's lease liabilities.

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

	<u>Jan. - Mar. 2023</u>	<u>Jan. - Mar. 2022</u>
Interest expense on lease liability	<u>\$ 14,290</u>	<u>14,582</u>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 5,343</u>	<u>1,748</u>
Lease subsidies related to COVID-19 (other income)	<u>\$ -</u>	<u>1,959</u>

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

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Variable lease payments not accounted for in lease liability	\$ 26,896	19,300
Total cash used in lease	\$ 158,971	137,443

1. Lease of buildings and constructions

- (1) The land on Gongyuan Road in Pingtung City Schedule in Contract is leased from Pingtung Irrigation Association. The lease term was twenty years and the lease payment was of a certain percentage of the land according to the contract assessed by the government. In the second half of 2011, the lease was extended for another ten years. A loyalty fee of NT\$16,000 thousand was paid to obtain the right of first refusal in the two years prior to the lease expiration date and to renew the lease with pre-negotiated terms and conditions.
- (2) The mall in 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 operating concession fee is a percentage of retail sales revenue and non-operating income of actual operation, plus lease payments on the land and buildings.

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

- (5) The Group leases office and store space at the Panchiao Station Mall from the Taiwan Railway Administration. The lease term is 16 years, with a fixed royalty payment, with no increase in the first four years and an annual increase of 3% in the fifth year based on the previous year's amount. In addition to the fixed royalty, the operating royalty shall be paid based on a certain percentage of turnover.
- (6) The consolidated company and the Taiwan Railway Administration, Ministry of Transportation and Communications (hereinafter referred to as "TAT") entered into an operating and investment contract for the "New Zuoying Station Building", under which TAT will provide the commercial space on the east and west sides of the shopping mall from 1F underground to 4F above ground of the New Zuoying Station Building and entrust the Consolidated Company with the construction (for a period of one year) and operation (for a period of twelve years), after which the operating right will be vested in TAT. 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 land and transportation equipment and the lease duration is two to four years. 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.

(XVI) Provisions

	Mar. 31, 2023	Dec. 31, 2022	March 31, 2022
Warranty provisions	\$ 181,785	183,236	178,463

There were no major changes in the group's provisions in the periods from January 1 to March 31, 2023 and 2022. For relevant information, please refer to Note 6(16) to the 2022 consolidated financial statements.

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

(XVII) 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.

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

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

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Less than 1 year	\$ 9,726	9,726	5,732
1~2 years	9,726	9,726	5,726
2~3 years	9,726	9,726	5,726
3~4 years	9,726	9,726	5,726
4~5 years	9,726	9,726	5,726
Above 5 years	26,885	29,316	17,336
Non-discounted future cash flows of lease	<u>\$ 75,515</u>	<u>77,946</u>	<u>45,972</u>

The rent income generated from investment property for the periods January 1 to March 31, 2023 and 2022, NT\$2,431 thousand and NT\$1,489 thousand, respectively. There were no major maintenance or repair expenses.

(XVIII) Employee benefits

1. Defined benefit plans

There were no major market fluctuations, significant reduction, liquidation or other one-time-only significant events in the previous fiscal year. Therefore, the Group measures and discloses the interim period pension costs based on the actuated amount on December 31, 2022 and 2021.

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

	<u>Jan. - Mar. 2023</u>	<u>Jan. - Mar. 2022</u>
Operating costs	\$ 77	106
Operating expenses	\$ 179	193

2. Defined contribution plans

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

	<u>Jan. - Mar. 2023</u>	<u>Jan. - Mar. 2022</u>
Operating costs	\$ 5,053	4,243
Operating expenses	\$ 5,662	5,179

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

3. Short-term compensated absences liabilities

	2023.3.31	2022.12.31	2022.3.31
Short-term compensated absences liabilities	\$ 19,991	20,174	19,021

(XIX) Income tax

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Current tax expenses		
Accrued in current period	\$ 118,657	119,391
Adjustments to income tax expenses of previous period	61	-
Land value increment tax	39,915	18,133
	158,633	137,524
Deferred income tax expenses		
Occurrence and reversal of temporary differences	(1,370)	5,228
Income tax expenses on units in continuing operation	\$ 157,263	142,752

2. The Group's business income tax declaration has promised been approved by the collection authority until 2021.

(XX) Capital and other equity interest

Apart from the matters described in the following paragraphs, there were no major changes in the group's capital and other equity in the periods from January 1 to March 31, 2023 and 2022. For relevant information, please refer to Note 6(20) to the 2022 consolidated financial statements.

1. Capital reserve

The details of capital reserve were as follows:

	2023.3.31	2022.12.31	2022.3.31
Shares premium	\$ 827,906	827,906	827,906
Premium on conversion of corporate bonds	236,408	236,408	236,408
Treasury stock transactions	325,201	325,201	295,974
Gains on disposal of assets	34,912	34,912	34,912
Others	27,478	27,142	27,279
	\$ 1,451,905	1,451,569	1,422,479

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

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.

2. Retained earnings

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

(1) Legal reserve

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

(2) Special reserve

In accordance with the regulations of the FSC, when distributing distributable earnings, the difference between the net decrease in other stockholders' equity and the special reserve set aside for the current year shall be added to the current period's net income after tax and the amount of undistributed earnings for the current period and the special reserve set aside for the prior period's undistributed earnings; the amount of other shareholders' equity accumulated in prior periods is not distributable from the special reserve from prior periods' undistributed earnings. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of March 31, 2023, the balance of special reserve was NT\$26,727 thousand.

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

(3) Earnings distribution

The 2022 distribution of earnings were proposed by the Board meeting on March 14, 2023 and the 2021 distribution of earnings were resolved at the shareholders' meeting on June 29, 2022, respectively. The dividends distributed to owners are as follows:

	2022		2021	
	Dividend rate (NT\$)	Amount	Dividend rate (NT\$)	Amount
Dividends to common shareholders:				
Cash	\$ 1.75	969,798	2.50	1,385,425

3. Treasury stock

(1) On August 5, 2022, the Board of Directors resolved to repurchase 1,000,000 shares of treasury stock for the purpose of transferring shares to employees during the period from August 10, 2022 to October 6, 2022. As of March 31, 2023, the Company has bought back all of the shares, with the total purchase amount of NT\$27,520 thousand and the total amount of treasury stock of NT\$27,506 thousand. As of March 31, 2023, the number of uncanceled shares was 1,000 thousand shares.

(2) As of March 31, 2023 and 2022, the company's common stock held by the group was as follows:

Subsidiary name	2023.3.31			Unit: thousands shares 2022.3.31		
	Number of shares	Carrying amount (Note)	Market value	Number of shares	Carrying amount (Note)	Market value
Kedge Construction	550	\$ 1,222	16,500	550	1,222	19,855
Jiequn Investment Co., Ltd.	9,373	55,384	281,193	9,373	55,384	338,368
Guanqing Electromechanic al	1,768	14,590	53,031	1,768	14,590	63,814
	11,691	\$ 71,196	350,724	11,691	71,196	422,037

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

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

4. 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, 2023	\$ (29,493)	2,949	(5,172)	(31,716)
The exchange differences yielded by net assets of overseas operating institutions	(23)	-	(5)	(28)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(215)	(569)	(784)
Balance as of March 31, 2023	<u>\$ (29,516)</u>	<u>2,734</u>	<u>(5,746)</u>	<u>(32,528)</u>
Balance as of January 1, 2022	\$ (29,652)	2,925	(5,223)	(31,950)
The exchange differences yielded by net assets of overseas operating institutions	44	-	8	52
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	168	89	257
Balance as of March 31, 2022	<u>\$ (29,608)</u>	<u>3,093</u>	<u>(5,126)</u>	<u>(31,641)</u>

(XXI) Earnings per Share

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Basic earnings per share		
Net income attributable to the holders of common shares of the company	<u>\$ 480,588</u>	<u>830,355</u>
Weighted average number of ordinary shares outstanding	<u>541,479</u>	<u>542,479</u>
	<u>\$ 0.89</u>	<u>1.53</u>
Diluted earnings per share		
Net income attributable to the holders of common shares of the company (diluted)	<u>\$ 480,588</u>	<u>830,355</u>
Weighted average number of ordinary shares outstanding	541,479	542,479
Influence of employees' share bonus	1,433	1,720
Weighted average number of ordinary shares outstanding (after adjusting the impact of diluting potential ordinary shares)	<u>542,912</u>	<u>544,199</u>
	<u>\$ 0.89</u>	<u>1.53</u>

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

(XXII) Revenue of Customer Contract

1. Disaggregation of revenue

		Jan. - Mar. 2023			
		Development business unit	Construction	Shopping mall	Total
Main regional markets:					
	Taiwan	\$ 1,289,037	2,800,977	402,651	4,492,665
Main products/services:					
	Sales of real estate developments	\$ 1,216,775	-	-	1,216,775
	Sales of construction contracts	69,633	2,800,977	-	2,870,610
	Sales commission from department store retailers	-	-	324,018	324,018
	Service revenue	-	-	6,937	6,937
	Rental income	2,629	-	41,435	44,064
	Other income	-	-	30,261	30,261
		<u>\$ 1,289,037</u>	<u>2,800,977</u>	<u>402,651</u>	<u>4,492,665</u>
Timing of revenue recognition:					
	Transfer of products upon a point in time	\$ 1,216,775	-	356,442	1,573,217
	Gradually transferred revenue over time	2,629	-	46,209	48,838
	Gradually transferred construction over time	69,633	2,800,977	-	2,870,610
		<u>\$ 1,289,037</u>	<u>2,800,977</u>	<u>402,651</u>	<u>4,492,665</u>
		Jan. - Mar. 2022			
		Development business unit	Construction	Shopping mall	Total
Main regional markets:					
	Taiwan	\$ 2,803,593	1,805,120	372,334	4,981,047
Main products/services:					
	Sales of real estate developments	\$ 2,778,096	-	-	2,778,096
	Sales of construction contracts	18,884	1,805,120	-	1,824,004
	Sales commission from department store retailers	-	-	309,717	309,717
	Service revenue	4,935	-	6,794	11,729
	Rental income	1,678	-	29,686	31,364
	Other income	-	-	26,137	26,137
		<u>\$ 2,803,593</u>	<u>1,805,120</u>	<u>372,334</u>	<u>4,981,047</u>
Timing of revenue recognition:					
	Transfer of products upon a point in time	\$ 2,783,031	-	357,098	3,140,129
	Gradually transferred revenue over time	1,678	-	15,236	16,914
	Gradually transferred construction over time	18,884	1,805,120	-	1,824,004
		<u>\$ 2,803,593</u>	<u>1,805,120</u>	<u>372,334</u>	<u>4,981,047</u>

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

2. Contract balances

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Notes and accounts receivable	\$ 2,345,500	2,157,943	914,712
Less: Loss allowance	<u>(7,939)</u>	<u>(8,096)</u>	<u>(11,242)</u>
Total	<u>\$ 2,337,561</u>	<u>2,149,847</u>	<u>903,470</u>
Contract assets - construction	\$ 1,333,814	1,675,939	1,869,909
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,333,814</u>	<u>1,675,939</u>	<u>1,869,909</u>
Contract liabilities - construction	\$ 1,840,904	1,635,353	1,835,920
Contract liabilities - buildings	400,141	306,601	758,761
Contract liabilities - gym	12,478	12,011	11,580
Contract liabilities - customer loyalty points	25,429	17,009	31,654
Contract liabilities - vouchers	<u>77,424</u>	<u>74,831</u>	<u>69,521</u>
Total	<u>\$ 2,356,376</u>	<u>2,045,805</u>	<u>2,707,436</u>

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

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the Group transfers commodities or services to clients to meet the performance obligations and the time when clients pay. There were no other material changes during the periods from January 1 to March 31, 2023 and 2022.

As of March 31, 2023, the 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\$292,152 thousand. Details on the trust accounts were as follows:

<u>Project code</u>	<u>2023.3.31</u>
104A	\$ 269,358
101A	<u>22,794</u>
	<u>\$ 292,152</u>

(XXIII) 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., LTD. and Subsidiaries (continued)

The estimated remunerations to employees amounted to NT\$8,813 thousand and NT\$15,628 thousand, and the estimated remunerations to directors amounted to NT\$8,813 thousand and NT\$15,628 thousand for the three-months periods then ended on March 31, 2023 and 2022, respectively. These amounts were calculated using the company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the company's Article of Incorporation. These remunerations were expensed under operating expenses for each period. If the actual distribution is different from the estimation, the difference will be accounted for as changes in accounting estimates and recognized in profit or loss for the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day prior to the Board of Directors' meeting.

The actual distribution of employee remuneration amounted to NT\$41,942 thousand and NT\$53,929 thousand, and the actual distribution of director remuneration amounted to NT\$41,942 thousand and NT\$53,929 thousand for the years of 2022 and 2021. There is no difference between the estimation and the actual distribution. Please refer to the MOPS for relevant information.

(XXIV) Non-operating income and expenses

1. Interest income

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Bank deposits (including short-term securities)	\$ 30,821	6,658
Loans and receivables	111	142
Construction refundable deposits (including deposits)	65	258
Other interest income	8	10
	\$ 31,005	7,068

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

2. Other gains or losses

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Gains (losses) on foreign currency exchange	\$ (452)	1,558
Net gain of financial assets measured at fair value through profit or loss	320	793
Proceeds from disposals of property, plant and equipment	362	-
Government grant income	-	1,959
Rental income	268	174
Other income	5,948	14,876
Others	(2,478)	(332)
	\$ 3,968	19,028

3. Finance costs

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Interest expenses		
Bank loans	\$ 91,410	70,666
Interests on deposits in advance for public land development	85	34
Transaction fees and interests on corporate bonds	13,145	17,229
Lease liabilities	14,251	14,582
Others	309	215
Less: Capitalization of interest	(47,001)	(30,971)
	\$ 72,199	71,755

(XXV) Financial Instruments

Apart from the matters described in the following paragraphs, there are no major changes in the fair value of the Group's financial instruments and matters exposed to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to Note 6(25) to the 2022 consolidated financial statements.

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

1. Liquidity risk

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

	Book value	Contractual cash flows	Less than 1 year	1 - 3 years	3 - 5 years	Over 5 years
March 31, 2023						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,627,098	17,075,172	10,968,470	4,018,125	2,088,577	-
Ordinary corporate bonds (including within one year)	3,000,000	3,033,547	1,004,774	2,028,773	-	-
Notes, accounts and other payables	6,068,513	6,068,513	4,113,575	1,954,938	-	-
Guarantee deposits received	99,187	99,187	-	99,187	-	-
Other current and non-current liabilities (Long-term liabilities)	24,504	24,636	16,446	8,190	-	-
Lease liabilities (including current portion)	3,205,576	3,722,590	221,453	488,976	467,592	2,544,569
	\$ 29,024,878	30,023,645	16,324,718	8,598,189	2,556,169	2,544,569
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
	\$ 31,369,231	32,406,140	18,570,729	8,912,107	2,258,017	2,665,287
March 31, 2022						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,648,805	17,105,261	7,669,733	7,239,499	2,196,029	-
Ordinary corporate bonds (including within one year)	4,000,000	4,064,689	1,008,342	2,035,207	1,021,140	-
Notes, accounts and other payables	5,847,121	5,847,121	4,148,441	1,698,680	-	-
Guarantee deposits received	96,871	96,871	-	96,871	-	-
Other current and non-current liabilities (Long-term liabilities)	40,840	41,170	16,534	24,636	-	-
Lease liabilities (including current portion)	3,337,300	3,904,566	235,704	466,922	459,112	2,742,828
	\$ 29,970,937	31,059,678	13,078,754	11,561,815	3,676,281	2,742,828

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

2. Interest rate analysis

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

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

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

For the three-months periods then ended on March 31, 2023 and 2022 if the interest rate increases or decreases by 1%, while other factors remained unchanged, the group's profit before tax would decrease or increase by NT\$41,568 thousand or NT\$41,622 thousand, respectively; net profit would decrease or increase by NT\$25,177 thousand and NT\$29,073 thousand, respectively, after capitalization of interest. This is mainly because the group has floating rate loans.

3. Other price risk

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

Securities price on the reporting date	Jan. - Mar. 2023		Jan. - Mar. 2022	
	Other comprehensive income after tax	Net profit after tax	Other comprehensive income after tax	Net profit after tax
Increase by 10%	\$ 1,173	9,795	1,272	12,539
Decrease by 10%	\$ (1,173)	(9,795)	(1,272)	(12,539)

4. Fair value information

(1) Type and fair value of financial instruments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis.

The carrying amount and fair value of various financial assets and financial liabilities (including fair value level information; the carrying amount of financial instruments not measured at fair value is the reasonable approximation of fair value and the lease liabilities do not have to be revealed according to provisions) are listed as follows:

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

	2023.3.31				
	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	\$ 97,954	97,954	-	-	97,954
Financial assets at fair value through other comprehensive income	\$ 11,725	2,611	-	9,114	11,725
Financial assets at amortized cost					
Cash and cash equivalents	\$ 14,658,904	-	-	-	-
Notes and accounts receivable	2,337,561	-	-	-	-
Other financial assets-current	3,352,134	-	-	-	-
Other financial assets-non-current	60,167	-	-	-	-
Subtotal	20,408,766	-	-	-	-
Total	\$ 20,518,445	100,565	-	9,114	109,679
Financial liabilities measured at amortized costs					
Long-/short-term loans (including current portion due within one year)	\$ 16,627,098	-	-	-	-
Notes, accounts and other payables	6,068,513	-	-	-	-
Corporate bonds payable (including current portion)	3,000,000	-	-	-	-
Other current liabilities (Long-term liabilities)	16,336	-	-	-	-
Other non-current liabilities (Long-term liabilities)	8,168	-	-	-	-
Lease liabilities (including current portion)	3,205,576	-	-	-	-
Guarantee deposits received	99,187	-	-	-	-
Total	\$ 29,024,878	-	-	-	-

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

	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

	2022.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost					
Cash and cash equivalents	\$ 15,522,920	-	-	-	-
Notes, accounts and other receivables	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 liabilities)	16,336	-	-	-	-
Other non-current liabilities (Long-term liabilities)	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., LTD. and Subsidiaries (continued)

	2022.3.31				
	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	\$ 125,393	125,393	-	-	125,393
Financial assets at fair value through other comprehensive income	\$ 12,721	2,851	-	9,870	12,721
Financial assets at amortized cost					
Cash and cash equivalents	\$ 17,875,131	-	-	-	-
Notes and accounts receivable	907,708	-	-	-	-
Other financial assets-current	2,183,476	-	-	-	-
Other financial assets-non-current	76,369	-	-	-	-
Subtotal	21,042,684	-	-	-	-
Total	\$ 21,180,798	128,244	-	9,870	138,114
Financial liabilities measured at amortized costs					
Long-/short-term loans (including current portion due within one year)	\$ 16,648,805	-	-	-	-
Notes, accounts and other payables	5,847,121	-	-	-	-
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-
Long-term payables (including current portion)	40,840	-	-	-	-
Lease liabilities (including current portion)	3,337,300	-	-	-	-
Guarantee deposits received	96,871	-	-	-	-
Total	\$ 29,970,937	-	-	-	-

(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.

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

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

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

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

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

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

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

(3) Changes in Level 3 financial assets

	Measured at fair value through other comprehensive income
	Equity instruments without public quotes
January 1, 2023	\$ <u>10,071</u>
March 31, 2023	\$ <u>9,114</u>
January 1, 2022	\$ <u>9,547</u>
March 31, 2022	\$ <u>9,870</u>

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

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among them, the assets still held on March 31, 2023 and 2022 are as follows:

	Jan. - Mar. 2023	Jan. - Mar. 2022
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	<u>\$ (957)</u>	<u>323</u>

(XXVI) Financial risk management

There is no significant difference between the goals and policies of the Group's financial risk management and the information disclosed in Note 6(26) to the 2022 consolidated financial statements.

(XXVII) Capital management

The goals, policies and procedures of the 2022 s capital management are in line with the information disclosed in the 2022 annual consolidated financial statements. There is no significant difference between the aggregated quantitative data of the projects used as capital management in this period and the information disclosed in the 2022 consolidated financial statements. For relevant information, please refer to Note 6(27) to the 2022 consolidated financial statements.

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

The Group's non-cash investing and financing activities for the three months ended to March 31, 2023 and 2022 are as follows:

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Procurement of Property, Plant, and Equipment	\$ 11,354	9,891
Add: Payables for equipment at the beginning of the period	27,286	80,080
Less: Payables for equipment at the end of period	<u>(18,032)</u>	<u>(64,388)</u>
	<u>\$ 20,608</u>	<u>25,583</u>

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

VII. Related-Party Transactions

(I) Name of related parties and relations

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Kindom Yu San Education Foundation	The entity's chairman is the second-degree relative of the company's chairman.
Tua Tiann Co., Ltd.	is a joint venture of the Group.
ReadyCom Information Technology Service Co., Ltd.	Associates

(II) Transactions with related parties

1. The group donated a total of NT\$4,000 thousand and NT\$13,250 thousand to other related parties in the period from 2023 and January 1 to March 31, 2022 the promotion of foundation affairs.
2. The group leased part of the office building to other related parties and joint venture companies, with a lease term of 1 year and three years. The rental income was NT\$14 thousand for each of the periods from January 1 to March 31, 2023 and 2022.
3. Debt situation

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

<u>Accounting Subject</u>	<u>Category and Name of Related Party</u>	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Other payables	Associates	\$ -	<u>150</u>	<u>150</u>

(III) Key management personnel transactions

Remuneration to major management personnel includes:

	<u>Jan. - Mar. 2023</u>	<u>Jan. - Mar. 2022</u>
Short-term employee benefits	\$ 54,868	53,306
Benefits after retirement	72	75
	<u>\$ 54,940</u>	<u>53,381</u>

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

VIII. Pledged Assets

The details of the carrying value of pledged assets and restricted assets guarantee by the Group are as follows:

Name of assets	Pledge guarantee object	2023.3.31	2022.12.31	2022.3.31
Buildings and land held for sale	Bank loans	\$ 5,657,493	6,136,065	6,567,012
Land held for construction	"	211,953	1,724,867	1,739,371
Construction in progress	"	10,857,569	8,876,318	9,317,883
Investment properties and net value of property, plant, and equipment	Bank loans and corporate bonds payable	6,275,807	6,299,209	6,353,065
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, bonds payable and restricted assets guarantee	2,424,924	2,541,820	1,251,305
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	51,002	50,802	50,595
		<u>\$ 25,478,748</u>	<u>25,629,081</u>	<u>25,279,231</u>

Note: The shares pledged as collateral for the subsidiary's bank borrowings amounted to 223,414 thousand shares, as of March 31, 2023, December 31, 2022 and March 31, 2022.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Significant unrecognized contract commitments:

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

	2023.3.31	2022.12.31	2022.3.31
Amount of construction contracts	<u>\$ 42,606,409</u>	<u>42,465,890</u>	<u>39,956,399</u>
Amount of payments received	<u>\$ 17,899,109</u>	<u>14,488,226</u>	<u>7,797,543</u>

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

	2023.3.31	2022.12.31	2022.3.31
Amount of sales contracts signed	<u>\$ 2,688,107</u>	<u>3,166,981</u>	<u>4,116,618</u>
Amount of payments received per contracts	<u>\$ 400,141</u>	<u>306,601</u>	<u>758,761</u>

3. For details on lease agreements of the Group's business in shopping mall management as of March 31, 2023, December 31, 2022, and March 31, 2022, please refer to Note 6(15). Details of the performance bond in relation to obligations under these agreements are as follows:

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

	2023.3.31	2022.12.31	2022.3.31
Refundable notes	\$ 232,550	232,550	232,550

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

	2023.3.31	2022.12.31	2022.3.31
Refundable deposits	\$ 546,489	686,090	508,590
Guarantees in trust accounts	\$ 1,457,189	1,552,737	1,438,635

5. As of March 31, 2023, December 31, 2022 and March 31, 2022, the guaranteed notes for projects were amounted to NT\$57,992 thousand, NT\$57,992 thousand and NT\$401,342 thousand, respectively.
6. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Consolidated Company had issued bank guarantee letters amounting to NT\$3,882,755, NT\$4,279,154 and NT\$4,552,968, respectively, for the construction warranty performance guarantee and prepayment guarantee.
7. It is passed by the Board meeting in December of 2022 and 2021 that the Group 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.
8. 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.
9. If the joint venture company of the Group (Tua Tiann Co., Ltd.) in Note 6(6) entered into a contract with Taipei City Housing and Urban Renewal Center in September, 2022 for the "Taipei Vehicle Specific Zone Station E1E2 Contour Publicly-Owned Urban Renewal Project", the Group shall be jointly and severally liable for the compensation and performance of the contract.
10. In December 2022, the Group entered into a contract with the National Center for Housing and Urban Renewal (NCHUR) for capital contribution and assistance in the implementation of urban renewal projects. Under the agreement, the Group is required to lease back the commercial facilities attached to the administrative office building for a period of 20 years.

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

X. Significant Disaster Loss: None

XI. Significant Events after the Balance Sheet Date

On April 19, 2023, the Consolidated Company terminated the joint construction contract with Ocean Plastics CO., LTD. and Changxin Xinye Co., Ltd. and its lease agreement for the joint building “25 land cooperative development projects including No. 125, Jiankang Section, Zhonghe District, New Taipei City” and parking lot floors.

XII. Others

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

Function Nature	Jan. - Mar. 2023			Jan. - Mar. 2022		
	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefit expenses						
Salaries and wages	168,108	167,074	335,182	115,277	160,453	275,730
Labor insurance and national health insurance	12,508	15,477	27,985	9,438	11,722	21,160
Pension expenses	5,130	5,841	10,971	4,349	5,372	9,721
Other employee benefits expenses	4,277	7,332	11,609	3,595	7,458	11,053
Depreciation	3,719	103,543	107,262	2,151	101,009	103,160
Amortization	-	2,926	2,926	-	2,724	2,724

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

XIII. Disclosure Notes

- (I) Information on significant transactions

In the period from January 1 to March 31, 2023, the group shall disclose information related to material transactions pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." Such information is as follows:

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

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

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	\$ 8,724,243	14,192	14,192	14,192	-	0.33%	8,724,243	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	48,822	14,192	14,192	14,192	-	29.07%	48,822	N	Y	N
2	"	Kedge Construction	Parent company and subsidiary	7,323,271	1,376,500	1,376,500	1,376,500	-	2,819.43%	14,646,542	N	Y	N
3	Global Mall	Guan Hua	2	3,268,828	110,000	110,000	20,000	-	2.02%	6,537,656	Y	N	N
3	"	Guan Cheng	2	3,268,828	61,550	61,550	61,550	-	1.13%	6,537,656	Y	N	N
3	"	Guan You	2	3,268,828	180,000	180,000	-	-	3.30%	6,537,656	Y	N	N

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

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

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

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

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

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

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				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	34,116	-	34,116	
"	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	99	3,295	0.20 %	3,295	
"	Stock - Clientron Corp.	-	"	29	699	0.05 %	699	
"	Stock - Fubon Financial Holding Co Ltd.	-	"	12	692	-	692	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	563	31,836	-	31,836	
"	Stock - SinoPac Securities Corporation	-	"	224	3,726	-	3,726	
"	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	11	646	-	646	
"	Stock - Huei Ding Computer	-	"	405	-	0.78 %	-	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	500	28,276	-	28,276	
"	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	10	574	-	574	
"	Stock - Commonwealth Publishing Group	-	"	160	5,819	0.59 %	5,819	

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

4. Accumulated amount of buying or selling the same marketable securities at NT\$300 million or more than 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate at prices exceeding NT\$ 300 million or 20% of the paid-in capital:

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

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	2022.12 ~ 2023.02	Not applicable: inventories sold, not acquired	N/A	827,915	827,915	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	481,791	61.59%	50% due immediately and 50% due in 60 days	Equivalent to other transactions	Slightly longer than normal	(642,906)	(59.16)%	Note 2
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	Contracting	(481,791)	(12.98)%	Receive payment by installment per contract and slightly longer than a normal transaction	"	"	642,906	18.37%	"

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	642,906	2.94	-	-	64,878	-

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:

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

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	462,170	50% due immediately and 50% due in 60 days	10.29%
0	The company	Kedge Construction	1	Buildings and land held for sale	92,138	50% due immediately and 50% due in 60 days	0.17%
0	The company	Kedge Construction	1	Construction in progress	125,852	50% due immediately and 50% due in 60 days	0.23%
0	The company	Kedge Construction	1	Notes and accounts payable-related parties	642,906	50% due immediately and 50% due in 60 days	1.18%
0	The company	Kedge Construction	1	Operating revenue	1,643	Once a quarter	0.04%
0	The company	Kedge Construction	1	Non-operating revenue	2,857	100% due immediately	0.06%
0	The company	Kedge Construction	1	Operating expenses	840	Once a quarter	0.02%
0	The company	Dingtian Construction	1	Cost of construction	6,568	50% due immediately and 50% due in 60 days	0.15%
0	The company	Dingtian Construction	1	Construction in progress	1,352	50% due immediately and 50% due in 60 days	-%
0	The company	Dingtian Construction	1	Notes and accounts payable-related parties	3,568	50% due immediately and 50% due in 60 days	0.01%
0	The company	Dingtian Construction	1	Operating revenue	24	Once a quarter	-%
0	The company	Guanqing Electromechanical	1	Operating revenue	24	Once a quarter	-%
0	The company	Global Mall	1	Non-operating revenue	714	Once a month	0.02%
1	Kedge Construction	The company	2	Operating revenue	462,170	50% due immediately and 50% due in 60 days	10.29%
1	Kedge Construction	The company	2	Operating costs	217,990	50% due immediately and 50% due in 60 days	4.85%
1	Kedge Construction	The company	2	Notes and accounts receivable-related parties, contract assets	642,906	50% due immediately and 50% due in 60 days	1.18%
1	Kedge Construction	The company	2	Operating revenue	840	Once a quarter	0.02%
1	Kedge Construction	The company	2	Operating expenses	4,500	Once a quarter	0.10%
2	Dingtian Construction	The company	2	Operating revenue	6,568	50% due immediately and 50% due in 60 days	0.15%
2	Dingtian Construction	The company	2	Operating costs	1,352	50% due immediately and 50% due in 60 days	0.03%
2	Dingtian Construction	The company	2	Notes and accounts receivables -related parties	3,568	50% due immediately and 50% due in 60 days	0.01%
2	Dingtian Construction	The company	2	Operating expenses	24	Once a quarter	-%
3	Guanqing Electromechanical	The company	2	Operating expenses	24	Once a quarter	-%
4	Global Mall	The company	2	Operating expenses	714	Once a month	0.02%
4	Global Mall	Guan Cheng	3	Accounts receivable-related parties	16,234	Once a year, credit on 30 days	0.03%
4	Global Mall	Guan Cheng	3	Operating revenue	13,093	Once a year	0.29%
4	Global Mall	Guan Hua	3	Accounts receivable-related parties	4,403	Once a year, credit on 30 days	0.01%
4	Global Mall	Guan Hua	3	Operating revenue	4,131	Once a year	0.09%
4	Global Mall	Guan You	3	Accounts receivable-related parties	1,154	Once a year, credit on 30 days	-%
4	Global Mall	Guan You	3	Operating revenue	1,080	Once a year	0.02%
5	Guan Cheng	Global Mall	3	Other payables-Related parties	16,234	Once a year, credit on 30 days	0.03%
5	Guan Cheng	Global Mall	3	Operating expenses	13,093	Once a year	0.29%
6	Guan Hua	Global Mall	3	Other payables-Related parties	4,403	Once a year, credit on 30 days	0.01%
6	Guan Hua	Global Mall	3	Operating expenses	4,131	Once a year	0.09%
7	Guan You	Global Mall	3	Other payables-Related parties	1,154	Once a year, credit on 30 days	-%
7	Guan You	Global Mall	3	Operating expenses	1,080	Once a year	0.02%

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.

(II) Information on Invested Companies:

The information on the group's investees in the period from January 1 to March 31, 2023 is as follows:

Unit: NT\$ thousand/ thousand shares

Name of Investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value			
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	39,873	34.18%	1,277,449	167,296	56,415	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%	4,602,298	109,248	91,787	"
"	Tua Tiann	Taiwan	Commercial real estate development	1,020,000	1,020,000	102,000	51.00%	1,023,718	3,818	1,947	Investments accounted for using equity method
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	Investment	163,935	163,935	16,396	99.98%	442,809	538	538	Sub-subsidiary
"	Guanqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	229,289	250	250	"
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,647	1,042	313	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	34,175	1,042	729	"
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,521	277	129	Investments accounted for using equity method
Global Mall	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	280,886	280,886	20,000	100.00%	290,041	29,340	29,340	Sub-subsidiary
"	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	144,915	3,498	3,498	Sub-subsidiary
"	KGM	Hong Kong	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	9,339 (HKD390 thousand)	9,339 (HKD390 thousand)	- (Limited company)	100.00%	1,782	9	9	"
"	Hon Hui Zhu Gao	Taiwan	Department stores, supermarkets, and non-store retailing	100,000	100,000	10,000	20.00%	99,909	(231)	(46)	Investments accounted for using equity method
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	230,006	230,006	13,500	100.00%	92,497	480	480	Third-tier subsidiary

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

(III) Information on Investments in Mainland China:

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

Unit: Thousands of USD/RMB/NTD

Cumulative investment remitted from Taiwan to Mainland China at end of the year	Amount of investment approved by the Investment Commission, M.O.E.A.	Limit on amount of investment stipulated by the Investment Commission, M.O.E.A.
1,076,350(CNY 227,649) (Note 1)	USD 38,738	11,398,299 (Note 2)

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

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

3. Significant transactions with investees in mainland China: None

(IV) Information on Major Shareholders:

Expressed in shares

Name of substantial shareholders	Shareholding	No. of shares held	Shareholding ratio
Yu-De Investment Co.		105,935,137	19.11%
Mei-Chu Liu		66,306,202	11.96%

XIV. Segment Information

(I) General information

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

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

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

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

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

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

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:

	Jan. - Mar. 2023				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 1,289,037	2,800,977	402,651	-	4,492,665
Inter-segment income	1,691	469,579	-	(471,270)	-
Total revenue	<u>\$ 1,290,728</u>	<u>3,270,556</u>	<u>402,651</u>	<u>(471,270)</u>	<u>4,492,665</u>
Reportable segment profits or loss	<u>\$ 573,178</u>	<u>209,186</u>	<u>132,031</u>	<u>(150,467)</u>	<u>763,928</u>

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

	Jan. - Mar. 2022				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 2,803,593	1,805,120	372,334	-	4,981,047
Inter-segment income	1,692	388,767	11,861	(402,320)	-
Total revenue	<u>\$ 2,805,285</u>	<u>2,193,887</u>	<u>384,195</u>	<u>(402,320)</u>	<u>4,981,047</u>
Reportable segment profits or loss	<u>\$ 937,721</u>	<u>179,348</u>	<u>144,328</u>	<u>(145,160)</u>	<u>1,116,237</u>
Assets of reportable segments					
March 31, 2023	<u>\$ 38,950,918</u>	<u>11,446,229</u>	<u>11,540,272</u>	<u>(7,361,633)</u>	<u>54,575,786</u>
December 31, 2022	<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>
March 31, 2022	<u>\$ 39,774,632</u>	<u>10,040,228</u>	<u>12,330,628</u>	<u>(7,427,561)</u>	<u>54,717,927</u>
Reportable segment liabilities					
March 31, 2023	<u>\$ 19,953,753</u>	<u>7,083,920</u>	<u>6,092,226</u>	<u>(725,812)</u>	<u>32,404,087</u>
December 31, 2022	<u>\$ 20,568,749</u>	<u>7,612,261</u>	<u>6,769,607</u>	<u>(653,208)</u>	<u>34,297,409</u>
March 31, 2022	<u>\$ 21,380,749</u>	<u>6,403,316</u>	<u>6,828,426</u>	<u>(864,718)</u>	<u>33,747,773</u>