

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

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

**Third Quarter of 2020 and 2019**

**Address: 2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)  
Tel: +886-2-2378-6789-**

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

## Table of Contents

	<b>Item</b>	<b>Page</b>
1.	Cover Page	1
2.	Table of Contents	2
3.	Independent Auditors' Review Report	3-4
4.	Consolidated Balance Sheets	5
5.	Consolidated Statements of Comprehensive Income	6
6.	Consolidated Statements of Changes in Equity	7
7.	Consolidated Statements of Cash Flows	8-9
8.	Notes to the Consolidated Financial Statements	
	(1) Company History	10
	(2) Approval Date and Procedures of the Financial Statements	10
	(3) Application of New, Amended, and Revised Standards and Interpretations	10-12
	(4) Summary of Significant Accounting Policies	12-14
	(5) Significant Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty	14
	(6) Description of Significant Accounting Items	14-38
	(7) Related-Party Transactions	38-39
	(8) Pledged Assets	39
	(9) Significant Contingent Liabilities and Unrecognized Contract Commitments	39-41
	(10) Significant Disaster Loss	41
	(11) Significant Events after the End of the Financial Reporting Period	41
	(12) Others	41-42
	(13) Supplementary Disclosures	
	1. Information about significant transactions:	42-45
	2. Information on investees	45-46
	3. Information on investments in Mainland China	46-47
	4. Information on major shareholders	47
	(14) Segment Information	47-48

## **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 as of September 30, 2020, and 2019, the consolidated statements of comprehensive income for the three-month periods from July 1 to September 30, 2020 and 2019, and for the nine-month periods from January 1 to September 30, 2020 and 2019, and the consolidated statements of changes in equity and cash flows for the nine-month periods from January 1 to September 30, 2020 and 2019 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 reports 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 reports based on our reviews.

### **Scope**

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial reports do not present fairly, in all material aspects of the consolidated financial position of the company as of September 30, 2020, and 2019, its consolidated financial performance for the three-month periods from July 1 to September 30, 2020 and 2019, and for the nine-month periods from January 1 to September 30, 2020 and 2019, and its consolidated cash flows for the nine-month periods from January 1 to September 30, 2020 and 2019 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 FSC."

KPMG

Taipei, Taiwan  
Republic of China  
November 9, 2020

### *Notices to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles 4*

*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' review report and consolidated financial statements shall prevail.*

**As of September 30, 2020 and 2019, only reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.**

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

**Consolidated Balance Sheets**

**September 30, 2020, December 31, 2019, and September 30, 2019**

**Expressed in thousands of New Taiwan Dollars**

Assets	2020.9.30		2019.12.31		2019.9.30			Liabilities and equity	2020.9.30		2019.12.31		2019.9.30	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>						
1100 Cash and cash equivalents (Note 6(1) and (24))	\$ 8,408,900	14	6,229,385	11	5,504,893	10	2100	Short-term loans (Note 6(12) and (24))	\$ 18,668,630	32	18,915,374	34	20,466,356	37
1110 Current financial assets at fair value through profit or loss (Note 6(2) and (24))	60,231	-	97,563	-	92,771	-	2110	Short-term notes and bills payable (Note 6(12) and (24))	550,000	1	-	-	130,000	-
							2130	Current contract liabilities (Note 6(21))	7,865,552	13	6,187,338	11	5,762,809	10
1140 Current contract assets (Note 6(21))	2,171,757	4	1,349,793	3	1,557,056	3	2150	Notes payable (Note 6(24))	578,977	1	397,938	1	967,528	2
1150 Notes receivable, net (Note 6(4) and (24))	1,463	-	3,201	-	1,898	-	2170	Accounts payable (Note 6(24))	4,482,630	9	4,871,171	9	4,644,123	9
1170 Accounts receivable, net (Note 6(4) and (24))	528,703	1	1,412,568	3	348,896	1	2200	Other payables (Note 6(24))	671,156	1	777,890	2	834,373	2
1200 Other receivables (Note 6(24))	2,703	-	-	-	-	-	2230	Current tax liabilities	240,769	-	68,365	-	88,407	-
1220 Current tax assets	34,177	-	33,266	-	777	-	2250	Current provisions (Note 6(15))	100,039	-	102,482	-	98,828	-
1300 Inventories, merchandising business (Note 6(5))	15,540	-	15,105	-	23,574	-	2251	Current provisions for employee benefit (Note 6(17))	21,029	-	21,533	-	18,918	-
1320 Inventories (for construction business) (Note 6(5) and 8)	33,884,453	58	32,406,303	58	33,981,831	61	2280	Current lease liabilities (Note 6(14) and (24))	153,868	-	129,914	-	124,801	-
1410 Prepayments	287,239	-	300,541	1	485,586	1	2310	Payments received in advance	2,291	-	2,029	-	443	-
1476 Other current financial assets (Note 6(11), (21), (24) and 8)	2,383,016	4	3,530,868	6	2,926,088	5	2320	Current portion of long-term debt due within one year or one operating period (Note 6(24))	16,336	-	16,336	-	16,336	-
1479 Other current assets, others	43,467	-	40,424	-	72,224	-		Current portion of convertible corporate bond due within one year or one operating period (Note 6(13) and (24))	1,500,000	3	-	-	-	-
1480 Current assets recognised as incremental costs to obtain contract with customers (Note 6(11))	152,887	-	144,525	-	202,295	-	2321	Current portion of long-term loans due within one year or one operating period (Note 6(12) and (24))	141,840	-	190,450	-	190,450	-
	47,974,536	81	45,563,542	82	45,197,889	81	2322	Other current liabilities - others	160,826	-	169,065	-	82,762	-
<b>Non-current assets:</b>								<b>Non-current liabilities:</b>	35,153,943	60	31,849,885	57	33,426,134	60
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3) and (24))	8,964	-	8,579	-	7,083	-	2399	Corporate bonds payable (Note 6(13) and (24))	3,000,000	5	4,500,000	8	3,500,000	7
1550 Investment accounted for using equity method	21,015	-	20,506	-	20,119	-		Long-term debts (Note 6(12) and (24))	2,233,160	4	2,184,575	4	2,294,388	4
1600 Property, plant and equipment (Note 6(7) and 8)	6,667,321	12	6,703,794	12	6,860,805	13	2530	Non-current lease liabilities (Note 6(14) and (24))	3,546,970	6	2,714,817	5	2,741,703	5
1755 Right-of-use assets (Note 6(8))	3,597,829	6	2,789,255	5	2,790,317	5	2540	Net defined benefit assets, non-current	3,609	-	6,681	-	6,563	-
1760 Investment property (Note 6(9) and 8)	507,303	1	510,687	1	511,815	1	2580	Guarantee deposits received (Note 6(24))	101,365	-	90,754	-	83,753	-
1780 Intangible assets (Note 6(10))	36,324	-	42,830	-	44,602	-	2640	Other non-current liabilities, others (Note 6(24))	49,008	-	65,344	-	65,344	-
1840 Deferred tax assets	47,442	-	51,446	-	43,311	-	2645		8,934,112	15	9,562,171	17	8,691,751	16
1915 Prepayments for business facilities	6,182	-	9,926	-	6,717	-	2670	Total liabilities	44,088,055	75	41,412,056	74	42,117,885	76
1975 Net defined benefit asset - non-current	1,308	-	1,361	-	-	-		<b>Equity attributable to owners of parent (Note 6(19)):</b>						
1980 Other non-current financial assets (Note 6(24) and 8)	127,096	-	72,968	-	99,994	-		Equity capital	5,037,910	9	5,037,910	9	5,037,910	9
1985 Long-term lease prepayments	-	-	-	-	34,582	-		Capital surplus	1,396,097	2	1,379,873	3	1,379,873	2
1995 Other non-current assets, others	50,125	-	50,071	-	50,059	-		Retained earnings	6,747,059	11	6,306,721	11	5,516,766	10
	11,070,909	19	10,261,423	18	10,469,404	19	3100	Other equity interest	(28,177)	-	(25,804)	-	(26,544)	-
							3200	Treasury shares	(71,196)	-	(71,196)	-	(71,196)	-
							3300	Total equity attributable to owners of parent	13,081,693	22	12,627,504	23	11,836,809	21
							3400	Controlling interest (Note 6(6))	1,875,697	3	1,785,405	3	1,712,599	3
							3500	Total equity	14,957,390	25	14,412,909	26	13,549,408	24
							36XX	<b>Total liabilities and equity</b>	<b>\$ 59,045,445</b>	<b>100</b>	<b>55,824,965</b>	<b>100</b>	<b>55,667,293</b>	<b>100</b>
<b>Total assets</b>	<b>\$ 59,045,445</b>	<b>100</b>	<b>55,824,965</b>	<b>100</b>	<b>55,667,293</b>	<b>100</b>								

(Please see the Notes to the Consolidated Financial Statements)

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

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

**Consolidated Statements of Comprehensive Income**

**July 1 to September 30, 2020 and 2019, and January 1 to September 30, 2020 and 2019**

**Expressed in thousands of New Taiwan Dollars**

	July - September 2020		July - September 2019		January - September 2020		January - September 2019	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 6(21))	\$ 4,705,176	100	2,968,068	100	13,772,487	100	9,142,982	100
5000 Operating costs (Note 6(5))	3,679,099	78	2,038,165	69	10,455,988	76	6,725,539	74
<b>Gross profit from operations</b>	<b>1,026,077</b>	<b>22</b>	<b>929,903</b>	<b>31</b>	<b>3,316,499</b>	<b>24</b>	<b>2,417,443</b>	<b>26</b>
<b>Operating expenses:</b>								
6100 Selling expenses	37,661	1	89,960	3	200,216	1	209,277	2
6200 Administrative expenses	352,199	7	350,479	12	1,060,895	8	1,041,064	11
6450 Expected credit loss (Note 6 (4))	-	-	-	-	11,383	-	-	-
	389,860	8	440,439	15	1,272,494	9	1,250,341	13
<b>Net operating income</b>	<b>636,217</b>	<b>14</b>	<b>489,464</b>	<b>16</b>	<b>2,044,005</b>	<b>15</b>	<b>1,167,102</b>	<b>13</b>
<b>Non-operating income and expenses:</b>								
7100 Interest income (Note 6(23))	4,015	-	4,647	-	14,480	-	14,880	-
7010 Other income (Note 6 (23))	3,023	-	2,947	-	3,435	-	3,456	-
7020 Other gains and losses (Note 6 (23))	28,459	1	10,624	-	77,750	1	104,361	1
7050 Financial Costs (Note 6 (23))	(100,992)	(2)	(115,229)	(4)	(274,416)	(2)	(346,042)	(4)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	740	-	(65)	-	509	-	(386)	-
	(64,755)	(1)	(97,076)	(4)	(178,242)	(1)	(223,731)	(3)
<b>Net income before tax from continuing operating department</b>	<b>571,462</b>	<b>13</b>	<b>392,388</b>	<b>12</b>	<b>1,865,763</b>	<b>14</b>	<b>943,371</b>	<b>10</b>
7950 Less: Income tax expense (Note 6(18))	77,863	2	96,508	3	369,282	3	258,184	3
<b>Net income</b>	<b>493,599</b>	<b>11</b>	<b>295,880</b>	<b>9</b>	<b>1,496,481</b>	<b>11</b>	<b>685,187</b>	<b>7</b>
8300 <b>Other comprehensive income:</b>								
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	370	-	(404)	-	385	-	(512)	-
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
8361 Exchange difference on translation of foreign financial statements	774	-	(1,654)	-	(3,671)	-	(749)	-
8300 <b>Other comprehensive income, net</b>	<b>1,144</b>	<b>-</b>	<b>(2,058)</b>	<b>-</b>	<b>(3,286)</b>	<b>-</b>	<b>(1,261)</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>\$ 494,743</b>	<b>11</b>	<b>293,822</b>	<b>9</b>	<b>1,493,195</b>	<b>11</b>	<b>683,926</b>	<b>7</b>
<b>Profit attributable to:</b>								
8610 Owners of parent	\$ 409,052	9	262,053	8	1,196,025	9	493,597	5
8620 Non-controlling interests	84,547	2	33,827	1	300,456	2	191,590	2
	<b>\$ 493,599</b>	<b>11</b>	<b>295,880</b>	<b>9</b>	<b>1,496,481</b>	<b>11</b>	<b>685,187</b>	<b>7</b>
<b>Total comprehensive income attributable to:</b>								
8710 Owners of parent	\$ 410,148	9	260,599	8	1,193,652	9	492,599	5
8720 Non-controlling interests	84,595	2	33,223	1	299,543	2	191,327	2
	<b>\$ 494,743</b>	<b>11</b>	<b>293,822</b>	<b>9</b>	<b>1,493,195</b>	<b>11</b>	<b>683,926</b>	<b>7</b>
9750 <b>Basic earnings per share (in NT\$) (Note 6(20))</b>	<b>\$ 0.83</b>		<b>0.53</b>		<b>2.43</b>		<b>1.00</b>	
9850 <b>Diluted earnings per share (in NT\$) (Note 6(20))</b>	<b>\$ 0.83</b>		<b>0.53</b>		<b>2.42</b>		<b>1.00</b>	

(Please see the Notes to the Consolidated Financial Statements)

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

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

**Consolidated Statements of Changes in Equity**

**January 1 to September 30, 2020 and 2019**

**Expressed in thousands of New Taiwan Dollars**

Equity attributable to owners of parent

	Equity capital					Other equity interest						Total equity
	Share capital of ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange difference on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	
<b>Balance as of January 1, 2019</b>	\$ 5,037,910	1,368,865	1,637,699	32,521	3,856,740	5,526,960	(25,910)	364	(71,196)	11,836,993	1,730,570	13,567,563
Profit	-	-	-	-	493,597	493,597	-	-	-	493,597	191,590	685,187
Other comprehensive income	-	-	-	-	-	-	(629)	(369)	-	(998)	(263)	(1,261)
Total comprehensive income	-	-	-	-	493,597	493,597	(629)	(369)	-	492,599	191,327	683,926
Appropriation and distribution of comprehensive income												
Legal reserve appropriated	-	-	50,725	-	(50,725)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(6,975)	6,975	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(503,791)	(503,791)	-	-	-	(503,791)	-	(503,791)
Changes in capital reserve from dividends paid to subsidiaries	-	10,626	-	-	-	-	-	-	-	10,626	-	10,626
Unclaimed dividends after effective period	-	382	-	-	-	-	-	-	-	382	22	404
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(209,320)	(209,320)
<b>Balance as of September 30, 2019</b>	\$ 5,037,910	1,379,873	1,688,424	25,546	3,802,796	5,516,766	(26,539)	(5)	(71,196)	11,836,809	1,712,599	13,549,408
<b>Balance as of January 1, 2020</b>	\$ 5,037,910	1,379,873	1,688,423	25,546	4,592,752	6,306,721	(26,264)	460	(71,196)	12,627,504	1,785,405	14,412,909
Profit	-	-	-	-	1,196,025	1,196,025	-	-	-	1,196,025	300,456	1,496,481
Other comprehensive income	-	-	-	-	-	-	(3,084)	711	-	(2,373)	(913)	(3,286)
Total comprehensive income	-	-	-	-	1,196,025	1,196,025	(3,084)	711	-	1,193,652	299,543	1,493,195
Appropriation and distribution of comprehensive income												
Legal reserve appropriated	-	-	128,355	-	(128,355)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	258	(258)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(755,687)	(755,687)	-	-	-	(755,687)	-	(755,687)
Changes in capital reserve from dividends paid to subsidiaries	-	15,938	-	-	-	-	-	-	-	15,938	-	15,938
Unclaimed dividends after effective period	-	286	-	-	-	-	-	-	-	286	35	321
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(209,286)	(209,286)
<b>Balance as of September 30, 2020</b>	\$ 5,037,910	1,396,097	1,816,778	25,804	4,904,477	6,747,059	(29,348)	1,171	(71,196)	13,081,693	1,875,697	14,957,390

(Please see the Notes to the Consolidated Financial Statements)

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

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

**Consolidated Statements of Cash Flows**

**January 1 to September 30, 2020 and 2019**

**Expressed in thousands of New Taiwan Dollars**

	<u>January - September 2020</u>	<u>January - September 2019</u>
<b>Cash flows from operating activities:</b>		
<b>Profit before income tax</b>	\$ 1,865,763	943,371
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	291,574	269,426
Amortization expense	7,729	11,990
Expected credit losses	11,383	-
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	13,348	(1,823)
Interest expense	274,416	346,042
Interest income	(14,480)	(14,880)
Dividend income	(3,435)	(3,456)
Share of (profit) loss of associates and joint ventures accounted for using equity method	(509)	386
(Gain) loss on disposal of property, plant and equipment	(94)	1
Amortization of long-term prepaid lease	-	1,183
Other (income) loss	(25,495)	14,311
Net impairment losses	-	(88,110)
Total adjustments to reconcile profit (loss)	<u>554,437</u>	<u>535,070</u>
Changes in operating assets and liabilities		
Net changes in operating assets:		
Decrease in financial assets measured at fair value through profit or loss	23,984	-
Increase in contract assets	(821,964)	(528,726)
Decrease (increase) in notes receivable	1,738	(669)
Decrease in accounts receivable	872,482	1,088,963
Increase in accounts receivable	(2,703)	-
Increase in inventories	(1,334,860)	(1,623,158)
Decrease in prepayments	13,302	4,073
Increase in other current assets	(2,541)	(28,690)
Decrease (increase) in other current financial assets	1,113,994	(543,871)
Increase in assets recognised as incremental costs to obtain contract with customers	(8,362)	(98,945)
Decrease in net defined benefit assets, non-current	53	-
Increase in other non-current assets	(54)	(18)
Total changes in operating assets	<u>(144,931)</u>	<u>(1,731,041)</u>
Total changes in operating liabilities:		
Increases in contract liabilities	1,678,214	1,172,779
Increase in notes payable	181,039	563,654
(Decrease) increase in accounts payable	(388,541)	585,786
Decrease in accounts payable to related parties	-	(307)
Decrease in other payable	(53,528)	(26,027)
(Decrease) increase in current provisions for employee benefit	(504)	402
(Decrease) increase in current provisions	(2,443)	19,567
Increase (decrease) in receipts in advance	262	(12,541)
Decrease in other current liabilities	(8,239)	(81,099)
Decreases in net defined benefit liability	(3,072)	(4,603)
Decrease in other non-current liabilities	(16,336)	(16,412)
Total changes in operating liabilities	<u>1,386,852</u>	<u>2,201,199</u>
Total changes in operating assets and liabilities	<u>1,241,921</u>	<u>470,158</u>
Total adjustments	<u>1,796,358</u>	<u>1,005,228</u>
Cash inflow generated from operations	<u>3,662,121</u>	<u>1,948,599</u>
Income taxes paid	<u>(194,287)</u>	<u>(415,020)</u>
<b>Net cash flows from operating activities</b>	<u>3,467,834</u>	<u>1,533,579</u>

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

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

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

**January 1 to September 30, 2020 and 2019**

**Expressed in thousands of New Taiwan Dollars**

	<b>January - September 2020</b>	<b>January - September 2019</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of non-current assets available for sale	-	111,969
Acquisition of property, plant and equipment	(105,670)	(80,288)
Proceeds from disposals of property, plant and equipment	163	2
Acquisition of intangible assets	(830)	(2,933)
Increase in other non-current financial assets	(54,128)	(37,488)
Increase in prepayments for business facilities	(349)	(519)
Interest received	14,836	14,869
Dividends received	3,435	3,456
<b>Net cash (outflow) inflow from (used in) investing activities</b>	<b>(142,543)</b>	<b>9,068</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	7,798,785	8,059,719
Decrease in short-term borrowings	(8,045,529)	(6,797,871)
Increase in short-term notes and bills payable	1,560,000	499,000
Decrease in short-term notes and bills payable	(1,010,000)	(369,000)
Redemption or repurchase of convertible corporate bonds	-	(1,000,000)
Proceeds from long-term debt	2,330,000	110,000
Repayment of long-term debt	(2,334,900)	(830,542)
Increase in guarantee deposits received	10,611	21,398
Payments of lease liabilities	(95,491)	(96,276)
Cash dividend paid	(739,749)	(493,165)
Interest paid	(406,546)	(471,646)
Changes in non-controlling interests	(209,286)	(209,320)
<b>Net cash flows from (used in) financing activities</b>	<b>(1,142,105)</b>	<b>(1,577,703)</b>
Effect of exchange rate changes on cash and cash equivalents	(3,671)	392
Net increase (decrease) in cash and cash equivalents	2,179,515	(34,664)
Cash and cash equivalents at beginning of the period	6,229,385	5,539,557
Cash and cash equivalents at end of the period	<b>\$ 8,408,900</b>	<b>5,504,893</b>

**(Please see the Notes to the Consolidated Financial Statements)**

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

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

**Notes to the Consolidated Financial Statements**

**Third Quarter of 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**1. Company History**

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

**2. Approval Date and Procedures of the Financial Statements**

The consolidated financial statements were approved and issued on November 9, 2020 by the Board of Directors.

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

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

The group has adopted International Financial Reporting Standards endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC"), and effective from the year 2020 to prepare the consolidated financial statements. Summary of the new, revised or amended standards and interpretations is as follows:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>The effective date announced by the International Accounting Standards Board</b>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Changes in Interest Rate Indicators"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"	June 1, 2020

Except for the following items, the application of the newly endorsed IFRSs will not have a material impact on the consolidated financial statements. The extent and impact of changes are as follows:

Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions are lease modifications and instead to recognize those rent concessions as profit or loss. The amendment was endorsed by the FSC in July 2020, and is effective from January 1, 2020. For accounting policies, please see Note 4(3).

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

The group started to apply this practical expedient to all eligible rent concessions on January 1, 2020. This amendment has no impact on the date of the initial application. The amounts of NTD 2,373 thousand and NTD 16,842 thousand are recognized in profits and losses for the periods from July 1 to September 30, 2020 and from January 1 to September 30, 2020, respectively.

- (2) Impact of IFRSs endorsed by the FSC but yet to come into effect

The following new, revised, and amended standards and interpretations have been approved by the FSC and are applicable from 2021:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date of releases by IASB</b>
Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"	January 1, 2021

The group has evaluated and determined that the application of the abovementioned amendments will not have a material impact on the consolidated financial statements.

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

The table below lists the already released and modified standards and interpretations by IASB that are to be endorsed by the FSC.

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date of releases by IASB</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by IASB
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle-	January 1, 2022
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

Possible impacts on the group are as follows:

<b>Date of issuance</b>	<b>New or amended standards</b>	<b>Main amendments to the content</b>
2020.1.23	Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	The amendments are intended to enhance the consistency of the application of the standard, in order to assist companies in determining whether debts or other liabilities with uncertain liquidation dates should be classified as current (or those that might expire within one year) or non-current on the balance sheet. The amendments also clarify the

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

<u>Date of issuance</u>	<u>New or amended standards</u>	<u>Main amendments to the content</u>
2020.5.14	Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	classification requirements for debts that may be repaid through convert into equity. The amendments stated that the cost of fulfilling a contract comprises the costs that relate directly to the contract. The costs include: <ul style="list-style-type: none"> <li>· Incremental costs (for example, direct labor and materials).</li> <li>· Allocations of costs that relate directly to contract activities (for example, depreciation property, plant and equipment used in fulfilling the contract, etc.)</li> </ul>

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.

**4. Summary of Significant Accounting Policies**

(1) Compliance Statement

The consolidated financial reports 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 report does not contain all necessary information that should be disclosed in an annual consolidated financial report in accordance with International Financial Reporting Standards, International Accounting Standard, and the explanations and interpretations (hereinafter referred to as "IFRSs endorsed by the FSC") endorsed by the FSC.

Apart from the matters described in the following paragraphs, the major accounting policies adopted by this consolidated financial report are the same as those adopted by the 2019 consolidated financial report. For related information, please refer to Note 4 of the 2019 consolidated financial statements.

(2) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements:

Name of investor	Subsidiaries	Main business and products	Percentage of ownership			Description
			2020.9.30	2019.12.31	2019.9.30	
The company	Kedge Construction Co., Ltd. (Kedge Construction)	The comprehensive construction industry, etc.	34.18%	34.18%	34.18%	The company has more than half of that company's director seats.
"	Global Mall Co., Ltd. (Global Mall)	Supermarkets, department stores, international trading, and wholesales and retails of medical equipment	84.02%	84.02%	84.02%	The company holds more than 50% of the issued voting share in the subsidiary.
Joint venture of the company and	Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The group holds more than 50% of the issued voting share in the

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

Name of investor	Subsidiaries	Main business and products	Percentage of ownership			Description
			2020.9.30	2019.12.31	2019.9.30	
Global Mall	STORE) (Guan Cheng)					subsidiary.
Kedge Construction	Jiequn Investment Co., Ltd. (Jiequn Investment)	General Investment	99.98%	99.98%	99.98%	Kedge Construction holds more than 50% of the issued voting share in the subsidiary.
"	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)	Electrical equipment installation and fire safety equipment installation industry, etc.	99.96%	99.96%	99.96%	Kedge Construction holds more than 50% of the issued voting share in the subsidiary.
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 group holds more than 50% of the issued voting share in the subsidiary.
Global Mall	KGM International Investment Co., Ltd. (KGM)	Investment and operation of shopping mall in China, including master planning, supporting engineering consulting, and leasing planning and consulting	100.00%	100.00%	100.00%	Global Mall holds more than 50% of the issued voting share in the subsidiary.
"	Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE) (Guan Hua)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	Global Mall holds more than 50% of the issued voting share in the subsidiary.
KGM	Global Mall (Tianjin) Co., Ltd. (Note)	Business management (including rentals of commercial facilities) in wholesales, retails, and import/export of household items and appliances, sports goods, office supplies, watches, glasses, textiles, etc.; property management; business consulting; corporate marketing planning; conference services; exhibition services; parking lot operation and management.	100.00%	100.00%	100.00%	KGM holds more than 50% of the issued voting share in the subsidiary.
Joint venture of Global Mall and Guan Cheng	Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (Guan You)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The group holds more than 50% of the issued voting share in the subsidiary.

Note: Global Mall (Tianjin) Co., Ltd. ("Global Mall Tianjin") is a subsidiary of KGM, investments accounted for using the equity method. On May 31, 2019, KGM Tianjin signed with Tianjin Chongbei Property Management Co, Ltd. (lessor) an agreement in which the lease was terminated on the aforesaid agreement date. The lease was to be closed by July 2019. Refer to Note 9(1). 7 for more details of the related disclosure.

2. Subsidiaries not absorbed into the consolidated financial reports: None.

(3) Leases

1. As a lessee

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

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

- (1) Rent concessions occurring as a direct consequence of the covid-19 pandemic;
- (2) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (3) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (4) There is no substantive change to other terms and conditions of the lease.

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

### **(4) 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.

### **(5) 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.

## **5. 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 report, 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 of the 2019 consolidated financial statements.

## **6. Description of Significant Accounting Items**

Apart from the matters described in the following paragraphs, the description of significant accounting items in this consolidated financial report bear no significant difference from those adopted by the 2019 consolidated financial report. For related information, please refer to Note 6 of the 2019 consolidated financial statements.

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

(1) Cash and cash equivalents

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Cash and petty cash	\$ 13,282	13,832	13,973
Bank deposits			
Check deposits	2,078,277	925,405	1,668,310
Demand deposits	1,401,092	2,162,225	1,533,687
Time deposits	353	-	3,760
Cash equivalents	4,915,896	3,127,923	2,285,163
	<b>\$ 8,408,900</b>	<b>6,229,385</b>	<b>5,504,893</b>

The maturity date of the aforementioned cash equivalents are in the periods, October - November 2020, January - March 2020, and December 2019, and the interest rate collars are 0.29%~0.32%, 0.52%~0.57%, and 0.56%~0.62%.

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

(2) Financial assets at fair value through profit and loss

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEX) listed company shares	\$ 60,231	67,499	64,727
Funds	-	30,064	28,044
Total	<b>\$ 60,231</b>	<b>97,563</b>	<b>92,771</b>

- For the gains or losses on remeasurement at fair value, please refer to Note 6(23).
- As of September 30, 2020, December 31, 2019 and September 30, 2019, none of the financial assets of the group has been pledged as collateral.

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

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Equity instrument measured at fair value through other comprehensive income:			
Domestic non-TWSE (nor TPEX) listed company shares	\$ 8,964	8,579	7,083

- Equity instrument investments measured at fair value through other comprehensive income

The equity instrument investment held by the group is a long-term strategic investment and not held for trading purposes, so it has been designated to be measured at fair value through other comprehensive income.

The group did not dispose of strategic investment in the period from January 1 to September 30, 2020 and 2019. The cumulated gains and losses in that period have not been transferred within the equity.

- For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(24).
- None of the aforementioned financial assets has been pledged as collateral.

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

(4) Notes and accounts payable

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Notes receivable	\$ 1,463	3,201	1,898
Accounts receivable	540,086	1,412,568	348,896
Less: Allowance for losses	(11,383)	-	-
	<b>\$ 530,166</b>	<b>1,415,769</b>	<b>350,794</b>

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 receivable were grouped based on shared characteristics of credit risk on remaining payments before due date, and forward looking information was included as well. The expected credit loss of notes receivable and accounts receivable of the group is as follows:

	<b>2020.9.30</b>		
	<b>Book value of notes and accounts receivable</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 530,166	-	-
Past due 90 days and above	11,383	100%	11,383
	<b>\$ 541,549</b>		<b>11,383</b>
	<b>2019.12.31</b>		
	<b>Book value of notes and accounts receivable</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 1,415,769	-	-
	<b>2019.9.30</b>		
	<b>Book value of notes and accounts receivable</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 350,794	-	-

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

	<b>January - September 2020</b>	<b>January - September 2019</b>
Beginning balance	\$ -	-
Impairment losses recognized	11,383	-
Ending balance	<b>\$ 11,383</b>	-

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

(5) Inventory

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Inventories – merchandising business	\$ 15,540	15,105	23,574
Inventories - construction			
Prepayment for buildings and land	9,235	4,235	5,716
Land held for construction	2,755,192	1,239,027	4,683,217
Construction in progress	20,786,810	16,660,475	12,106,887
Buildings and land held for sale	10,333,216	14,502,566	17,186,011
Subtotal	33,884,453	32,406,303	33,981,831
Total	<b>\$ 33,899,993</b>	<b>32,421,408</b>	<b>34,005,405</b>

The amounts of the reversal of allowance for valuation loss written down due to sales of inventories were NTD 0, NTD 4,927, NTD 0, and NTD 27,291 thousand for the periods from July 1 to September 30, 2020 and 2019, and from January 1 to September 30, 2020 and 2019, respectively.

The group's construction in progress is calculated based on the capitalization rate of 1.886% and 2.123% for the periods from January 1 to September 30, 2020 and 2019, respectively. For the amount of capitalization, please refer to Note 6(23).

As of September 30, 2020, December 31, 2019 and September 30, 2019, the group entrusted the statutory parking spaces held for sale to other parties, which amounted to NTD 16,332 thousand in all periods.

For the information on the group's inventories used as collateral, please refer to Note 8.

(6) Subsidiaries with material non-controlling interests

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

<b>Subsidiaries</b>	<b>Principal places of business / Country of registration</b>	<b>Percentage of ownership interest and voting right of non-controlling interests</b>		
		<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Kedge Construction Co., Ltd. and its 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 its subsidiaries:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Current assets	\$ 8,576,816	7,708,041	7,673,827
Non-current assets	733,893	568,807	519,097
Current liabilities	(6,257,145)	(5,427,525)	(5,441,326)
Non-current liabilities	(110,464)	(108,201)	(104,672)
Net assets	<b>\$ 2,943,100</b>	<b>2,741,122</b>	<b>2,646,926</b>
Carrying amount of ending non- controlling interests	<b>\$ 1,109,061</b>	<b>1,055,980</b>	<b>1,002,974</b>

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

	July - September 2020	July - September 2019	January - September 2020	January - September 2019
Operating revenue	\$ 3,426,253	2,825,935	10,234,106	8,309,487
Profit	\$ 126,179	95,737	434,993	357,917
Other comprehensive income	94,452	(7,421)	85,039	74,161
Total comprehensive income	\$ 220,631	88,316	520,032	432,078
Net profit attributable to non-controlling interests	\$ 68,319	23,142	262,655	148,181
Total comprehensive income attributable to non-controlling interests	\$ 68,243	23,142	262,329	148,181
	July - September 2020	July - September 2019	January - September 2020	January - September 2019
Cash flows from operating activities	\$ 425,014	(164,689)	831,292	1,052,624
Cash flows from investing activities	(25,409)	426	(80,077)	336
Cash flows from financing activities	(168,906)	(18,197)	(169,562)	(18,197)
Net increase in cash and cash equivalents	\$ 230,699	(182,460)	581,653	1,034,763
Dividends paid to non-controlling interests	\$ 209,364	209,320	209,364	209,320

(7) Property, plant, and equipment

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

	Land	Buildings	Leasehold improvements	Other equipment (including transportation equipment, office equipment, machinery, other equipment and leased assets)	Construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2020	\$ 3,567,078	4,290,675	1,002,139	287,526	158	9,147,576
Addition	-	31,376	8,318	66,127	2,941	108,762
Disposal and scrap	-	-	(152)	(9,935)	-	(10,087)
Balance on September 30, 2020	\$ 3,567,078	4,322,051	1,010,305	343,718	3,099	9,246,251
Balance on January 1, 2019	\$ 3,567,078	4,285,134	1,430,243	399,547	12,102	9,694,104
Addition	-	10,519	9,113	9,251	35,981	64,864
Reclassification from (to) incomplete construction projects	-	15,693	-	-	(15,693)	-
Leasehold improvement paid by retailers	-	(10,223)	-	-	-	(10,223)
Disposal and scrap	-	-	(415,992)	(149,661)	-	(565,653)
Effect of foreign exchange rate changes	-	-	4,980	1,765	-	6,745
Balance September 30, 2019	\$ 3,567,078	4,301,123	1,028,344	260,902	32,390	9,189,837
Depreciation and impairment losses						
Balance on January 1, 2020	\$ -	1,626,374	621,320	196,088	-	2,443,782
Depreciation for the year	-	77,099	47,217	20,850	-	145,166
Disposal and scrap	-	-	(83)	(9,935)	-	(10,018)
Balance on September 30, 2020	\$ -	1,703,473	668,454	207,003	-	2,578,930
Balance on January 1, 2019	\$ -	1,527,983	861,863	325,101	-	2,714,947
Depreciation for the year	-	75,964	54,738	17,288	-	147,990
Disposal and scrap	-	-	(304,023)	(149,658)	-	(453,681)

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

	Land	Buildings	Leasehold improvements	Other equipment (including transportation equipment, office equipment, machinery, other equipment and leased assets)	Construction in progress	Total
Effect of foreign exchange rate changes	-	-	6,121	1,765	-	7,886
Impairment losses	-	-	25,000	-	-	25,000
Reversal of impairment loss	-	-	(113,110)	-	-	(113,110)
Balance September 30, 2019	<b>\$ -</b>	<b>1,603,947</b>	<b>530,589</b>	<b>194,496</b>	<b>-</b>	<b>2,329,032</b>
Carrying amount:						
January 1, 2020	<b>\$ 3,567,078</b>	<b>2,664,301</b>	<b>380,819</b>	<b>91,438</b>	<b>158</b>	<b>6,703,794</b>
September 30, 2020	<b>\$ 3,567,078</b>	<b>2,618,578</b>	<b>341,851</b>	<b>136,715</b>	<b>3,099</b>	<b>6,667,321</b>
January 1, 2019	<b>\$ 3,567,078</b>	<b>2,757,151</b>	<b>568,380</b>	<b>74,446</b>	<b>12,102</b>	<b>6,979,157</b>
September 30, 2019	<b>\$ 3,567,078</b>	<b>2,697,176</b>	<b>497,755</b>	<b>66,406</b>	<b>32,390</b>	<b>6,860,805</b>

1. Reversal of impairment loss

The group entered into a lease agreement of shopping malls under development by Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the "Lessors"). Both the lessors and leasee have entered the arbitration procedure due to lease termination in December 2018. Based on the analysis of possible loss from the rescinded lease, the group recognized an impairment loss of NTD 488,708 thousand in 2018.

As per the arbitration agreement dated June 28, 2019, the Lessors agreed to buy back the assets including leasehold improvements and electrical construction work, and this incurred a change in the estimated recovery amount. Therefore, on September 30, 2019, the group recognized a loss reversal NTD 113,110 thousand. For details of the loss reversal recognized, please refer to Note 6 (23).

2. Impairment losses

On September 30, 2019, the group recognized an impairment loss of NTD 25,000, to recognize the impairment losses. Please refer to Note 6 (23).

3. Guarantees

As of September 30, 2020, December 31, 2019 and September 30, 2019, for information regarding the details on the guarantees on long-term debts and financing amount limits, please refer to Note 8.

(8) Right-of-use assets

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

	Buildings	Transport equipment	Total
Cost of right-of-use assets:			
Balance on January 1, 2020	\$ 2,943,262	5,214	2,948,476
Addition	939,608	4,076	943,684
Lease modifications	7,914	-	7,914
Balance on September 30, 2020	<b>\$ 3,890,784</b>	<b>9,290</b>	<b>3,900,074</b>

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

Balance on January 1, 2019	\$	-	-	-
Effect of retrospective application of IFRS16		2,910,619	872	2,911,491
Lease modifications		(3,122)	-	(3,122)
Balance September 30, 2019	\$	<b>2,907,497</b>	<b>872</b>	<b>2,908,369</b>
Depreciation and impairment losses of the right-of-use assets:				
Balance on January 1, 2020	\$	158,544	677	159,221
Depreciation for the period		140,791	2,233	143,024
Balance on September 30, 2020	\$	<b>299,335</b>	<b>2,910</b>	<b>302,245</b>
Balance on January 1, 2019	\$	-	-	-
Depreciation for the period		117,725	327	118,052
Balance September 30, 2019	\$	<b>117,725</b>	<b>327</b>	<b>118,052</b>
Carrying amount:				
January 1, 2020	\$	<b>2,784,718</b>	<b>4,537</b>	<b>2,789,255</b>
September 30, 2020	\$	<b>3,591,449</b>	<b>6,380</b>	<b>3,597,829</b>
September 30, 2019	\$	<b>2,789,772</b>	<b>545</b>	<b>2,790,317</b>

(9) Investment property

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

	<b>Land and improvements</b>	<b>Buildings</b>	<b>Total</b>
Book value:			
January 1, 2020	\$ 335,287	175,400	\$ 510,687
September 30, 2020	\$ 335,287	172,016	\$ 507,303
January 1, 2019	\$ 335,287	179,912	\$ 515,199
September 30, 2019	\$ 335,287	176,528	\$ 511,815

There is no recognition or reversal regarding major acquisition, disposition and impairment of the group's investment property in the period from January 1 to September 30, 2020 and 2019. For the amount of depreciation for the current period, please refer to Note 12. For other relevant information, please refer to Note 6(10) of the 2019 consolidated financial statements.

There is no significant difference between the fair value or the investment property of the group and the information disclosed in Note 6(10) of the 2019 annual consolidated financial statements.

As of September 30, 2020, December 31, 2019 and September 30, 2019, for information regarding the group's investment property pledged as collaterals, please refer to Note 8.

(10) Intangible assets

	<b>Franchise</b>	<b>Trademarks and patents</b>	<b>Computer software</b>	<b>Total</b>
Carrying amount:				
January 1, 2020	\$ 27,994	33	14,803	\$ 42,830
September 30, 2020	\$ 25,393	-	10,931	\$ 36,324
January 1, 2019	\$ 31,442	83	20,687	\$ 52,212
September 30, 2019	\$ 28,856	46	15,700	\$ 44,602

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

There is no recognition or reversal regarding major acquisition, disposition and impairment of the group's intangible assets in the period from January 1 to September 30, 2020 and 2019. For the amount of amortization for the current period, please refer to Note 12. For other relevant information, please refer to Note 6(11) of the 2019 consolidated financial statements.

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

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

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Other financial assets - current	\$ 2,383,016	3,530,868	2,926,088
Incremental costs to obtain contract with customers	152,887	144,525	202,295
	<b>\$ 2,535,903</b>	<b>3,675,393</b>	<b>3,128,383</b>

1. Other financial assets – current

For details on collateral pledged on restricted assets (reserve accounts and trust) and construction refundable deposits, please refer to Note 8.

2. Incremental costs of obtaining a contract - current

The group expected to recover the commissions paid to third-party real estate agent and bonus paid to internal sales department and thus recognized these costs as assets. These are amortized when sales revenue is recognized. In the periods January 1 to September 30, 2020 and 2019, the amortization costs recognized were NTD 109,301 thousand and NTD 14,922 thousand respectively.

(12) Short and long-term debts/short-term notes and bills payable/long-term debts due within one year or one operating cycle

The details, conditions and terms for long-term loan of the group were as follows:

<b>2020.9.30</b>				
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.44%~1.98%	2020~2027	\$ 16,318,630
Unsecured bank loans	NTD	1.10%~2.44%	2021~2023	4,725,000
Short-term notes and bills payable	NTD	1.60%~1.66%	2020	550,000
Total				<b>\$ 21,593,630</b>
Current				\$ 19,360,470
Non-current				2,233,160
Total				<b>\$ 21,593,630</b>

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

<b>2019.12.31</b>				
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.75%~2.20%	2020~2026	\$ 16,575,399
Unsecured bank loans	NTD	1.40%~2.55%	2020~2023	4,715,000
Total				<b>\$ 21,290,399</b>
Current				\$ 19,105,824
Non-current				2,184,575
Total				<b>\$ 21,290,399</b>

<b>2019.9.30</b>				
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.69%~2.32%	2019~2026	\$ 17,986,194
Unsecured bank loans	NTD	1.40%~2.55%	2020~2023	4,965,000
Total				<b>\$ 22,951,194</b>
Current				\$ 20,656,806
Non-current				2,294,388
Total				<b>\$ 22,951,194</b>

1. Issuance and repayment of loans

In the periods from January 1 to September 30, 2020 and 2019, the increases in loans were NTD 11,688,785 thousand and NTD 8,169,719 thousand; and the amount of repayments were NTD 11,390,429 thousand and NTD 7,628,413 thousand, respectively.

2. Collaterals

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

3. Syndicated loans

- The subsidiaries entered into a syndicated loan agreement with the Land Bank of Taiwan (the lead bank of the syndicated loan) and three other banks in May 2011, in the amount of NTD 4,500,000 thousand over fifteen years, divided into 15 terms, with one term being one year.
- According to the syndicated loan agreements: (1) for the long-term secured loan, revolving credits are disallowed; the first repayment starts a year from the date of initial withdrawal, and the subsequent repayments are scheduled every year for the next fifteen years; (2) for the middle-term secured loan of NTD 500,000 thousand, revolving credits are permitted within a period of five years. The effective rate is benchmark interest rate announced by the Land Bank of Taiwan plus an annual interest rate of 0.90% and 1.00%. Payments are due monthly.
- Restricted by the syndicated loan agreement, subsidiaries are required to maintain certain financial ratios, calculated based on its financial statements, as follows:
  - (1) Total liabilities to total assets: not exceeding 150%.
  - (2) Interest coverage ratio: at or above 2.00.

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

(3) Shareholders' interest: NTD 3 billion or above.

Compliance with the syndicated loan agreement is audited by the borrower's CPAs based on the financial audit report for the year. Any violations of the loan agreement terms or the financial ratios are to be corrected within a year starting on June 1 of the fiscal year following the year of the audit report. If corrections are not made within the allowed time, the remaining amount of the principal, penalty and the interests incurred therefrom are due to the lead bank of the syndicated loan.

The group has made a prepayment to the aforementioned syndicated loans in March 2020.

(13) 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:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Secured ordinary corporate bond	\$ 4,500,000	4,500,000	3,500,000
Less: Current portion	(1,500,000)	-	-
Corporate bonds payable - non-current	<b>\$ 3,000,000</b>	<b>4,500,000</b>	<b>3,500,000</b>

1. In the periods from January 1 to September 30, 2020 and 2019, the group did not issue, repurchase or repay corporate bonds payable. For relevant information, please refer to Note 6(14) of the 2019 consolidated financial statements.
2. The group issued secured ordinary corporate bonds of NTD 1,000,000 thousand on October 7, 2020 with a coupon rate of 0.6% and a five-year issue period, which was approved by the Taipei Exchange on September 28, 2020.
3. For details on the aforementioned secured ordinary corporate bonds, please refer to Note 8.

(14) Lease liabilities

The carrying amount of lease liability is as follows:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Current	\$ 153,868	129,914	124,801
Non-current	\$ 3,546,970	2,714,817	2,741,703

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

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

	<b>July - September 2020</b>	<b>July - September 2019</b>	<b>January - September 2020</b>	<b>January - September 2019</b>
Interest expense on lease liability	\$ 16,677	12,851	44,962	38,930
Lease subsidies related to COVID-19 (other income)	\$ 2,373	-	16,842	-

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

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

	<b>January - September 2020</b>	<b>January - September 2019</b>
Variable lease payments not accounted for in lease liability	\$ 77,995	55,925
Total cash outflow for lease	\$ 218,448	191,131

1. Lease of buildings and constructions

- (1) The land on Gongyuan Road in Pingtung City is leased from Pingtung Irrigation Association. The lease term was thirty years and the lease payment was of a certain percentage of the land assessed by the Government. In the second half of 2011, the lease was extended for another ten years. A loyalty fee of NTD 16,000 thousand was paid to obtain the right of first refusal in the two years prior to the lease expiration date and to renew the lease with pre-negotiated terms and conditions.
- (2) The mall in Zuoying HSR station is leased from Taiwan Railways Administration, MOTC under a service concession contract. The lease term is thirteen years (including a year for leasehold improvement). After the term expires, the right of management will be returned to Taiwan Railways Administration, MOTC. The lease payment, or the annual concession fee, includes both a flat amount and a percentage of retail sales revenue.
- (3) The mall in Banqiao HSR station is leased from Taiwan Railways Administration, MOTC under a service concession contract. The lease term is sixteen years (including a year for leasehold improvement) and the lease payment, or the annual concession fee, is a fixed loyalty fee for the first four years with a 3% increment each year after. Certain proportion of the lease payments is determined based on the sales amount of the stores of the group during the lease period.
- (4) The Group entered into a lease agreement of shopping malls under development by Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the "Lessors"). The lease term was twenty years after the transfer of the identified lease asset. When the rescission was probably, the related losses were recognized for the year ended on December 31, 2018. The lease was rescinded per the arbitration on June 28, 2019.
- (5) 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.
- (6) 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

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

Airport Access MRT System" and "Lease Contract of Shopping Mall at A19 Station of the Taiwan Taoyuan International Airport Access MRT System", respectively. The lease term is twenty years starting from the contract commencement date, and the lease payment is the greater of the flat concession fee committed in the contract or a variable concession fee. The variable concession fee is a percentage of retail sales revenue and non-operating income of actual operation, plus lease payments on the land and buildings.

- (7) 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.

(15) Provision

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Warranty provision	\$ <b>100,039</b>	<b>102,482</b>	<b>98,828</b>

There are no major changes in the group's provision in the periods from January 1 to September 30, 2020 and 2019. For relevant information, please refer to Note 6(16) of the 2019 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.

(16) Operating lease (lessor)

Regarding the investment property leased by the group, the group does not transfer all risks and returns attached to the ownership of the underlying assets, so the tenancy agreement is classified as an operating lease. For details, please refer to Note 6(9) investment property. The maturity analysis of the lease payment is listed as follows according to the non-discounted future cash flows of lease receivable after the reporting date:

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Less than 1 year	\$ 13,240	13,238	13,238
1~2 years	9,309	13,238	14,594
2~3 years	4,571	7,234	8,045
3~4 years	4,571	4,571	4,571
4~5 years	4,762	4,590	4,571
Above 5 years	5,840	9,440	10,602
Non-discounted future cash flows of lease	\$ <b>42,293</b>	<b>52,311</b>	<b>55,621</b>

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

The rent income generated from investment property for the periods July 1 to September 30, 2020 and 2019, and January 1 to September 30, 2020 and 2019 are NTD 3,308 thousand, NTD 3,374 thousand, NTD 9,924 thousand and NTD 10,094 thousand, respectively. There have not been major maintenance or repair expenses incurred.

(17) Employee benefits

1. Defined benefit plan

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 actuated amount on December 31, 2019 and 2018.

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

	<b>July- September 2020</b>	<b>July- September 2019</b>	<b>January- September 2020</b>	<b>January- September 2019</b>
Operating costs	\$ 123	94	529	343
Operating expenses	\$ 87	76	298	256

2. Defined contribution pension plan

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

	<b>July - September 2020</b>	<b>July - September 2019</b>	<b>January - September 2020</b>	<b>January - September 2019</b>
Operating costs	\$ 4,165	4,005	12,286	12,573
Operating expenses	\$ 4,567	4,774	13,748	13,798

3. Short-term compensated absence liabilities

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Short-term compensated absence liabilities	\$ 21,029	21,533	18,918

(18) Income tax

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

	<b>July - September 2020</b>	<b>July - September 2019</b>	<b>January - September 2020</b>	<b>January - September 2019</b>
Current income tax expenses				
Accrued in current period	\$ 50,091	52,872	239,678	179,102
Surtax on unappropriated earnings	-	-	41,118	3,380
Adjustments to income tax expenses of previous period	-	903	(10,204)	(8,688)
Land revaluation increment tax	31,427	43,588	94,686	87,199
	81,518	97,363	365,278	260,993
Deferred income tax expense				
Occurrence and reversal of temporary differences	(3,655)	(855)	4,004	(2,809)
Income tax expenses on units in continuing operation	\$ 77,863	96,508	369,282	258,184

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

2. The tax fillings of the group were assessed by the tax collecting agencies for the year ended on December 31, 2018.

(19) Capital and other equity

Apart from the matters described in the following paragraphs, there are no major changes in the group's capital and other equity in the periods from January 1 to September 30, 2020 and 2019. For relevant information, please refer to Note 6(20) of the 2019 consolidated financial statements.

1. Capital surplus

The details of capital surplus were as follows:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Shares premium	\$ 827,906	827,906	827,906
Premium on conversion of corporate bonds	236,408	236,408	236,408
Treasury share transactions	270,473	254,535	254,537
Gains on disposal of assets	34,912	34,912	34,912
Others	26,398	26,112	26,110
	<b>\$ 1,396,097</b>	<b>1,379,873</b>	<b>1,379,873</b>

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 above-mentioned realized capital surplus includes proceeds from the issuance of shares in excess of the par value and acceptance of bestowal. 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 stipulates 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

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve appropriated during earnings distribution. The

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

amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of September 30, 2020, the balance of special reserve is NTD 25,804 thousand.

(3) Distribution of retained earnings

The 2019 and 2018 distributions of earnings were resolved at the shareholders' meetings on June 19, 2020 and June 10, 2019, respectively. The dividends distributed to owners are as follows:

	2019		2018	
	Dividend rate (NTD)	Amount	Dividend rate (NTD)	Amount
Dividends to ordinary shareholders:				
Cash	\$ 1.50	<u>755,687</u>	1.00	<u>503,791</u>

3. Treasury shares

As of September 30, 2020 and 2019, the company's ordinary shares held by the group were as follows:

Subsidiaries	2020.9.30			2019.9.30		
	No. of shares	Carrying amount	Market price	No. of shares	Carrying amount	Market price
Kedge Construction	500	\$ 1,222	19,550	500	1,222	13,725
Jiequn Investment	8,518	55,384	333,071	8,518	55,384	233,831
Guanqing	1,607	14,590	62,834	1,607	14,590	44,112
Electromechanical						
	<b>10,625</b>	<b>\$ 71,196</b>	<b>415,455</b>	<b>10,625</b>	<b>71,196</b>	<b>291,668</b>

Unit: thousands shares

4. Other equity (net after tax)

	Exchange difference on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total	
Balance on January 1, 2020	\$ (26,264)		460	(5,049)	(30,853)
Change difference on translation of foreign financial statements	(3,084)	-		(587)	(3,671)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			711	(326)	385
Balance on September 30, 2020	<u>\$ (29,348)</u>		<u>1,171</u>	<u>(5,962)</u>	<u>(34,139)</u>

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

	Exchange difference on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interests	Total
Balance on January 1, 2019	\$ (25,910)	364	(5,870)	(31,416)
Exchange difference on translation of foreign financial statements	(629)	-	(120)	(749)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(369)	(143)	(512)
Balance September 30, 2019	<u>\$ (26,539)</u>	<u>(5)</u>	<u>(6,133)</u>	<u>(32,677)</u>

(20) Earnings per share

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

	July - September 2020	July - September 2019	January - September 2020	January - September 2019
<b>Basic earnings per share</b>				
Profit attributable to the holders of common shares of the company	<u>\$ 409,052</u>	<u>262,053</u>	<u>1,196,025</u>	<u>493,597</u>
Weighted average number of ordinary shares outstanding	<u>493,166</u>	<u>493,166</u>	<u>493,166</u>	<u>493,166</u>
	<u>\$ 0.83</u>	<u>0.53</u>	<u>2.43</u>	<u>1.00</u>
<b>Diluted earnings per share</b>				
Profit attributable to the holders of ordinary shares of the company	<u>\$ 409,052</u>	<u>262,053</u>	<u>1,196,025</u>	<u>493,597</u>
Weighted average number of ordinary shares outstanding	493,166	493,166	493,166	493,166
Influence of employees' share bonus	757	211	1,280	599
Weighted average number of ordinary shares outstanding (after adjusting the impact of diluting potential ordinary shares)	<u>493,923</u>	<u>493,377</u>	<u>494,446</u>	<u>493,765</u>
	<u>\$ 0.83</u>	<u>0.53</u>	<u>2.42</u>	<u>1.00</u>

(21) Revenue from contracts with customers

1. Disaggregation of revenue

	July - September 2020			
	Development	Construction	Shopping Mall	Total
Main regional markets:				
Taiwan	<u>\$ 2,136,633</u>	<u>2,226,221</u>	<u>342,322</u>	<u>4,705,176</u>
Main products/services:				
Sales of real estate developments	\$ 1,984,314	-	-	1,984,314
Revenue from construction contract	149,417	2,225,536	-	2,374,953
Sales commission from department store retailers	-	-	283,150	283,150
Service revenue	-	-	8,364	8,364
Rental income	2,902	685	21,889	25,476
Other income	-	-	28,919	28,919
	<u>\$ 2,136,633</u>	<u>2,226,221</u>	<u>342,322</u>	<u>4,705,176</u>

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

July - September 2020				
	Development	Construction	Shopping Mall	Total
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 1,984,314	-	328,589	2,312,903
Gradually transferred revenue over time	2,902	685	13,733	17,320
Gradually transferred construction over time	149,417	2,225,536	-	2,374,953
	<b>\$ 2,136,633</b>	<b>2,226,221</b>	<b>342,322</b>	<b>4,705,176</b>

July - September 2019				
	Development	Construction	Shopping Mall	Total
Main regional markets:				
Taiwan	\$ 1,520,734	1,108,256	339,078	2,968,068
Main products/services:				
Sales of real estate developments	\$ 1,512,172	-	-	1,512,172
Revenue from construction contract	-	1,107,570	-	1,107,570
Sales commission from department store retailers	-	-	270,998	270,998
Service revenue	5,779	-	7,916	13,695
Rental income	2,783	686	32,228	35,697
Other income	-	-	27,936	27,936
	<b>\$ 1,520,734</b>	<b>1,108,256</b>	<b>339,078</b>	<b>2,968,068</b>

Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 1,517,951	-	298,934	1,816,885
Gradually transferred revenue over time	2,783	686	40,144	43,613
Gradually transferred construction over time	-	1,107,570	-	1,107,570
	<b>\$ 1,520,734</b>	<b>1,108,256</b>	<b>339,078</b>	<b>2,968,068</b>

January - September 2020				
	Development	Construction	Shopping Mall	Total
Main regional markets:				
Taiwan	\$ 6,184,981	6,658,131	929,375	13,772,487
Main products/services:				
Sales of real estate developments	\$ 5,954,020	-	-	5,954,020
Revenue from construction contract	221,016	6,656,093	-	6,877,109
Sales commission from department store retailers	-	-	765,984	765,984
Service revenue	1,353	-	22,835	24,188
Rental income	8,592	2,038	63,498	74,128
Other income	-	-	77,058	77,058
	<b>\$ 6,184,981</b>	<b>6,658,131</b>	<b>929,375</b>	<b>13,772,487</b>

Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 5,954,020	-	887,305	6,841,325
Gradually transferred revenue	9,945	2,038	42,070	54,053

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

	<b>January - September 2020</b>			
	<b>Development</b>	<b>Construction</b>	<b>Shopping Mall</b>	<b>Total</b>
over time				
Gradually transferred construction over time	221,016	6,656,093	-	6,877,109
	<b>\$ 6,184,981</b>	<b>6,658,131</b>	<b>929,375</b>	<b>13,772,487</b>
	<b>January - September 2019</b>			
	<b>Development</b>	<b>Construction</b>	<b>Shopping Mall</b>	<b>Total</b>
Main regional markets:				
Taiwan	<b>\$ 4,099,971</b>	<b>4,049,965</b>	<b>993,046</b>	<b>9,142,982</b>
Main products/services:				
Sales of real estate developments	\$ 3,994,892	-	-	3,994,892
Revenue from construction contract	76,190	4,047,929	-	4,124,119
Sales commission from department store retailers	-	-	798,223	798,223
Service revenue	20,540	-	22,778	43,318
Rental income	8,349	2,036	91,390	101,775
Other income	-	-	80,655	80,655
	<b>\$ 4,099,971</b>	<b>4,049,965</b>	<b>993,046</b>	<b>9,142,982</b>
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 4,015,432	-	878,878	4,894,310
Gradually transferred revenue over time	8,349	2,036	114,168	124,553
Gradually transferred construction over time	76,190	4,047,929	-	4,124,119
	<b>\$ 4,099,971</b>	<b>4,049,965</b>	<b>993,046</b>	<b>9,142,982</b>

2. Contract balances

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Accounts receivable	\$ 540,086	1,412,568	348,896
Less: Allowance for losses	(11,383)	-	-
Total	<b>\$ 528,703</b>	<b>1,412,568</b>	<b>348,896</b>
Contract asset - construction-	\$ 2,171,757	1,349,793	1,557,056
Less: Allowance for losses	-	-	-
Total	<b>\$ 2,171,757</b>	<b>1,349,793</b>	<b>1,557,056</b>
Contract liabilities - construction	\$ 1,218,952	930,947	557,269
Contract liabilities - buildings	6,550,926	5,177,387	5,175,500
Contract liabilities - gym	10,186	10,137	9,936
Contract liabilities - customer loyalty points	27,264	16,828	20,104
Contract liabilities - projects	531	-	-
Contract liabilities - voucherswq	57,693	52,039	-
Total	<b>\$ 7,865,552</b>	<b>6,187,338</b>	<b>5,762,809</b>

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

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the group transfers commodity or services to clients to meet the

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

performance obligations and the time when clients pay. There were no other material changes during the periods January 1 to September 30, 2020 and 2019.

As of September 30, 2020, 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 NTD 728,535 thousand. Details on the trust accounts were as follows: Details on the trust accounts were as follows:

<b>No. of Contract</b>	<b>2020.9.30</b>
103G	\$ 555,850
105A	14,995
950B	157,690
	<b><u>\$ 728,535</u></b>

(22) Remunerations to employees and directors

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

The estimated remunerations to employees amounted to NTD 9,088 thousand, NTD 5,789 thousand, NTD 29,595 thousand, and NTD 12,956 thousand, and the estimated remunerations to directors amounted to NTD 9,088 thousand, NTD 5,789 thousand, NTD 29,595 thousand, and NTD 12,956 thousand for the periods from July 1 to September 30, 2020 and 2019, and January 1 to September 30, 2020 and 2019, 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 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 NTD 30,433 thousand and NTD 7,247 thousand, and the actual distribution of director remuneration amounted to NTD 30,433 thousand and NTD 14,493 thousand for the year 2019 and 2018. There is no difference between the estimation and the actual distribution. Please refer to MOPS for relevant information.

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

(23) Non-operating revenue and expense

1. Interest income

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

	<u>July – September 2020</u>	<u>July - September 2019</u>	<u>January - September 2020</u>	<u>January - September 2019</u>
Bank deposits (including short-term securities)	\$ 2,325	2,793	7,763	9,044
Loans and receivables	1,656	1,854	6,082	4,250
Construction refundable deposits (including deposits)	34	-	635	1,586
	<u>\$ 4,015</u>	<u>4,647</u>	<u>14,480</u>	<u>14,880</u>

2. Other income

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

	<u>July – September 2020</u>	<u>July - September 2019</u>	<u>January - September 2020</u>	<u>January - September 2019</u>
Dividend income	<u>\$ 3,023</u>	<u>2,947</u>	<u>3,435</u>	<u>3,456</u>

3. Other gains or losses

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

	<u>July – September 2020</u>	<u>July - September 2019</u>	<u>January - September 2020</u>	<u>January - September 2019</u>
Gains (losses) on foreign exchange	\$ 284	(7)	646	(3,826)
Net profit (loss) on financial assets measured at fair value through profit or loss	(3,326)	(331)	(13,348)	1,823
Proceeds from disposals of property, plant and equipment	(70)	(1)	94	(1)
Other expenses	(193)	4,922	(1,258)	(14,687)
Rent income	211	164	618	433
Other income	29,180	5,877	74,156	32,509
Government grant income	2,373	-	16,842	-
Impairment losses	-	-	-	(25,000)
Reversal of impairment loss	-	-	-	113,110
	<u>\$ 28,459</u>	<u>10,624</u>	<u>77,750</u>	<u>104,361</u>

4. Financial costs

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

	<u>July – September 2020</u>	<u>July - September 2019</u>	<u>January - September 2020</u>	<u>January - September 2019</u>
Interest expense				
Bank loans	\$ 97,575	119,561	303,416	361,406
Interests on deposits in advance for public land development	88	107	186	225
Discounted construction refundable deposits	-	704	-	704

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

	<b>July – September 2020</b>	<b>July - September 2019</b>	<b>January - September 2020</b>	<b>January - September 2019</b>
Arranger fees	-	188	4,875	563
Transaction fees and interests on corporate bonds	21,474	21,442	63,928	68,355
Other financing costs	16,677	12,851	44,962	38,930
Others	235	218	774	597
Less: Capitalization of interest	(35,057)	(39,842)	(143,725)	(124,738)
	<b>\$ 100,992</b>	<b>115,229</b>	<b>274,416</b>	<b>346,042</b>

(24) 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) of the 2019 consolidated financial statements.

1. Liquidity Risk

The following table presents the due date of financial liability contract, including estimated interest to the exclusion of influence of net amount agreement.

	<b>Book value</b>	<b>Contractual cash flow</b>	<b>Less than 1 year</b>	<b>1~3 years-</b>	<b>3~5 years-</b>	<b>Over 5 years</b>
<b>September 30, 2020</b>						
Non-derivative financial liabilities						
Long/short-term loans	\$ 21,043,630	21,637,290	12,833,118	4,648,312	3,083,656	1,072,204
Short-term notes and bills payable	550,000	550,000	550,000	-	-	-
Ordinary corporate bond (including current portion due within one year)	4,500,000	4,595,207	1,510,745	1,024,078	2,060,384	-
Notes, accounts and other payables	5,732,763	5,732,763	3,701,651	2,031,112	-	-
Guarantee deposits received	101,365	101,365	-	101,365	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	65,344	66,138	16,667	33,069	16,402	-
Lease liabilities	3,700,838	4,378,538	220,146	478,841	475,741	3,203,810
	<b>\$ 35,693,940</b>	<b>37,061,301</b>	<b>18,832,327</b>	<b>8,316,777</b>	<b>5,636,183</b>	<b>4,276,014</b>
<b>December 31, 2019</b>						
Non-derivative financial liabilities						
Long/short-term loans (including current portion due within one year)	\$ 21,290,399	22,176,874	7,161,146	9,937,097	4,094,208	984,423
Corporate bonds payable	4,500,000	4,627,523	-	1,522,568	3,104,955	-
Notes, accounts and other payables	5,725,854	5,725,854	4,233,389	1,492,465	-	-
Guarantee deposits received	90,754	90,754	1,703	89,051	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	81,680	82,893	16,755	33,245	32,893	-
Lease liabilities	2,844,731	3,384,464	176,787	360,311	366,367	2,480,999
	<b>\$ 34,533,418</b>	<b>36,088,362</b>	<b>11,589,780</b>	<b>13,434,737</b>	<b>7,598,423</b>	<b>3,465,422</b>
<b>September 30, 2019</b>						
Non-derivative financial liabilities						
Long/short-term loans (including current portion due within one year)	\$ 22,951,194	23,911,692	8,044,455	10,680,245	4,198,242	988,750
Short-term notes and bills payable	130,000	130,000	130,000	-	-	-
Ordinary corporate bond (including current portion due within one year)	3,500,000	3,596,731	-	1,526,538	2,070,193	-
Notes, accounts and other payables	6,239,331	6,239,331	4,723,212	1,516,119	-	-
Guarantee deposits received	83,753	83,753	1,415	82,338	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	81,680	82,892	16,755	33,245	32,892	-
Lease liabilities	2,866,504	3,416,829	174,841	356,461	367,227	2,518,300
	<b>\$ 35,852,462</b>	<b>37,461,228</b>	<b>13,090,678</b>	<b>14,194,946</b>	<b>6,668,554</b>	<b>3,507,050</b>

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

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

2. Interest rate analysis

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

The following sensitivity analysis is based on the interest rate exposure of derivatives and non-derivatives on the reporting date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the reporting date are 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 nine-month periods then ended on September 30, 2020 and 2019, 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 NTD 157,827 thousand or NTD 172,134 thousand, respectively; net profit will decrease or increase by NTD 103,578 thousand or NTD 126,525 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	January - September 2020		January - September 2019	
	After-tax other comprehensive income	After-tax profit or loss	After-tax other comprehensive income	After-tax profit or loss
Increased by 10%	\$ 896	6,023	708	9,277
Decreased by 10%	\$ (896)	(6,023)	(708)	(9,277)

4. Fair value information

(1) Type and fair value of financial instruments

Financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are measured at fair value on a repeatability 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 approximate of fair value and the lease liabilities do not have to revealed according to provisions) are listed as follows:

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

		2020.9.30			
		Fair value			
Book value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit and loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
\$ 60,231	60,231	-	-	60,231	
Financial assets at fair value through other comprehensive income					
\$ 8,964	528	-	8,436	8,964	
Financial assets measured at amortized cost					
\$ 8,408,900	-	-	-	-	
530,166	-	-	-	-	
2,703	-	-	-	-	
2,383,016	-	-	-	-	
127,096	-	-	-	-	
11,451,881	-	-	-	-	
<b>\$ 11,521,076</b>	<b>60,759</b>	<b>-</b>	<b>8,436</b>	<b>69,195</b>	
Financial liabilities measured at amortized cost					
\$ 21,043,630	-	-	-	-	
550,000	-	-	-	-	
5,732,763	-	-	-	-	
4,500,000	-	-	-	-	
65,344	-	-	-	-	
3,700,838	-	-	-	-	
101,365	-	-	-	-	
<b>\$ 35,693,940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>2019.12.31</b>					
		Fair value			
Book value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit and loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
\$ 97,563	97,563	-	-	97,563	
Financial assets at fair value through other comprehensive income					
\$ 8,579	656	-	7,923	8,579	
Financial assets measured at amortized cost					
\$ 6,229,385	-	-	-	-	
1,415,769	-	-	-	-	
3,530,868	-	-	-	-	
72,968	-	-	-	-	
11,248,990	-	-	-	-	
<b>\$ 11,355,132</b>	<b>98,219</b>	<b>-</b>	<b>7,923</b>	<b>106,142</b>	
Financial liabilities measured at amortized cost					
\$ 21,290,399	-	-	-	-	
5,725,854	-	-	-	-	
4,500,000	-	-	-	-	
81,680	-	-	-	-	

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

	2019.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Lease liabilities (including current portion)	2,844,731	-	-	-	-
Guarantee deposits received	90,754	-	-	-	-
<b>Total</b>	<b>\$ 34,533,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	2019.9.30				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss:	\$ 92,771	92,771	-	-	92,771
Financial assets at fair value through other comprehensive income	\$ 7,083	463	-	6,620	7,083
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,504,893	-	-	-	-
Notes and accounts receivable	350,794	-	-	-	-
Other financial assets - current	2,926,088	-	-	-	-
Other financial assets - non-current	99,994	-	-	-	-
Subtotal	8,881,769	-	-	-	-
<b>Total</b>	<b>\$ 8,981,623</b>	<b>93,234</b>	<b>-</b>	<b>6,620</b>	<b>99,854</b>
Financial liabilities measured at amortized cost					
Long/short-term loans (including current portion due within one year)	\$ 22,951,194	-	-	-	-
Short-term notes and bills payable	130,000	-	-	-	-
Notes, accounts and other payables	6,239,331	-	-	-	-
Corporate bonds payable	3,500,000	-	-	-	-
Long-term payables (including current portion)	81,680	-	-	-	-
Lease liabilities (including current portion)	2,866,504	-	-	-	-
Guarantee deposits received	83,753	-	-	-	-
<b>Total</b>	<b>\$ 35,852,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(2) Changes in Level 3 financial assets

	Measured at fair value through other comprehensive income		
	Equity instruments without public quotes		Total
		Bond investment	
January 1, 2020	\$ 7,923	-	7,923
September 30, 2020	\$ 8,436	-	8,436
January 1, 2019	\$ 7,245	-	7,245
September 30, 2019	\$ 6,620	-	6,620

The above total profit or loss is reported in "unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income." Among them, the assets still held on September 30, 2020 and 2019 are as follows:

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

	July - September 2020	July - September 2019	January - September 2020	January - September 2019
Total profit or loss Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets measured at fair value through other comprehensive income")	<u>\$ 572</u>	<u>(462)</u>	<u>513</u>	<u>(625)</u>

(3) Transfer between different levels of fair value hierarchy

As the shares held by the group have active market quotations, they are classified as Level 1. In the periods January 1 to September 30, 2020 and 2019, there were no changes to the levels of fair value hierarchy. Thus, there were no matters of transfer between levels in the periods from January 1 to September 30, 2020 and 2019.

(25) 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) of the 2019 consolidated financial statements.

(26) Capital management

The goals, policies and procedures of the group's capital management are in line with the information disclosed in the 2019 annual consolidated financial report. 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 2019 consolidated financial report. For relevant information, please refer to Note 6(27) of the 2019 consolidated financial statements.

(27) Non-cash investing and financing activities

The group's non-cash investing and financing activities from 1 January to 30 September 2020 are as follows:

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

**7. Related-Party Transactions**

(1) Name of related parties and relations

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

Name	Relationship with the group
Kindom Yu San Education Foundation	The entity's chairman is the second-degree relatives of the company's chairman

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

(2) Transactions with related parties

1. The group donated a total of NTD 13,625 thousand and NTD 9,500 thousand to other related parties in the period January 1, to September 30, 2020 and 2019 for the promotion of foundation affairs.
2. The group leased part of the office building to other related parties, with a lease term of 5 years. The rent income was NTD 15 thousand for each of the periods from July 1 to September 30, 2020 and 2019, and NTD 43 thousand for each of the periods from January 1 to September 30, 2020 and 2019.

(3) Major management personnel transactions

Remuneration to major management personnel includes:

	<b>July - September 2020</b>	<b>July - September 2019</b>	<b>January - September 2020</b>	<b>January - September 2019</b>
Short-term employee benefits	\$ 28,442	19,908	100,204	77,110
Benefits after retirement	67	64	214	253
	<b>\$ 28,509</b>	<b>19,972</b>	<b>100,418</b>	<b>77,363</b>

**8. Pledged Assets**

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

<b>Name of assets</b>	<b>Pledge guarantee object</b>	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Buildings and land held for sale	Bank loans	\$ 9,044,527	9,081,604	10,933,956
Land held for construction	"	211,953	211,953	3,318,550
Construction in progress	"	15,540,367	13,471,475	9,144,387
Investment properties and net value of property, plant, and equipment	Bank loans and corporate bonds payable	6,461,026	6,514,072	6,542,508
Other financial assets - current	Bank loans, pre-sales payments in trust accounts, guarantees, and corporate bonds payable	2,064,712	2,911,788	1,857,255
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	112,894	60,893	86,892
		<b>\$ 33,435,479</b>	<b>32,251,785</b>	<b>31,883,548</b>

Note: The group provided a total of 293,414 thousand shares to subsidiaries to be used as collateral for bank loans and advance receipts of buildings and land as of September 30, 2020, December 31, 2019 and September 30, 2019.

**9. Significant Contingent Liabilities and Unrecognized Contract Commitments**

(1) Significant unrecognized contract commitments:

1. Total amount of significant construction contracts were as follows:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Amount of construction contracts	\$ 34,099,929	20,912,565	18,556,442
Amount of payments received	\$ 13,063,814	6,728,027	6,531,381

2. Total amount of sales contracts signed before and after the completion of construction were as follows:

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

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Amount of sales contracts signed	\$ 18,689,490	14,898,155	16,143,344
Amount of payments received per contracts	\$ 6,550,926	5,177,387	5,175,500

3. For details on lease agreements of the group's business in shopping mall management as of September 30, 2020, December 31, 2019 and September 30, 2019, please refer to Note 6(15). Details of the refundable deposits and notes in relation to obligations under these agreements were as follows:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Refundable deposits	<b>RMB 4,051</b>	<b>RMB 12,000</b>	<b>RMB 12,000</b>
Refundable notes	\$ 232,550	172,550	111,000

4. In September 2015, the group entered into a lease agreement with Chang Xin Co., Ltd. for the building and parking lot on Jiankang Road in Zhonghe District of New Taipei City. The lease payments in relation to the shopping mall consist of both a monthly flat amount and a percentage of retail sales revenue.
5. It is passed by the Board Meeting in January 2020, December 2019 and December 2018 that the group promised to donate NTD 15,000 thousand and NTD 10,500 thousand in 2020 and 2019, respectively, to Kindom Yu San Education Foundation for the promotion of foundation affairs.
6. Details on refundable deposits and notes paid for co-developments with land owners and third party developers as follows:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Refundable deposits	\$ 266,340	538,675	247,232
Refundable notes	\$ 1,338,201	982,599	936,124

7. The group entered into a lease agreement of shopping malls under development by Tianjin Chongbei Property Management Co., Ltd. and Tianjin River Property Management Co., Ltd. (the "Lessors"). The lease commenced in December 2016 and would end in twenty years. The Lessor failed to perform according to lease terms. Consequently, in July 2018, the group filed for rescission of the lease and requested arbitration from CIETAC. Upon the rescission, the group requested return of the refundable deposits, refund of the book value of leasehold improvements, and liquidated damages in the total amount of CNY 230,057 thousand. On September 26, 2018, the Lessor, appealing to the arbitration court, requested the group's returning the lease asset back to its original status, with no return of the refundable deposits, no liquidated damage, and no refund of depreciation losses on engineering projects upon the rescission. The group expected total losses in the amount of CNY 248,299 thousand. Judging from the first arbitration court dated December 24, 2018, the group recognized related losses for the year ended on December 31, 2018.

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

The case was settled and the lease was rescinded per the second arbitration court dated June 28, 2019. In July 2019, the settlement processes were completed, and the Lessor returned the refundable deposit per the settlement agreement. As of September 30, 2020, the group had not received the amount of CNY 4,051 thousand.

The group applied for an Online-Merge-Offline (OMO) digital, intelligent retail service platform program funded under Taiwan Industry Innovation Platform Programs by Industrial Development Bureau, MOES. The program started on May 1, 2019 and ends on December 31, 2020. The related subsidy in the amount of NTD 10,500 thousand was granted in exchange for the group's bank note, in the same amount, pledged as collateral for obligations under the program. The note was refundable and would be returned within six months after the program ends. As of the end of September 30, 2020, NTD 8,000 has been refunded.-

(2) Contingent liability

In relation to the construction project under Project Code 041A, the neighbor manufacturer alleged that the structural damages on the manufacturer's plants and land were as a result of the group's construction. Both parties were not able to settle the issue in mediation, so the group was sued by the neighbor manufacturer, in the amount of NTD 15,665 thousand. The group has yet to assess any contingent liability for this litigation.

**10. Significant Disaster Loss: None.**

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

**12. Others**

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

Function Type	July - September 2020			July - September 2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expenses						
Salary expenses	123,024	128,259	251,283	107,170	139,731	246,901
Labor Insurance and National Health Insurance expense	9,220	9,022	18,242	6,797	8,689	15,486
Pension expense	4,288	4,654	8,942	4,099	4,850	8,949
Other employee benefits expenses	405	9,218	9,623	(6)	7,881	7,875
Depreciation expense	2,374	102,102	104,476	1,169	88,307	89,476
Amortization expense	-	2,506	2,506	-	3,988	3,988

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

Function Type	January - September 2020			January - September 2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expenses						
Salary expenses	353,717	402,533	756,250	312,244	375,473	687,717
Labor Insurance and National Health Insurance expense	27,216	26,215	53,431	26,102	25,790	51,892
Pension expense	12,815	14,046	26,861	12,916	14,054	26,970
Other employee benefits expenses	1,091	22,340	23,431	232	19,059	19,291
Depreciation expense	5,068	286,506	291,574	3,384	266,042	269,426
Amortization expense	-	7,729	7,729	-	11,990	11,990

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

### 13. Supplementary Disclosures

- (1) Information about significant transactions

In the period January 1 to September 30, 2020, the group shall disclose information related to significant transactions pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." Such information is as follows:

1. Financings provided: None.
2. Endorsement/guarantees for others:

Expressed in thousands of New Taiwan Dollars

No.	Name of endorsement/guarantee provider	Subject of endorsements/guarantees		Limit on endorsements/guarantees provided for a single party	Maximum balance for this period	Closing balance of endorsement /guarantees	Actual amount used	Amount of endorsement/guarantees collateralized with assets	Ratio of accumulated endorsement/guarantees to net equity per latest financial statements	Maximum endorsement/guarantee amount	Endorsement/guarantees provided by parent company to subsidiaries	Endorsement/guarantees provided by subsidiaries to parent company	Endorsement/guarantee provided to subsidiary in China
		Company name	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	\$ 5,885,834	14,192	14,192	14,192	-	0.48%	5,885,834	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	54,696	14,192	14,192	14,192	-	25.95%	54,696	N	Y	N
2	"	Kedge Construction	Parent company and subsidiary	8,204,412	1,376,500	1,376,500	1,376,500	-	2,516.64%	16,408,824	N	Y	N
3	Global Mall	Guan You	3	2,877,951	200,000	200,000	20,000	-	4.17%	5,755,902	Y	N	N
3	"	Guan Hua	2	2,877,951	150,000	95,000	65,000	-	1.98%	5,755,902	Y	N	N

Note 1. The relationships between the endorsement and guarantee provider and subject are as follows:

- (1) A company with which the company has business relationship.
- (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 endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

- Note 2. Taipei City Government requested the company to provide joint and several security, so Kedge Construction, approved by the Board on March 21, 2002 and March 25, 2010, provided endorsements/guarantees for the company.
- Note 3. Per Kedge Construction's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 200% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 200% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statement.
- Note 4. Per Dingtian's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 100% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 100% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 300 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statements.
- Note 5. Per Global Mall's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 120% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 60% of its net equity as stated in its latest financial statements.
- Note 6. The above-mentioned transactions have been written-off at the preparation of the consolidated financial report.
3. Marketable securities held at the end of the period (excl. investment in subsidiaries, associates and joint ventures):

Expressed in thousands of New Taiwan Dollars/thousands shares

Holding Company	Types and names of securities	Relationship with the securities issuer	Account titles in book	End of period				Remarks
				No. of shares	Book value	Percentage of shareholding	Fair value (Note)	
The company	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	505	21,171	- %	21,171	
"	Stock - Everterminal Co. Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	198	3,012	0.20 %	3,012	
"	Stock - Clientron Corp.	-	"	29	528	0.05 %	528	
Jiequn Investment	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	472	19,473	- %	19,473	
Jiequn Investment	Shares - SinoPac Financial Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss - current	211	2,291	- %	2,291	
"	Shares - Taiwan Calcom International Computer Graphic Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	405	-	0.78 %	-	
Guanqing Electromechanical	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	419	17,296	- %	17,296	
"	Shares - Global Views - Commonwealth Publishing Co.	-	Financial assets at fair value through other comprehensive income - non-current	132	5,424	0.59 %	5,424	

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 to buy or sell the same marketable securities amount to NT\$ 300 million or more than 20% of the paid-up capital: None.

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

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

Expressed in thousands of New Taiwan Dollars

Acquiring company	Asset title	Date of transaction or event	Transaction amount	Payment collection status	Counterparties	Relationship	For related parties, the information on previous transaction				Reference for price determination	Purpose of acquisition and usage status	Other stipulations of the transaction
							Possessor	Relationship with the issuer	Date of transfer	Amount			
Global Mall	Right-of-use assets	2020.04	933,460	N/A	Railway Bureau, MOTC	Non-related parties	-	-	-	-	tender	For business	None
Kindom Development	Song Chang Duan	2020.08	1,485,865	1,280,105	Yumaowu Enterprise Co., Ltd.	Non-related parties	-	-	-	-	Valuation	Planning and construction	None

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

Expressed in thousands of New Taiwan Dollars

Disposing company	Asset title	Date of event	Original Acquisition Date	Carrying amount	Transaction amount	Payment collection status	Gain or loss on disposal	Counterparties	Relationship	Purpose of disposal	Reference for price determination	Other stipulations of the transaction
The company	Inventory - buildings and land held for sale	2020.03	Not applicable: inventory produced, not acquired	N/A	693,052	693,052	N/A	More than one third party	Non-related parties	Selling inventory	Refer to appraisal or based on market price	None

Note: The above are expressed in amounts before taxes.

7. The amount of purchase and sales with related parties amounts to NT\$100 million or more than 20% of the paid-up capital:

Expressed in thousands of New Taiwan Dollars

Company Name	Name of transaction counterparty	Relationship	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/accounts receivable (or payable)		Remarks
			Purchases/sales	Amount (Note 1)	Percentage of total purchase (sales)	Loan period	Unit Price	Loan period	Balance	Percentage of total notes/accounts receivable (or payable)	
The company	Kedge Construction	Investees valued under equity method	Purchases for 103G and other projects	4,361,974	67.37 %	50% due immediately and 50% due in 90 days / 100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(2,575,015)	86.40%	Note 2
Kedge Construction	The company	An investment company that evaluates Kedge Construction by the equity method	041B, and etc.	(4,361,974)	(40.28)%	Payment by installment per contract or equivalent to a general transaction	"	"	2,575,015	65.11%	

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 report. The differences in payables (receivables) are retention receivables listed under contract assets.

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

8. Receivables from related parties amounting to at least 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	Counterparties	Relationship	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Amounts received in subsequent period	Allowance for loss appropriated
					Amount	Action taken		
Kedge Construction	The company	An investment company that evaluates Kedge Construction by the equity method	2,575,015	2.11	-	-	-	-

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

9. Derivative financial instrument transactions: None.
10. Business relationship and significant transactions between parent company and subsidiaries:

No.	Name of transaction counterparty	Counterparty	Relationship with trader	Transactions			As a percentage of consolidated revenue or total assets
				Account	Amount	Terms and conditions	
0	The company	Kedge Construction	1	Cost of construction	3,572,538	50% due immediately and 50% due in 90 days / 100% due immediately and 100% due in 90 days	25.94%
0	The company	Kedge Construction	1	Buildings and land held for sale	141,830	50% due immediately and 50% due in 90 days / 100% due immediately and 100% due in 90 days	0.24%
0	The company	Kedge Construction	1	Construction in progress	436,351	50% due immediately and 50% due in 90 days / 100% due immediately and 100% due in 90 days	0.74%
0	The company	Kedge Construction	1	Notes and accounts payable - related party-	2,575,015	50% due immediately and 50% due in 90 days / 100% due immediately and 100% due in 90 days	4.38%
1	Kedge Construction	The company	2	Operating revenue	3,572,538	50% due immediately and 50% due in 90 days / 100% due immediately and 100% due in 90 days	25.94%
1	Kedge Construction	The company	2	Operating costs	578,181	50% due immediately and 50% due in 90 days / 100% due immediately and 100% due in 90 days	4.20%
1	Kedge Construction	The company	2	Notes and accounts receivable related party, contract asset-	2,575,015	50% due immediately and 50% due in 90 days / 100% due immediately and 100% due in 90 days	4.38%
2	Global Mall	Guan Cheng	3	Accounts receivable - related parties-	34,153	Once a Year	0.06%
2	Global Mall	Guan Cheng	3	Operating revenue	31,081	Once a Year	0.23%
2	Global Mall	Guan You	3	Operating revenue	2,031	Once a Year	0.01%
3	Guan Cheng	Global Mall	3	Accounts payable - related parties	34,153	Once a Year	0.06%
3	Guan Cheng	Global Mall	3	Operating expenses	31,081	Once a Year	0.23%
4	Guan You	Global Mall	3	Operating expenses	2,031	Once a Year	0.01%

Note 1. Instruction for numbering.

1. The parent company is numbered 0.
2. Subsidiaries are numbered from number 1.

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

1. Parent company to subsidiary.
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 report.

(2) Information on investees:

The information on the group's investees in the period January 1 to September, 2020 is as follows:

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

Expressed in thousands of New Taiwan Dollars/thousands 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	Remarks
				End of the period	End of last year	No. of shares	Percentage	Book value			
The company	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	36,248	34.18%	602,257	434,991	136,423	Subsidiaries
"	Global Mall	Taiwan	Supermarkets, department stores, international trading, and wholesales and retails of medical equipment	3,209,395	3,209,395	320,105	84.02%	4,054,959	236,490	198,691	"
"	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	102,000	102,000	10,200	51.00%	148,347	54,718	27,906	"
Kedge Construction	Jiequn Investment	Taiwan	General Investment	163,935	163,935	16,396	99.98%	446,744	8,386	8,384	Second-tier subsidiary
"	Guanqing Electromechanical	Taiwan	Electrical equipment installation and fire safety equipment installation industry, etc.	81,326	81,326	7,747	99.96%	217,108	1,469	1,468	"
Jiequn Investment	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	16,409	1,266	380	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	38,287	1,266	886	"
Dingtian Construction	ReadyCom eServices Corp.	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	21,015	1,090	509	Investments accounted for using equity method
Global Mall	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	98,000	98,000	9,800	49.00%	142,530	54,718	26,812	Subsidiaries
"	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	5,000	5,000	500	3.70%	1,276	(9,819)	(363)	Second-tier subsidiary
"	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	138,986	1,627	1,627	"
"	KGM	Hong Kong	Investment and operation of shopping mall in China, including master planning, supporting engineering consulting, and leasing planning and consulting	213,766 (HKD54,435)	213,766 (HKD54,435)	- (Co., Ltd.)	100.00%	47,719	21,415	21,415	"
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	130,000	130,000	13,000	96.30%	33,224	(9,819)	(9,456)	"

(3) Information on Investments in Mainland China:

1. Relevant information incl. names and principal business of investee in Mainland China

Unit: Thousands of USD, HKD, CNY or NTD

Name of investee in Mainland China	Principal business	Paid-in capital	Method of investment	Accumulated amount of investment remitted from Taiwan at beginning	Amount of investment remitted or recovered in current period		Accumulated amount of investment remitted from Taiwan at ending	Net income (loss) of the investee	The company's percentage of ownership directly or indirectly	Investment gains (losses) recognized in the current period	Book value of investment at the end of the period	Investment income received at the end of the current period
					Outward remittance	Recover						
Global Mall (Tianjin) Co., Ltd.	Business management (including rentals of commercial facilities) in wholesales, retails, and import/export of household items and appliances, sports goods, office supplies, watches, glasses, textiles, etc.; property management; business consulting; corporate marketing planning; conference services; exhibition services; parking lot operation and management.	213,766 (CNY48,000)	Note	213,766 (CNY48,000)	- (CNY-)	- (CNY-)	213,766 (CNY48,000)	21,465 (HKD5,568)	100.00%	21,465 (HKD5,568)	48,055 (HKD12,801)	-

Note: Reinvest in mainland China through existing companies in a third location

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

2. Limit of investment in Mainland China:

<b>Accumulated investment from Taiwan to Mainland China at ending</b>	<b>Amount of investment approved by Investment Commission of MOEA</b>	<b>Investment amount stipulated by the Investment Commission of MOEA</b>
CNY 48,000	USD 11,100	7,849,016

3. Material transactions with investees in Mainland China: None

(4) Information on major shareholders:

<b>Name of major shareholder</b>	<b>Shareholding</b>	<b>Expressed in shares</b>	
		<b>No. of shares held</b>	<b>Percentage of shareholding</b>
Yu-De Investment Co., Ltd.		96,304,670	19.11%
Mei-Chu, Liu		61,104,811	12.12%

**14. Segment Information**

(1) General information

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

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

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

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

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

The management's resource allocation and performance evaluation is 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 consolidated company 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 the significant accounting policies described in Note 4.

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

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

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

July - September 2020					
	Development	Construction	Shopping Mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 2,136,633	2,226,221	342,322	-	4,705,176
Inter-segment income	606	1,200,032	12,521	(1,213,159)	-
<b>Total revenue</b>	<b>\$ 2,137,239</b>	<b>3,426,253</b>	<b>354,843</b>	<b>(1,213,159)</b>	<b>4,705,176</b>
<b>Reportable segment profit or loss</b>	<b>\$ 456,443</b>	<b>153,907</b>	<b>124,968</b>	<b>(163,856)</b>	<b>571,462</b>
July - September 2019					
	Development	Construction	Shopping Mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 1,520,734	1,108,256	339,078	-	2,968,068
Inter-segment income	606	1,717,679	11,401	(1,729,686)	-
<b>Total revenue</b>	<b>\$ 1,521,340</b>	<b>2,825,935</b>	<b>350,479</b>	<b>(1,729,686)</b>	<b>2,968,068</b>
<b>Reportable segment profit or loss</b>	<b>\$ 316,918</b>	<b>117,827</b>	<b>96,992</b>	<b>(139,349)</b>	<b>392,388</b>
January - September 2020					
	Development	Construction	Shopping Mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 6,184,981	6,658,131	929,375	-	13,772,487
Inter-segment income	1,819	3,575,975	33,190	(3,610,984)	-
<b>Total revenue</b>	<b>\$ 6,186,800</b>	<b>10,234,106</b>	<b>962,565</b>	<b>(3,610,984)</b>	<b>13,772,487</b>
<b>Reportable segment profit or loss</b>	<b>\$ 1,419,281</b>	<b>547,341</b>	<b>315,068</b>	<b>(415,927)</b>	<b>1,865,763</b>
January - September 2019					
	Development	Construction	Shopping Mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	\$ 4,099,971	4,049,965	993,046	-	9,142,982
Inter-segment income	1,819	4,259,522	33,205	(4,294,546)	-
<b>Total revenue</b>	<b>\$ 4,101,790</b>	<b>8,309,487</b>	<b>1,026,251</b>	<b>(4,294,546)</b>	<b>9,142,982</b>
<b>Reportable segment profit or loss</b>	<b>\$ 621,864</b>	<b>444,077</b>	<b>345,193</b>	<b>(467,763)</b>	<b>943,371</b>
<b>Assets of reportable segment</b>					
September 30, 2020	\$ 46,752,262	9,310,709	12,556,472	(9,573,998)	59,045,445
December 31, 2019	\$ 43,828,824	8,276,848	11,645,381	(7,926,088)	55,824,965
September 30, 2019	\$ 44,123,968	8,192,924	11,758,462	(8,408,061)	55,667,293
<b>Liabilities of reportable segment</b>					
September 30, 2020	\$ 33,670,569	6,367,609	7,434,508	(3,384,631)	44,088,055
December 31, 2019	\$ 31,201,320	5,535,726	6,771,135	(2,096,125)	41,412,056
September 30, 2019	\$ 32,287,158	5,545,998	6,979,408	(2,694,679)	42,117,885