

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

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

**From January 1 to September 30, 2021 and 2020**

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

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## Independent Auditors' Review Report

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

### Introduction

We have audited the consolidated balance sheets of Kindom Development Co., Ltd. as of September 30, 2021, and 2020, the consolidated statements of comprehensive income for the three-month periods and the nine-month periods ended September 30, 2021 and 2020, changes in equity, and cash flows from January 1 to September 30, 2021 and 2020 as well as notes to the consolidated financial statements (including a summary of significant accounting policies) for the period then ended. It is the management's responsibility to prepare a set of fairly presented consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 Interim Financial Reporting as endorsed, issued, and effected by the Financial Supervisory Commission (FSC). Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

### Scope

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

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects of the consolidated financial position of the company as of September 30, 2021 and 2020 and its consolidated financial performance from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, and its consolidated cash flows from January 1 to September 30, 2021 and 2020 in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and "IAS 34 - Interim Financial Reporting" approved and issued by the FSC.

KPMG

Taipei, Taiwan

Republic of China

October 29, 2021

### Notices to Readers

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

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

**As of September 30, 2021 and 2020 - 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, 2021, December 31, 2020, and September 30, 2020**

**Expressed in thousands of New Taiwan Dollars**

		2021.9.30		2020.12.31		2020.9.30				2021.9.30		2020.12.31		2020.9.30	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Notes 6(1) & (24))	\$ 13,362,914	25	11,510,749	20	8,408,900	14	2100	Short-term borrowings (Notes 6(12) & (24))	\$ 14,747,992	28	15,101,351	26	18,668,630	32
1110	Financial assets at fair value through profit or loss - current (Notes 6(2) & (24))	109,976	-	67,661	-	60,231	-	2110	Short-term notes and bills payable (Notes 6(12) & (24))	-	-	-	-	550,000	1
1140	Contract assets - current (Note 6(21))	1,915,679	4	1,671,567	3	2,171,757	4	2130	Contract liabilities - current (Note 6(21))	2,183,314	4	5,585,647	10	7,865,552	13
1150	Notes receivable, net (Note 6(4) & (24))	3,896	-	858	-	1,463	-	2150	Notes payable (Note 6(24))	294,155	1	389,871	1	578,977	1
1170	Accounts receivable, net (Notes 6(4), (21) & (24))	803,650	2	2,225,979	4	528,703	1	2170	Accounts payable (Note 6(24))	4,954,983	9	5,206,700	9	4,482,630	9
1200	Other receivables (Note 6(24))	1,868	-	-	-	2,703	-	2200	Other payables (Note 6(24))	839,822	2	1,115,831	2	671,156	1
1220	Current tax assets	33,287	-	34,199	-	34,177	-	2230	Current tax liabilities	564,319	1	665,104	2	240,769	-
1300	Inventories - trading (Note 6(5))	15,158	-	9,739	-	15,540	-	2250	Provisions - current (Note 6(15))	174,187	-	150,363	-	100,039	-
1320	Inventories - construction (Notes 6(5) & 8)	22,225,450	43	28,294,015	50	33,884,453	58	2251	Provisions for employee benefit - current (Note 6(17))	18,062	-	22,278	-	21,029	-
1410	Prepayments	124,506	-	155,232	-	287,239	-	2280	Lease liabilities - current (Notes 6(14) & (24))	181,711	-	159,420	-	153,868	-
1476	Other financial assets - current (Notes 6(11), (21), (24) & 8)	3,038,692	6	2,262,304	4	2,383,016	4	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	63,219	-	61,485	-	43,467	-	2321	Current portion of convertible corporate bonds due within one year or one operating period (Notes 6(13) & (24))	-	-	1,500,000	3	1,500,000	3
1480	Incremental costs of obtaining a contract - current (Note 6(11))	87,239	-	121,038	-	152,887	-	2322	Current portion of long-term borrowings due within one year or one operating period (Notes 6(12) & (24))	283,680	1	217,760	-	141,840	-
		41,785,534	80	46,414,826	81	47,974,536	81	2399	Other current liabilities - others	69,463	-	52,644	-	163,117	-
<b>Non-current assets:</b>								<b>Non-current liabilities:</b>							
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6(3) & (24))	9,774	-	8,731	-	8,964	-	2530	Bonds payable (Notes 6(13) & (24))	4,000,000	8	4,000,000	7	3,000,000	5
1550	Investments accounted for using equity method	17,394	-	20,507	-	21,015	-	2540	Long-term borrowings (Notes 6(12) & (24))	1,904,480	4	2,157,240	4	2,233,160	4
1600	Property, plant and equipment (Notes 6(7) & 8)	6,563,604	13	6,586,166	12	6,667,321	12	2580	Lease liabilities - non-current (Notes 6(14) & (24))	3,369,482	6	3,521,533	6	3,546,970	6
1755	Right-of-use assets (Note 6(8))	3,393,607	6	3,548,998	6	3,597,829	6	2640	Defined benefit liabilities, net - non-current	2,486	-	5,979	-	3,609	-
1760	Investment property (Notes 6(9) & 8)	502,791	1	506,175	1	507,303	1	2645	Guarantee deposits (Note 6(24))	99,510	-	94,419	-	101,365	-
1780	Intangible assets (Note 6(10))	46,149	-	49,236	-	36,324	-	2670	Other non-current liabilities - others (Note 6(24))	32,672	-	49,008	-	49,008	-
1840	Deferred tax assets	58,974	-	54,512	-	47,442	-		<b>Total liabilities</b>	9,408,630	18	9,828,179	17	8,934,112	15
1915	Prepayments for equipment	6,697	-	2,101	-	6,182	-		<b>Equity attributable to owners of the parent company (Note 6(19)):</b>	33,736,654	64	40,011,484	70	44,088,055	75
1975	Defined benefit assets, net - non-current	3,353	-	3,400	-	1,308	-	3100	Share capital	5,541,701	11	5,037,910	9	5,037,910	9
1980	Other financial assets - non-current (Notes 6(24) & 8)	77,763	-	132,280	-	127,096	-	3200	Capital reserve	1,421,924	3	1,396,097	2	1,396,097	2
1995	Other non-current assets - others	50,160	-	50,109	-	50,125	-	3300	Retained earnings	9,645,220	18	8,902,937	15	6,747,059	11
		10,730,266	20	10,962,215	19	11,070,909	19	3400	Other equity	(25,878)	-	(27,847)	-	(28,177)	-
								3500	Treasury stock	(71,196)	-	(71,196)	-	(71,196)	-
									Total equity attributable to owners of the parent company	16,511,771	32	15,237,901	26	13,081,693	22
								36XX	Non-controlling interests (Note 6(6))	2,267,375	4	2,127,656	4	1,875,697	3
									<b>Total equity</b>	18,779,146	36	17,365,557	30	14,957,390	25
<b>Total assets</b>		<b>\$ 52,515,800</b>	<b>100</b>	<b>57,377,041</b>	<b>100</b>	<b>59,045,445</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 52,515,800</b>	<b>100</b>	<b>57,377,041</b>	<b>100</b>	<b>59,045,445</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, 2021 and 2020, and January 1 to September 30, 2021 and 2020**

**Expressed in thousands of New Taiwan Dollars**

	Jul. - Sep. 2021		Jul. - Sep. 2020		Jan. - Sep. 2021		Jan. - Sep. 2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Operating revenue (Note 6(21))</b>	\$ 4,545,332	100	4,705,176	100	18,903,592	100	13,772,487	100
5000 <b>Operating costs (Note 6(5))</b>	3,143,744	69	3,679,099	78	13,850,459	73	10,455,988	76
<b>Gross profit</b>	1,401,588	31	1,026,077	22	5,053,133	27	3,316,499	24
<b>Operating expenses:</b>								
6100 Selling and marketing expenses	47,153	1	37,661	1	163,108	1	200,216	1
6200 General and administrative expenses	403,961	9	352,199	7	1,201,682	6	1,060,895	8
6450 Expected credit loss (Note 6(4))	1,653	-	-	-	1,653	-	11,383	-
	452,767	10	389,860	8	1,366,443	7	1,272,494	9
<b>Net operating profit</b>	948,821	21	636,217	14	3,686,690	20	2,044,005	15
<b>Non-operating income and expenses:</b>								
7100 Interest income (Note 6(23))	4,586	-	4,015	-	17,634	-	14,480	-
7010 Other income (Note 6(23))	1,792	-	3,023	-	4,727	-	3,435	-
7020 Other gains and losses (Note 6(23))	58,699	1	28,459	1	106,038	1	77,750	1
7050 Financial costs (Note 6(23))	(76,232)	(2)	(100,992)	(2)	(239,084)	(1)	(274,416)	(2)
7060 Share of profit and loss of associates and joint ventures accounted for using the equity method	(1,325)	-	740	-	(3,113)	-	509	-
	(12,480)	(1)	(64,755)	(1)	(113,798)	-	(178,242)	(1)
<b>Profit before tax from continuing operating department</b>	936,341	20	571,462	13	3,572,892	20	1,865,763	14
7950 <b>Less: Income tax expense (Note 6(18))</b>	297,637	7	77,863	2	714,100	4	369,282	3
<b>Net income</b>	638,704	13	493,599	11	2,858,792	16	1,496,481	11
<b>Other comprehensive income:</b>								
8300 <b>Items that will not be reclassified subsequently to profit or loss:</b>								
8310 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	742	-	370	-	2,035	-	385	-
8360 <b>Items that may be reclassified subsequently to profit or loss:</b>								
8361 Exchange differences on translation of financial statements of foreign operations	(55)	-	774	-	(669)	-	(3,671)	-
8300 <b>Other comprehensive income (loss)(net of taxes)</b>	687	-	1,144	-	1,366	-	(3,286)	-
<b>Total comprehensive income for the year</b>	<b>\$ 639,391</b>	<b>13</b>	<b>494,743</b>	<b>11</b>	<b>2,860,158</b>	<b>16</b>	<b>1,493,195</b>	<b>11</b>
<b>Net income attributable to:</b>								
8610 Owners of the parent company	\$ 555,713	11	409,052	9	2,455,172	14	1,196,025	9
8620 Non-controlling interests	82,991	2	84,547	2	403,620	2	300,456	2
	<b>\$ 638,704</b>	<b>13</b>	<b>493,599</b>	<b>11</b>	<b>2,858,792</b>	<b>16</b>	<b>1,496,481</b>	<b>11</b>
<b>Total comprehensive income attributable to:</b>								
8710 Owners of the parent company	\$ 557,491	11	410,148	9	2,457,141	14	1,193,652	9
8720 Non-controlling interests	81,900	2	84,595	2	403,017	2	299,543	2
	<b>\$ 639,391</b>	<b>13</b>	<b>494,743</b>	<b>11</b>	<b>2,860,158</b>	<b>16</b>	<b>1,493,195</b>	<b>11</b>
9750 <b>Basic earnings per share (in NT\$) (Note 6(20))</b>	<b>\$</b>	<b>1.02</b>	<b>0.83</b>		<b>4.53</b>		<b>2.43</b>	
9850 <b>Diluted earnings per share (in NT\$) (Note 6(20))</b>	<b>\$</b>	<b>1.02</b>	<b>0.83</b>		<b>4.51</b>		<b>2.42</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, 2021 and 2020**

**Expressed in thousands of New Taiwan Dollars**

	Equity attributable to owners of the parent company						Other equity			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Retained earnings					Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock			
	Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Total						
<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
Net income	-	-	-	-	1,196,025	1,196,025	-	-	-	1,196,025	300,456	1,496,481
Other comprehensive income for the period	-	-	-	-	-	-	(3,084)	711	-	(2,373)	(913)	(3,286)
Total comprehensive income for the year	-	-	-	-	1,196,025	1,196,025	(3,084)	711	-	1,193,652	299,543	1,493,195
Legal reserve appropriated	-	-	128,355	-	(128,355)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	258	(258)	-	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	(755,687)	(755,687)	-	-	-	(755,687)	-	(755,687)
Capital reserve adjusted for dividends distributed to subsidiary	-	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
<b>Balance as of January 1, 2021</b>	\$ 5,037,910	1,396,097	1,816,778	25,804	7,060,355	8,902,937	(28,521)	674	(71,196)	15,237,901	2,127,656	17,365,557
Net income	-	-	-	-	2,455,172	2,455,172	-	-	-	2,455,172	403,620	2,858,792
Other comprehensive income for the period	-	-	-	-	-	-	(562)	2,531	-	1,969	(603)	1,366
Total comprehensive income for the year	-	-	-	-	2,455,172	2,455,172	(562)	2,531	-	2,457,141	403,017	2,860,158
Legal reserve appropriated	-	-	335,191	-	(335,191)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	2,043	(2,043)	-	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	(1,209,098)	(1,209,098)	-	-	-	(1,209,098)	-	(1,209,098)
Share dividends of common stocks	503,791	-	-	-	(503,791)	(503,791)	-	-	-	-	-	-
Capital reserve adjusted for dividends distributed to subsidiary	-	25,501	-	-	-	-	-	-	-	25,501	-	25,501
Unclaimed dividends after effective period	-	326	-	-	-	-	-	-	-	326	71	397
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(263,369)	(263,369)
<b>Balance as of September 30, 2021</b>	\$ 5,541,701	1,421,924	2,151,969	27,847	7,465,404	9,645,220	(29,083)	3,205	(71,196)	16,511,771	2,267,375	18,779,146

(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, 2021 and 2020**

**Expressed in thousands of New Taiwan Dollars**

	<u>Jan. - Sep. 2021</u>	<u>Jan. - Sep. 2020</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 3,572,892	1,865,763
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation	317,340	291,574
Amortization	7,217	7,729
Expected credit loss	1,653	11,383
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(42,315)	13,348
Interest expense	239,084	274,416
Interest income	(17,634)	(14,480)
Dividend income	(4,727)	(3,435)
Share of loss (gain) of associates and joint ventures accounted for using equity method	3,113	(509)
Gain on disposal of property, plant and equipment	(28)	(94)
Impairment losses on non-financial assets	6,000	-
Other income	-	(25,495)
Total adjustments to reconcile profit (loss)	<u>509,703</u>	<u>554,437</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets measured at fair value through profit or loss	-	23,984
Increase in contract assets	(244,112)	(821,964)
(Increase) decrease in notes receivable	(3,038)	1,738
Decrease in accounts receivable	1,420,676	872,482
Increase in other receivables	(1,868)	(2,703)
Decrease (increase) in inventories	6,157,001	(1,334,860)
Decrease in prepayments	30,735	13,302
Increase in other current assets	(953)	(2,541)
(Increase) decrease in other financial assets - current	(776,794)	1,113,994
Decrease (increase) in incremental costs of obtaining a contract	33,799	(8,362)
Decrease in net defined benefit assets, non-current	47	53
Increase in other non-current assets	(51)	(54)
Total changes in operating assets	<u>6,615,442</u>	<u>(144,931)</u>
Total changes in operating liabilities:		
(Decrease) increase in contract liabilities	(3,402,333)	1,678,214
(Decrease) increase in notes payable	(95,716)	181,039
Decrease in accounts payable	(251,717)	(388,541)
Decrease in other payables	(334,887)	(53,528)
Decrease in employee benefit liabilities - current	(4,216)	(504)
Increase (decrease) in provisions - current	23,824	(2,443)
Increase (decrease) in other current liabilities	16,819	(7,977)
Decrease in net defined benefit liabilities	(3,493)	(3,072)
Decrease in other non-current liabilities	(16,336)	(16,336)
Total changes in operating liabilities	<u>(4,068,055)</u>	<u>1,386,852</u>
Total changes in operating assets and liabilities	<u>2,547,387</u>	<u>1,241,921</u>
Total adjustments	<u>3,057,090</u>	<u>1,796,358</u>
Cash flows generated from operations	6,629,982	3,662,121
Income taxes paid	(819,225)	(194,287)
<b>Net cash flows from operating activities</b>	<u>5,810,757</u>	<u>3,467,834</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, 2021 and 2020**

**Expressed in thousands of New Taiwan Dollars**

	<b>Jan. - Sep. 2021</b>	<b>Jan. - Sep. 2020</b>
<b>Cash flows from investing activities:</b>		
Payment returned on capital reduction of financial assets at fair value through other comprehensive income	992	-
Acquisition of property, plant and equipment	(85,399)	(105,670)
Disposal of property, plant and equipment	76	163
Acquisition of intangible assets	(4,130)	(830)
(Decrease) increase in other financial assets - non-current	54,517	(54,128)
Increase in prepayments for equipment	(4,596)	(349)
Interest received	18,040	14,836
Dividends received	4,727	3,435
<b>Net cash flows used in investing activities</b>	<b>(15,773)</b>	<b>(142,543)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	3,755,000	7,798,785
Decrease in short-term loans	(4,108,359)	(8,045,529)
Increase in short-term notes and bills payable	240,000	1,560,000
Decrease in short-term notes and bills payable	(240,000)	(1,010,000)
Redemption or repurchase of convertible corporate bonds	(1,500,000)	-
Issuance of long-term debt	-	2,330,000
Repayments of long-term debt	(186,840)	(2,334,900)
Increase in guarantee deposits received	5,091	10,611
Repayments of lease principal	(133,155)	(95,491)
Cash dividends distributed	(1,183,597)	(739,749)
Interests paid	(326,921)	(406,546)
Changes in non-controlling interests	(263,369)	(209,286)
<b>Net cash flows used in financing activities</b>	<b>(3,942,150)</b>	<b>(1,142,105)</b>
Effects of exchange rate changes on the balance of cash and cash equivalents	(669)	(3,671)
Net increase in cash and cash equivalents	1,852,165	2,179,515
Cash and cash equivalents at beginning of the period	11,510,749	6,229,385
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 13,362,914</b>	<b>8,408,900</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**

**From January 1 to September 30, 2021 and 2020**

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

**1. Company History**

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

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

The consolidated financial statements were approved and issued on October 29, 2021 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 the newly revised IFRSs specified above since January 1, 2021, and assessed that the adoption will not have a material impact on the consolidated financial statements.

- Amendments to IFRS 4 "Deferral of Effective Date of IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The group has adopted the following newly amended IFRSs starting from January 1, 2021. The impact is described as follows:

Effective on April 1, 2021, the group adopted the amendment to IFRS 16, "COVID-19-related Rent Concessions After June 30, 2021," which extended the tenant's right to enjoy rent concession as a result of COVID-19 for one year to June 30, 2022. The accounting policy is detailed in Note 4(3). This accounting change had no effect on the date of initial application and was recognized in profit or loss for NT\$21,181 thousand and NT\$32,788 thousand from July 1 to September 30, 2021, and from January 1 to September 30, 2021, respectively.

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

The group has assessed that the application of the above newly endorsed IFRS, effective on January 1, 2022, will not result in a material impact on the consolidated financial statements.

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

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

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

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

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

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

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

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

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

**4. Summary of Significant Accounting Policies**

**(1) Compliance statement**

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

Apart from the matters described in the following paragraphs, the major accounting policies adopted by the consolidated financial statements are the same as those adopted by the 2020 consolidated financial statements. For related information, please refer to Note 4 to the 2020 consolidated financial statements.

**(2) Basis of consolidation**

**1. Subsidiaries included in the consolidated financial statements:**

Name of investor	Subsidiary name	Main business and products	Percentage of ownership			Explanation
			2021.9.30	2020.12.31	2020.9.30	
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 the company's director seats
"	Global Mall Co., Ltd. (Global Mall)	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	84.02%	84.02%	84.02%	The subsidiary in which the company's voting share exceeds more than 50% of the subsidiary's issued shares.
Joint venture of the company and Global Mall	Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE) (Guan Cheng)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Kedge Construction	Jiequn Investment Co., Ltd. (Jiequn Investment)	Investment	99.98%	99.98%	99.98%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)	Installation and engineering of electrical and fire safety equipment	99.96%	99.96%	99.96%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Construction Co., Ltd. (Dingtian Construction)	The comprehensive construction industry, etc.	100.00%	100.00%	100.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Global Mall	KGM International Investment Co., Ltd. (KGM)	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	100.00%	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
"	Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE) (Guan Hua)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
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%	The subsidiary in which KGM's voting share exceeds more than 50% of the subsidiary's issued shares.
Joint venture of Global Mall and Guan Cheng	Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (Guan You)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	100.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.

Note: Global Mall (Tianjin) Co., Ltd. ("Global Mall Tianjin") is a subsidiary of KGM,

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

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

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

**(3) Leases**

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

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

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

**(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 statements, the significant judgments made by management when adopting the accounting policies of the group and the major sources of uncertainty over estimation are consistent with Note 5 to the 2020 consolidated financial statements.

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

**6. Description of Significant Accounting Items**

Apart from the matters described in the following paragraphs, the descriptions of significant accounting items in the consolidated financial statements bear no significant difference from those adopted by the 2020 consolidated financial statements. For related information, please refer to Note 6 to the 2020 consolidated financial statements.

(1) Cash and cash equivalents

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Cash and petty cash	\$ 14,173	13,273	13,282
Bank deposits			
Check deposits	2,863,064	2,640,956	2,078,277
Demand deposits	6,635,785	1,717,111	1,401,092
Time deposits	10,500	1,548	353
Cash equivalents	3,839,392	7,137,861	4,915,896
	<b>\$ 13,362,914</b>	<b>11,510,749</b>	<b>8,408,900</b>

The maturity dates of the aforementioned cash equivalents are in the periods, Oct. - Dec. 2021, Jan. - Mar. 2021, and Oct. - Dec. 2020, and the interest rate collars are 0.22%~0.25%, 0.24%~0.28%, and 0.29%~0.32%, respectively.

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

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

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEX) listed company shares	\$ 109,976	67,661	60,231

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(23).

2. As of September 30, 2021, December 31, 2020 and September 30, 2020, none of the financial assets of the group has been pledged as collateral.

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

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Equity instrument measured at fair value through other comprehensive income:			
Domestic Non-TWSE (nor TPEX) listed company shares	\$ 9,774	8,731	8,964

1. 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.

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

The group did not dispose of strategic investment in the period from January 1 to September 30, 2021 and 2020. The accumulated gains and losses in that period have not been transferred within the equity.

2. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(24).

3. None of the aforementioned financial assets has been pledged as collateral.

(4) Notes and accounts receivable

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Notes receivable	\$ 3,896	858	1,463
Accounts receivable	805,303	2,225,979	540,086
Less: Allowance for losses	(1,653)	-	(11,383)
	<b><u>\$ 807,546</u></b>	<b><u>2,226,837</u></b>	<b><u>530,166</u></b>

The group applies the simplified approach to the estimation of expected credit losses, that is, a loss allowance is recognized based on lifetime 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 analysis on the expected credit loss of notes receivable and accounts receivable of the group is as follows:

	<b>2021.9.30</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	\$ 807,546	-	-
Past due 90 days and above	1,653	100%	1,653
	<b><u>\$ 809,199</u></b>		<b><u>1,653</u></b>
	<b>2020.12.31</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	<b><u>\$ 2,226,837</u></b>	-	-
	<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><u>\$ 541,549</u></b>		<b><u>11,383</u></b>

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

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

	<u>Jan. - Sep. 2021</u>	<u>Jan. - Sep. 2020</u>
Beginning balance	\$ -	-
Impairment losses recognized	1,653	11,383
Ending balance	<u>\$ 1,653</u>	<u>11,383</u>

As of September 30, 2021, December 31, 2020, and September 30, 2020, none of the accounts receivable of the group has been pledged as collateral.

(5) Inventories

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Inventory - trading	\$ 15,158	9,739	15,540
Inventory - construction			
Prepayment for buildings and land	4,235	4,235	9,235
Land held for construction	2,722,056	2,766,445	2,755,192
Construction in progress	10,113,075	12,744,721	20,786,810
Buildings and land held for sale	9,386,084	12,778,614	10,333,216
Subtotal	<u>22,225,450</u>	<u>28,294,015</u>	<u>33,884,453</u>
Total	<u>\$ 22,240,608</u>	<u>28,303,754</u>	<u>33,899,993</u>

Inventory valuation losses recognized due to inventories written down to net realizable value both amounted to NTD 6,667 thousand for the period from July 1 to September 30, 2021 and from January 1 to September 30, 2021; There were no event of reversal of allowance for valuation loss written down due to sales of inventories for the period from July 1 to September 30, 2020 and from January 1 to September 30, 2020.

The group's construction in progress was calculated based on the capitalization rate of 1.765% and 1.886% for the periods from January 1 to September 30, 2021 and 2020, respectively. For the amount of capitalization, please refer to Note 6(23).

As of September 30, 2021, December 31, 2020 and September 30, 2020, the group entrusted the statutory parking spaces held for sale to other parties, which amounted to NTD 16,332 thousand in all periods.

As of September 30, 2021, December 31, 2020, and September 30, 2020, for information regarding the group's inventories pledged as collateral, please refer to Note 8.

(6) Subsidiaries with material non-controlling interests

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

Subsidiary name	Principal places of business / Country of registration	Proportion of ownership interest and voting right of non-controlling interests		
		2021.9.30	2020.12.31	2020.9.30
Kedge Construction Co., Ltd. and subsidiaries	Taiwan	65.82%	65.82%	65.82%

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

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

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

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Current assets	\$ 8,565,849	8,752,989	8,576,816
Non-current assets	783,791	680,667	733,893
Current liabilities	(5,821,624)	(6,202,049)	(6,257,145)
Non-current liabilities	(184,488)	(162,329)	(110,464)
Net assets	<b>\$ 3,343,528</b>	<b>3,069,278</b>	<b>2,943,100</b>
Carrying amount of non-controlling interests	<b>\$ 1,494,165</b>	<b>1,342,972</b>	<b>1,109,061</b>

	<b>Jul. - Sep. 2021</b>	<b>Jul. - Sep. 2020</b>	<b>Jan. - Sep. 2021</b>	<b>Jan. - Sep. 2020</b>
Operating revenue	<b>\$ 2,357,545</b>	<b>3,426,253</b>	<b>7,534,323</b>	<b>10,234,106</b>
Net income	\$ 154,133	126,179	553,581	434,993
Other comprehensive income	43,489	94,452	102,290	85,039
Total comprehensive income	<b>\$ 197,622</b>	<b>220,631</b>	<b>655,871</b>	<b>520,032</b>
Net income attributable to non-controlling interests in this period	<b>\$ 86,200</b>	<b>68,319</b>	<b>402,792</b>	<b>262,655</b>
Total comprehensive income attributable to non-controlling interests	<b>\$ 85,118</b>	<b>68,243</b>	<b>402,296</b>	<b>262,329</b>
Cash flows from operating activities	\$ 375,403	425,014	623,124	831,292
Cash flows from investing activities	(364)	(25,409)	(2,743)	(80,077)
Cash flows from financing activities	(82,427)	(168,906)	(233,663)	(169,562)
Net increase in cash and cash equivalents	<b>\$ 292,612</b>	<b>230,699</b>	<b>386,718</b>	<b>581,653</b>
Dividends paid to non-controlling interests	<b>\$ 251,236</b>	<b>209,364</b>	<b>251,236</b>	<b>209,364</b>



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

(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 as of January 1, 2021	\$ 3,567,078	4,302,115	995,377	344,728	9,492	9,218,790
Addition	-	21,327	28,790	34,739	53,800	138,656
Transfer into (out of) construction in progress	-	-	33,035	9,803	(42,838)	-
Disposal and scrap	-	-	(300)	(2,093)	-	(2,393)
Balance as of September 30, 2021	<b>\$ 3,567,078</b>	<b>4,323,442</b>	<b>1,056,902</b>	<b>387,177</b>	<b>20,454</b>	<b>9,355,053</b>
Balance as of 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 as of September 30, 2020	<b>\$ 3,567,078</b>	<b>4,322,051</b>	<b>1,010,305</b>	<b>343,718</b>	<b>3,099</b>	<b>9,246,251</b>
Depreciation and impairment losses:						
Balance as of January 1, 2021	\$ -	1,730,573	692,172	209,879	-	2,632,624
Depreciation for the year	-	83,228	44,614	27,328	-	155,170
Disposal and scrap	-	-	(300)	(2,045)	-	(2,345)
Impairment losses	-	-	6,000	-	-	6,000
Balance as of September 30, 2021	<b>\$ -</b>	<b>1,813,801</b>	<b>742,486</b>	<b>235,162</b>	<b>-</b>	<b>2,791,449</b>
Balance as of 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 as of September 30, 2020	<b>\$ -</b>	<b>1,703,473</b>	<b>668,454</b>	<b>207,003</b>	<b>-</b>	<b>2,578,930</b>
Carrying amount:						
January 1, 2021	<b>\$ 3,567,078</b>	<b>2,571,542</b>	<b>303,205</b>	<b>134,849</b>	<b>9,492</b>	<b>6,586,166</b>
September 30, 2021	<b>\$ 3,567,078</b>	<b>2,509,641</b>	<b>314,416</b>	<b>152,015</b>	<b>20,454</b>	<b>6,563,604</b>
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>

1. Impairment losses

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

2. Guarantee

As of September 30, 2021, December 31, 2020, and September 30, 2020, for information regarding the details on the guarantees on financing amount limits, please refer to Note 8.

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

(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:

	<b>Buildings</b>	<b>Transportation equipment</b>	<b>Total</b>
Cost of right-of-use assets:			
Balance as of January 1, 2021	\$ 3,890,784	13,394	3,904,178
Addition	-	3,395	3,395
Balance as of September 30, 2021	<b>\$ 3,890,784</b>	<b>16,789</b>	<b>3,907,573</b>
Balance as of 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 as of September 30, 2020	<b>\$ 3,890,784</b>	<b>9,290</b>	<b>3,900,074</b>
Depreciation and impairment losses of the right-of-use assets:			
Balance as of January 1, 2021	\$ 351,108	4,072	355,180
Depreciation for the period	155,029	3,757	158,786
Balance as of September 30, 2021	<b>\$ 506,137</b>	<b>7,829</b>	<b>513,966</b>
Balance as of January 1, 2020	\$ 158,544	677	159,221
Depreciation for the period	140,791	2,233	143,024
Balance as of September 30, 2020	<b>\$ 299,335</b>	<b>2,910</b>	<b>302,245</b>
Carrying amount:			
January 1, 2021	<b>\$ 3,539,676</b>	<b>9,322</b>	<b>3,548,998</b>
September 30, 2021	<b>\$ 3,384,647</b>	<b>8,960</b>	<b>3,393,607</b>
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>

(9) Investment property

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

	<b>Land and improvements</b>	<b>Buildings</b>	<b>Total</b>
Carrying amount:			
January 1, 2021	\$ 335,287	170,888	506,175
September 30, 2021	\$ 335,287	167,504	502,791
January 1, 2020	\$ 335,287	175,400	510,687
September 30, 2020	\$ 335,287	172,016	507,303

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, 2021 and 2020. For the amount of depreciation for the current period, please refer to Note 12. For other relevant information, please refer to Note 6(10) to the 2020 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) to the 2020 annual consolidated financial statements.

As of September 30, 2021, December 31, 2020 and September 30, 2020, for information regarding the group's investment property pledged as collaterals, please refer to Note 8.

(10) Intangible assets

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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The changes in the costs and amortization of the group's intangible assets are detailed as follows:

	Franchise	Trademarks and patents	Computer software and others	Total
Carrying amount:				
January 1, 2021	\$ 24,525	-	24,711	49,236
September 30, 2021	\$ 21,919	-	24,230	46,149
January 1, 2020	\$ 27,994	33	14,803	42,830
September 30, 2020	\$ 25,393	-	10,931	36,324

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, 2021 and 2020. For the amount of amortization for the current period, please refer to Note 12. For other relevant information, please refer to Note 6(11) to the 2020 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

	2021.9.30	2020.12.31	2020.9.30
Other financial assets - current	\$ 3,038,692	2,262,304	2,383,016
Incremental costs of obtaining a contract	87,239	121,038	152,887
	<b>\$ 3,125,931</b>	<b>2,383,342</b>	<b>2,535,903</b>

1. Other financial assets - current

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

2. Incremental costs of obtaining a contract - current

The group expected to recover the commissions paid to the third-party real estate agent and bonus paid to the internal sales department and thus recognized these costs as assets. These are amortized when sales revenue is recognized. In the periods from January 1 to September 30, 2021 and 2020, the amortization costs recognized were NT\$63,427 thousand and NT\$109,301 thousand, respectively.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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- (12) Short-term and long-term loans/long-term loans due within one year or one operating cycle

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

<b>2021.9.30</b>				
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.41%~1.90%	110~116	\$ 11,862,152
Unsecured bank loans	NTD	1.05%~2.44%	110~112	5,074,000
Total				<b>\$ 16,936,152</b>
Current				\$ 15,031,672
Non-current				1,904,480
Total				<b>\$ 16,936,152</b>

<b>2020.12.31</b>				
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.44%~1.78%	110~116	\$ 13,021,351
Unsecured bank loans	NTD	1.10%~2.44%	110~112	4,455,000
Total				<b>\$ 17,476,351</b>
Current				\$ 15,319,111
Non-current				2,157,240
Total				<b>\$ 17,476,351</b>

<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%	109~116	\$ 16,318,630
Unsecured bank loans	NTD	1.10%~2.44%	110~112	4,725,000
Short-term notes and bills payable	NTD	1.60%~1.66%	109	550,000
Total				<b>\$ 21,593,630</b>
Current				\$ 19,360,470
Non-current				2,233,160
Total				<b>\$ 21,593,630</b>

1. Issuance and repayment of loans

In the periods from January 1 to September 30, 2021 and 2020, the increases in loans were NT\$3,755,000 thousand and NT\$11,688,785 thousand, respectively; the amounts of repayments were NT\$4,295,199 thousand and NT\$11,390,429 thousand, respectively.

2. Collateral for bank loans

For details on the group's assets used as collateral for bank loans, 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 NT\$4,500,000 thousand over fifteen years, divided into 15 terms, with one term being one year.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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- 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 NT\$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.
  - (3) Shareholders' interest: More than NT\$3 billion.

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 bonds due within one year or one operating cycle, and current portion of convertible corporate bonds

Details on corporate bonds payable are as follows:

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Secured ordinary corporate bonds - current	\$ -	1,500,000	1,500,000
Secured ordinary corporate bonds - non-current	4,000,000	4,000,000	3,000,000
Total	<u>\$ 4,000,000</u>	<u>5,500,000</u>	<u>4,500,000</u>

1. In the periods from January 1 to September 30, 2021 and 2020, the group did not issue corporate bonds payable. For relevant information, please refer to Note 6(14) to the 2020 consolidated financial statements.
2. 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:

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Current	\$ 181,711	159,420	153,868
Non-current	<u>\$ 3,369,482</u>	<u>3,521,533</u>	<u>3,546,970</u>

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

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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	<u>Jul. - Sep. 2021</u>	<u>Jul. - Sep. 2020</u>	<u>Jan. - Sep. 2021</u>	<u>Jan. - Sep. 2020</u>
Interest expenses on lease liabilities	\$ 15,918	16,677	48,194	44,962
Expenses relating to short-term leases and low-value asset leases	\$ 3,261	3,638	8,171	19,662
Lease subsidies related to COVID-19 (other income)	\$ 21,181	2,373	32,788	16,842

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

	<u>Jan. - Sep. 2021</u>	<u>Jan. - Sep. 2020</u>
Variable lease payments not accounted for in lease liabilities	\$ 80,387	77,995
Total cash used in lease	\$ 269,907	218,448

1. Lease of buildings and constructions

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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- (5) The mall in A9 Linkou Station of MRT Taoyuan Airport Line is leased from the Bureau of High Speed Rail and the Railway Bureau, MOTC under the "Lease Contract of Shopping Mall at Linkou Station of the Taiwan Taoyuan International Airport Access MRT System" and "Lease Contract of Shopping Mall at A19 Station of the Taiwan Taoyuan International Airport Access MRT System", respectively. The lease term is twenty years starting from the contract commencement date, and the lease payment is the greater of the flat concession fee committed in the contract or a variable concession fee. The variable concession fee is a percentage of retail sales revenue and non-operating income of actual operation, plus lease payments on the land and buildings.
- (6) The mall and parking lot in Linkou A8 Chang Gung Memorial Hospital Station of MRT Taoyuan Airport Line is leased from Asia Pacific Development Co. The lease term is twenty years starting from the first date of operation, and the lease payment on the mall is the greater of a flat fee or a percentage of retail sales revenue.

2. Other leases

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

(15) Provisions

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Warranty provisions	\$ <u>174,187</u>	<u>150,363</u>	<u>100,039</u>

There were no major changes in the group's provisions in the periods from January 1 to September 30, 2021 and 2020. For relevant information, please refer to Note 6(16) to the 2020 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.

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

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Less than 1 year	\$ 4,737	13,240	13,240
1~2 years	-	7,136	9,309
2~3 years	-	4,571	4,571
3~4 years	-	4,590	4,571
4~5 years	-	4,820	4,762
Above 5 years	-	4,620	5,840
Non-discounted future cash flows of lease	<b>\$ 4,737</b>	<b>38,977</b>	<b>42,293</b>

The rent income generated from investment property for the periods from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2020 and 2019 are NT\$2,746 thousand, NT\$3,308 thousand, NT\$9,359 thousand and NT\$9,924 thousand, respectively. There have not been major maintenance or repair expenses incurred.

(17) Employee benefits

1. Defined benefit plans

There were no major market fluctuations, significant reduction, liquidation or other one-time-only significant events in the previous fiscal year. Therefore, the group measures and discloses the interim period pension costs based on the actuated amount on December 31, 2020 and 2019.

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

	<b>Jul. - Sep. 2021</b>	<b>Jul. - Sep. 2020</b>	<b>Jan. - Sep. 2021</b>	<b>Jan. - Sep. 2020</b>
Operating costs	\$ 101	123	361	529
Operating expenses	\$ 81	87	1,001	298

2. Defined contribution plans

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

	<b>Jul. - Sep. 2021</b>	<b>Jul. - Sep. 2020</b>	<b>Jan. - Sep. 2021</b>	<b>Jan. - Sep. 2020</b>
Operating costs	\$ 4,022	4,165	12,300	12,286
Operating expenses	\$ 4,972	4,567	14,554	13,748

3. Short-term compensated absences liabilities

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Short-term compensated absences liabilities	\$ 18,062	22,278	21,029



**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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(18) Income tax

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

	<u>Jul. - Sep. 2021</u>	<u>Jul. - Sep. 2020</u>	<u>Jan. - Sep. 2021</u>	<u>Jan. - Sep. 2020</u>
Current income tax expenses				
Accrued in current period	\$ 169,462	50,091	439,654	239,678
Surtax on unappropriated earnings	84,128	-	84,820	41,118
Adjustments to income tax expenses of previous period	77	-	(3,002)	(10,204)
Land revaluation increment tax	46,430	31,427	197,090	94,686
	<u>300,097</u>	<u>81,518</u>	<u>718,562</u>	<u>365,278</u>
Deferred income tax expenses				
Occurrence and reversal of temporary differences	(2,460)	(3,655)	(4,462)	4,004
Income tax expenses on units in continuing operation	<u>\$ 297,637</u>	<u>77,863</u>	<u>714,100</u>	<u>369,282</u>

2. The tax fillings of Global Mall were assessed by the tax collecting agencies for the year ended on December 31, 2018; those of other entities of the group were assessed for the years ended on December 31, 2019.

(19) Capital and other equity

Apart from the matters described in the following paragraphs, there were no major changes in the group's capital and other equity in the periods from January 1 to September 30, 2021 and 2020. For relevant information, please refer to Note 6(20) to the 2020 consolidated financial statements.

1. Issuance of common shares

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

2. Capital reserve

The details of capital reserve were as follows:

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Shares premium	\$ 827,906	827,906	827,906
Premium on conversion of corporate bonds	236,408	236,408	236,408
Treasury stock transactions	295,974	270,473	270,473
Gains on disposal of assets	34,912	34,912	34,912
Others	26,724	26,398	26,398
	<u>\$ 1,421,924</u>	<u>1,396,097</u>	<u>1,396,097</u>

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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3. Retained earnings

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

(1) Legal reserve

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

(2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve appropriated during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and 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, 2021, the balance of special reserve was NT\$27,847 thousand.

(3) Earnings distribution

The 2020 and 2019 distributions of earnings were resolved at the general shareholders' meetings on July 2, 2021 and June 19, 2020, respectively. The earnings distributed to owners are as follows:

	2020		2019	
	Dividend rate (NT\$)	Amount	Dividend rate (NT\$)	Amount
Dividends to common shareholders:				
Cash	\$ 2.40	1,209,098	1.50	755,687
Stock	1.00	503,791	-	-
Total		<u>\$ 1,712,889</u>		<u>755,687</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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4. Treasury stock

As of September 30, 2021 and 2020, the company's common stock held by the group was as follows:

Subsidiary name	2021.9.30			2020.9.30		
	Number of shares	Carrying amount (Note)	Market value	Number of shares	Carrying amount (Note)	Market value
Kedge Construction	550	\$ 1,222	21,670	500	1,222	19,550
Jiequn Investment	9,373	55,384	369,300	8,518	55,384	333,071
Guanqing Electromechanical	1,768	14,590	69,647	1,607	14,590	62,834
	<b>11,691</b>	<b>\$ 71,196</b>	<b>460,617</b>	<b>10,625</b>	<b>71,196</b>	<b>415,455</b>

Unit: Thousand shares

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

5. Other equity (net of tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2021	\$ (28,521)	674	(5,540)	(33,387)
The exchange differences yielded by net assets of overseas operating institutions	(562)	-	(107)	(669)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,531	(496)	2,035
Balance as of September 30, 2021	<b>\$ (29,083)</b>	<b>3,205</b>	<b>(6,143)</b>	<b>(32,021)</b>
Balance as of January 1, 2020	\$ (26,264)	460	(5,049)	(30,853)
The exchange differences yielded by net assets of overseas operating institutions	(3,084)	-	(587)	(3,671)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	711	(326)	385
Balance as of September 30, 2020	<b>\$ (29,348)</b>	<b>1,171</b>	<b>(5,962)</b>	<b>(34,139)</b>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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(20) Earnings per share

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

	<u>Jul. - Sep. 2021</u>	<u>Jul. - Sep. 2020</u>	<u>Jan. - Sep. 2021</u>	<u>Jan. - Sep. 2020</u>
<b>Basic earnings per share</b>				
Net income attributable to the holders of common shares of the company	\$ 555,713	409,052	2,455,172	1,196,025
Weighted average number of ordinary shares outstanding	542,479	493,166	542,479	493,166
	<u>\$ 1.02</u>	<u>0.83</u>	<u>4.53</u>	<u>2.43</u>
<b>Diluted earnings per share</b>				
Net income attributable to the holders of common shares of the company (diluted)	\$ 555,713	409,052	2,455,172	1,196,025
Weighted average number of ordinary shares outstanding	542,479	493,166	542,479	493,166
Influence of employees' share bonus	1,596	757	2,190	1,280
Weighted average number of ordinary shares outstanding (after adjusting the impact of diluting potential ordinary shares)	544,075	493,923	544,669	494,446
	<u>\$ 1.02</u>	<u>0.83</u>	<u>4.51</u>	<u>2.42</u>

(21) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>Jul. - Sep. 2021</u>			
	<u>Development</u>	<u>Construction</u>	<u>Shopping mall</u>	<u>Total</u>
Main regional markets:				
Taiwan	\$ 2,554,701	1,773,733	216,898	4,545,332
Main products/services:				
Sales of real estate developments	\$ 2,509,560	-	-	2,509,560
Sales of construction contracts	42,892	1,773,047	-	1,815,939
Sales commission from department store retailers	-	-	182,151	182,151
Service revenue	-	-	770	770
Rental income	2,249	686	14,240	17,175
Other income	-	-	19,737	19,737
	<u>\$ 2,554,701</u>	<u>1,773,733</u>	<u>216,898</u>	<u>4,545,332</u>
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 2,509,560	-	203,973	2,713,533
Gradually transferred revenue over time	2,249	686	12,925	15,860
Gradually transferred construction over time	42,892	1,773,047	-	1,815,939
	<u>\$ 2,554,701</u>	<u>1,773,733</u>	<u>216,898</u>	<u>4,545,332</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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	<b>Jul. - Sep. 2020</b>			
	<b>Development</b>	<b>Construction</b>	<b>Shopping mall</b>	<b>Total</b>
Main regional markets:				
Taiwan	<b>\$ 2,136,633</b>	<b>2,226,221</b>	<b>342,322</b>	<b>4,705,176</b>
Main products/services:				
Sales of real estate developments	\$ 1,984,314	-	-	1,984,314
Sales of construction contracts	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
	<b>\$ 2,136,633</b>	<b>2,226,221</b>	<b>342,322</b>	<b>4,705,176</b>
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>

	<b>Jan. - Sep. 2021</b>			
	<b>Development</b>	<b>Construction</b>	<b>Shopping mall</b>	<b>Total</b>
Main regional markets:				
Taiwan	<b>\$ 12,808,602</b>	<b>5,355,281</b>	<b>739,709</b>	<b>18,903,592</b>
Main products/services:				
Sales of real estate developments	\$ 12,656,243	-	-	12,656,243
Sales of construction contracts	129,011	5,353,245	-	5,482,256
Sales commission from department store retailers	-	-	617,678	617,678
Service revenue	2,659	-	12,718	15,377
Rental income	8,563	2,036	47,696	58,295
Other income	12,126	-	61,617	73,743
	<b>\$ 12,808,602</b>	<b>5,355,281</b>	<b>739,709</b>	<b>18,903,592</b>
Timing of revenue recognition:				
Transfer of products upon a point in time	\$ 12,671,028	-	698,126	13,369,154
Gradually transferred revenue over time	8,563	2,036	41,583	52,182
Gradually transferred construction over time	129,011	5,353,245	-	5,482,256
	<b>\$ 12,808,602</b>	<b>5,355,281</b>	<b>739,709</b>	<b>18,903,592</b>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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	Jan. - Sep. 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
Sales of construction contracts	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 over time	9,945	2,038	42,070	54,053
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>

2. Contract balances

	2021.9.30	2020.12.31	2020.9.30
Accounts receivable	\$ 805,303	2,225,979	540,086
Less: Allowance for losses	(1,653)	-	(11,383)
Total	<b>\$ 803,650</b>	<b>2,225,979</b>	<b>528,703</b>
Contract assets - construction	\$ 1,915,679	1,671,567	2,171,757
Less: Allowance for losses	-	-	-
Total	<b>\$ 1,915,679</b>	<b>1,671,567</b>	<b>2,171,757</b>
Contract liabilities - construction	\$ 806,527	1,247,902	1,218,952
Contract liabilities - buildings	1,274,948	4,257,365	6,550,926
Contract liabilities - gym	10,205	10,243	10,186
Contract liabilities - customer loyalty points	19,932	11,927	27,264
Contract liabilities - projects	-	-	531
Contract liabilities - vouchers	71,702	58,210	57,693
Total	<b>\$ 2,183,314</b>	<b>5,585,647</b>	<b>7,865,552</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 commodities or services to clients to meet the performance obligations and the time when clients pay. There were no other material changes during the periods from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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As of September 30, 2021, the prepayments of real estate pre-sales and the related interests were retained in trust accounts of identified banks and recognized as other financial assets - current in the amounts of NT\$832,279 thousand. Details on the trust accounts are as follows:

<u>Project code</u>	<u>2021.9.30</u>
950B	\$ 713,008
103C	119,271
	<u>\$ 832,279</u>

(22) Remunerations to employees and directors

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

The estimated compensation to employees amounted to NT\$28,193 thousand, NT\$9,088 thousand, NT\$62,704 thousand, and NT\$29,595 thousand, and the estimated remuneration to directors amounted to NT\$28,193 thousand, NT\$9,088 thousand, NT\$62,704 thousand, and NT\$29,595 thousand for the periods from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, 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 NT\$70,829 thousand and NT\$30,433 thousand, and the actual distribution of director remuneration amounted to NT\$70,829 thousand and NT\$30,433 thousand for the years of 2020 and 2019. There is no difference between the estimation and the actual distribution. Please refer to the MOPS for relevant information.

(23) Non-operating income and expenses

1. Interest income

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

	<u>Jul. - Sep. 2021</u>	<u>Jul. - Sep. 2020</u>	<u>Jan. - Sep. 2021</u>	<u>Jan. - Sep. 2020</u>
Bank deposits (including short-term securities)	\$ 3,228	2,325	10,677	7,763
Loans and receivables	1,259	1,656	4,669	6,082
Construction refundable deposits (including deposits)	99	34	201	635
Other interest income	-	-	2,087	-
	<u>\$ 4,586</u>	<u>4,015</u>	<u>17,634</u>	<u>14,480</u>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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2. Other income

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

	<b>Jul. - Sep. 2021</b>	<b>Jul. - Sep. 2020</b>	<b>Jan. - Sep. 2021</b>	<b>Jan. - Sep. 2020</b>
Dividend income \$	<b>1,792</b>	<b>3,023</b>	<b>4,727</b>	<b>3,435</b>

3. Other gains or losses

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

	<b>Jul. - Sep. 2021</b>	<b>Jul. - Sep. 2020</b>	<b>Jan. - Sep. 2021</b>	<b>Jan. - Sep. 2020</b>
Gains on foreign exchange	\$ 29	284	141	646
Net profit (loss) on financial assets measured at fair value through profit or loss	3,940	(3,326)	42,315	(13,348)
Gain (loss) on disposal of property, plant and equipment	-	(70)	28	94
Impairment losses	-	-	(6,000)	-
Rental income	231	211	586	618
Government grant income	30,309	2,373	41,916	16,842
Other income	29,014	29,180	38,461	74,156
Others	(4,824)	(193)	(11,409)	(1,258)
	<b>\$ 58,699</b>	<b>28,459</b>	<b>106,038</b>	<b>77,750</b>

4. Finance costs

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

	<b>Jul. - Sep. 2021</b>	<b>Jul. - Sep. 2020</b>	<b>Jan. - Sep. 2021</b>	<b>Jan. - Sep. 2020</b>
Interest expense				
Bank loans	\$ 71,520	97,575	219,890	303,416
Interests on deposits in advance for public land development	40	88	86	186
Arranger fees	-	-	-	4,875
Transaction fees and interests on corporate bonds	17,353	21,474	64,001	63,928
Other finance costs	15,918	16,677	48,194	44,962
Others	293	235	768	774
Less: Capitalization of interest	(28,892)	(35,057)	(93,855)	(143,725)
	<b>\$ 76,232</b>	<b>100,992</b>	<b>239,084</b>	<b>274,416</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) to the 2020 consolidated financial statements.



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

1. Liquidity risk

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

	Book value	Contractual cash flows	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years
<b>September 30, 2021</b>						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 16,936,152	17,390,634	8,533,945	7,482,336	599,957	774,396
Ordinary corporate bonds (including current portion due within one year)	4,000,000	4,081,293	-	2,031,540	2,049,753	-
Notes, accounts and other payables	6,088,960	6,088,960	4,402,047	1,686,913	-	-
Guarantee deposits received	99,510	99,510	-	99,510	-	-
Long-term debt (including current portion due within one year) and other non-current liabilities	49,008	49,470	16,578	32,892	-	-
Lease liabilities (including current portion)	3,551,193	4,164,562	241,713	484,966	469,581	2,968,302
	<b>\$ 30,724,823</b>	<b>31,874,429</b>	<b>13,194,283</b>	<b>11,818,157</b>	<b>3,119,291</b>	<b>3,742,698</b>
<b>December 31, 2020</b>						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 17,476,351	17,992,481	9,762,165	6,525,559	707,412	997,345
Ordinary corporate bonds (including current portion due within one year)	5,500,000	5,612,975	1,506,775	2,045,975	2,060,225	-
Notes, accounts and other payables	6,712,402	6,712,402	4,818,007	1,894,395	-	-
Guarantee deposits received	94,419	94,419	-	94,419	-	-
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 (including current portion)	3,680,953	4,344,263	221,697	482,113	473,602	3,166,851
	<b>\$ 33,529,469</b>	<b>34,822,678</b>	<b>16,325,311</b>	<b>11,075,530</b>	<b>3,257,641</b>	<b>4,164,196</b>
<b>September 30, 2020</b>						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	\$ 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 bonds (including 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 (including current portion)	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>

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

2. Interest rate analysis

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

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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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For the periods from January 1 to September 30, 2021 and 2020, if the interest rate increases or decreases by 1%, while other factors remained unchanged, the group's profit before tax would decrease or increase by NT\$127,021 thousand and NT\$127,021 thousand, respectively; net profit will decrease or increase by NT\$91,214 thousand and NT\$103,578 thousand, respectively, after capitalization of interest. This is mainly because the group has floating rate loans.

3. Other price risk

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

Securities price on the reporting date	Jan. - Sep. 2021		Jan. - Sep. 2020	
	Other comprehensive income after tax	Net income after tax	Other comprehensive income after tax	Net income after tax
Increase by 10%	\$ 977	10,998	896	6,023
Decrease by 10%	\$ (977)	(10,998)	(896)	(6,023)

4. Fair value information

(1) Type and fair value of financial instruments

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

	2021.9.30				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 109,976	109,976	-	-	109,976
Financial assets at fair value through other comprehensive income	\$ 9,774	517	-	9,257	9,774
Financial assets at amortized cost					
Cash and cash equivalents	\$ 13,362,914	-	-	-	-
Notes, accounts and other receivables	809,414	-	-	-	-
Other financial assets-current	3,038,692	-	-	-	-
Other financial assets-non-current	77,763	-	-	-	-
Subtotal	17,288,783	-	-	-	-
Total	\$ 17,408,533	110,493	-	9,257	119,750
Financial liabilities at amortized costs					
Long-/short-term loans (including current portion due within one year)	\$ 16,936,152	-	-	-	-
Notes, accounts and other payables	6,088,960	-	-	-	-
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-
Long-term payables (including current portion)	49,008	-	-	-	-
Lease liabilities (including current portion)	3,551,193	-	-	-	-
Guarantee deposits received	99,510	-	-	-	-
Total	\$ 30,724,823	-	-	-	-

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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	2020.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 67,661	67,661	-	-	67,661
Financial assets at fair value through other comprehensive income	\$ 8,731	495	-	8,236	8,731
Financial assets at amortized cost					
Cash and cash equivalents	\$ 11,510,749	-	-	-	-
Notes and accounts receivable	2,226,837	-	-	-	-
Other financial assets-current	2,262,304	-	-	-	-
Other financial assets-non-current	132,280	-	-	-	-
Subtotal	16,132,170	-	-	-	-
Total	<b>\$ 16,208,562</b>	<b>68,156</b>	-	<b>8,236</b>	<b>76,392</b>
Financial liabilities at amortized costs					
Long-/short-term loans (including current portion due within one year)	\$ 17,476,351	-	-	-	-
Notes, accounts and other payables	6,712,402	-	-	-	-
Corporate bonds payable (including current portion)	5,500,000	-	-	-	-
Long-term payables (including current portion)	65,344	-	-	-	-
Lease liabilities (including current portion)	3,680,953	-	-	-	-
Guarantee deposits received	94,419	-	-	-	-
Total	<b>\$ 33,529,469</b>	-	-	-	-
	2020.9.30				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 60,231	60,231	-	-	60,231
Financial assets at fair value through other comprehensive income	\$ 8,964	528	-	8,436	8,964
Financial assets at amortized cost					
Cash and cash equivalents	\$ 8,408,900	-	-	-	-
Notes and accounts receivable	530,166	-	-	-	-
Other receivables	2,703	-	-	-	-
Other financial assets-current	2,383,016	-	-	-	-
Other financial assets-non-current	127,096	-	-	-	-
Subtotal	11,451,881	-	-	-	-
Total	<b>\$ 11,521,076</b>	<b>60,759</b>	-	<b>8,436</b>	<b>69,195</b>
Financial liabilities at amortized costs					
Long-/short-term loans (including current portion due within one year)	\$ 21,043,630	-	-	-	-
Short-term notes and bills payable	550,000	-	-	-	-
Notes, accounts and other payables	5,732,763	-	-	-	-
Corporate bonds payable (including current portion)	4,500,000	-	-	-	-
Long-term payables (including current portion)	65,344	-	-	-	-
Lease liabilities (including current portion)	3,700,838	-	-	-	-
Guarantee deposits received	101,365	-	-	-	-
Total	<b>\$ 35,693,940</b>	-	-	-	-

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

Non-derivative financial instruments

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

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

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

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

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

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

(3) Changes in Level 3 financial assets

	<b>Measured at fair value through other comprehensive income</b>			
	<b>Equity instruments without public quotes</b>		<b>Bond investment</b>	
			<b>Total</b>	
January 1, 2021	\$	<b>8,236</b>	-	<b>8,236</b>
September 30, 2021	\$	<b>9,257</b>	-	<b>9,257</b>
January 1, 2020	\$	<b>7,923</b>	-	<b>7,923</b>
September 30, 2020	\$	<b>8,436</b>	-	<b>8,436</b>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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The above total profit or loss is reported in "unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income." Among them, the assets still held on September 30, 2021 and 2020 are as follows:

	<u>Jul. - Sep. 2021</u>	<u>Jul. - Sep. 2020</u>	<u>Jan. - Sep. 2021</u>	<u>Jan. - Sep. 2020</u>
Total profit or loss				
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	\$ 774	572	2,013	513

(4) Transfer between different levels of fair value hierarchy

As the shares held by the group have active market quotations, they are classified as Level 1. In the periods from January 1 to September 30, 2021 and 2020, there were no changes to the levels of fair value hierarchy. Thus, there was no matter of transfer between levels in the periods from January 1 to September 30, 2021 and 2020.

(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) to the 2020 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 2020 annual consolidated financial statements. There is no significant difference between the aggregated quantitative data of the projects used as capital management in this period and the information disclosed in the 2020 consolidated financial statements. For relevant information, please refer to Note 6(27) to the 2020 consolidated financial statements.

(27) Non-cash investing and financing activities

The group's non-cash investing and financing activities for the nine months ended September 30, 2021 and 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 consolidated financial statements are as follows:

<u>Name of related party</u>	<u>Relationship with the group</u>
Kindom Yu San Education Foundation	The entity's chairman is the second-degree relative of the company's chairman.

(2) Transactions with related parties

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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- The group donated a total of NT\$12,000 thousand and NT\$12,250 thousand to other related parties in the period from January 1 to September 30, 2021 and 2020 for the promotion of foundation affairs.
- The group leased part of the office building to other related parties, with a lease term of 5 years. The rent income was NT\$15 thousand, NT\$15 thousand, NT\$43 thousand, and NT\$43 thousand for the periods from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020.

(3) Key management personnel transactions

Remuneration to major management personnel includes:

	<b>Jul. - Sep. 2021</b>	<b>Jul. - Sep. 2020</b>	<b>Jan. - Sep. 2021</b>	<b>Jan. - Sep. 2020</b>
Short-term employee benefits	\$ 38,681	21,082	126,783	92,844
Benefits after retirement	85	67	239	214
	<b>\$ 38,766</b>	<b>21,149</b>	<b>127,022</b>	<b>93,058</b>

**8. Pledged Assets**

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

<b>Name of assets</b>	<b>Pledge guarantee object</b>	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Buildings and land held for sale	Bank loans	\$ 7,936,471	9,225,920	9,044,527
Land held for construction	//	1,709,071	211,953	211,953
Construction in progress	//	8,568,124	9,491,628	15,540,367
Net value of investment property and property, plant and equipment	Bank loans and corporate bonds payable	6,377,523	6,423,080	6,461,026
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, and corporate bonds payable	1,943,942	1,687,965	2,064,712
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	50,595	110,594	112,894
		<b>\$ 26,585,726</b>	<b>27,151,140</b>	<b>33,435,479</b>

Note: The group provided a total of 210,414 thousand shares, 293,414 thousand shares, and 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, 2021, December 31, 2020, and September 30, 2020, respectively.

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

(1) Significant unrecognized contract commitments:

- The total amount of significant construction contracts is as follows:

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Amount of construction contracts	\$ 24,822,736	33,736,689	34,099,929
Amount of payments received	\$ 5,116,868	14,977,670	13,063,814

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

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
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**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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Amount of sales contracts signed	\$	<b>5,206,821</b>	<b>11,127,512</b>	<b>18,689,490</b>
Amount of payments received per contracts	\$	<b>1,274,948</b>	<b>4,257,365</b>	<b>6,550,926</b>

3. For details on lease agreements of the group's business in shopping mall management as of September 30, 2021, December 31, 2020, and September 30, 2020, please refer to Note 6(14). Details of the refundable deposits and notes in relation to obligations under these agreements are as follows:

		<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Refundable deposits	<b>RMB</b>	<b>-</b>	<b>-</b>	<b>RMB 4,051</b>
Refundable notes	<b>\$</b>	<b>232,550</b>	<b>232,550</b>	<b>232,550</b>

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 consist of both a monthly flat amount and a percentage of retail sales revenue.
5. It is passed by the Board Meeting in January 2021, December and January 2020, and December 2019 that the group promised to donate NT\$15,000 thousand in both 2021 and 2020 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 are as follows:

		<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Refundable deposits	<b>\$</b>	<b>626,047</b>	<b>540,740</b>	<b>266,340</b>
Refundable notes	<b>\$</b>	<b>1,068,635</b>	<b>1,138,095</b>	<b>1,338,201</b>

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 case was settled and the lease was rescinded per the second arbitration court on June 28, 2019. In July 2019, the settlement processes were completed, and the Lessor returned the refundable deposit per the settlement agreement in 2020, which was recognized in profit or loss.

8. The group applied for and received a subsidy in the amount of NT\$10,500 thousand funded under Taiwan Industry Innovation Platform Programs by Industrial Development Bureau, M.O.E.A. The subsidy was granted in exchange for the group's banknote, 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, 2021, all subsidy was refunded.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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(2) Contingent liabilities

1. 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 the results of the group's construction so the group was sued by the neighbor manufacturer, in the amount of NT\$ 15,665 thousand for the joint damages. On September 30, 2021, the first instance has ruled that the group won all the cases. The group will deal with any appeals against the court decision by the neighbor manufacturer, if any.
2. The group and Taipei Veterans General Hospital signed the "Turnkey Project for the New Medical Building of Taipei Veterans General Hospital" on November 24, 2017. Since the dispute in construction duration, the group is now actively extending the construction period with the owner by 129 days. According to the evaluation of the legal counsel of the group, the extension is justified and not unfounded. However, the final outcome of the extension is still subject to the procedures of contract dispute resolution.
3. In relation to the construction project under Project Code 061M, the group was asked for the joint damages amounted to NT\$ 20,131 thousand; however, due to the lack of evidence, the case is currently undergoing mediation procedures.

**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 are summarized by function as follows:

Function	Jul. - Sep. 2021			Jul. - Sep. 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Type						
Employee benefit expenses						
Salaries and wages	109,748	174,580	284,328	123,024	128,259	251,283
Labor insurance and national health insurance	8,768	10,271	19,039	9,220	9,022	18,242
Pension expenses	4,123	5,053	9,176	4,288	4,654	8,942
Other employee benefits expenses	385	6,874	7,259	405	9,218	9,623
Depreciation	2,357	104,253	106,610	2,374	102,102	104,476
Amortization	-	2,413	2,413	-	2,506	2,506

Function	Jan. - Sep. 2021			Jan. - Sep. 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Type						
Employee benefit expenses						
Salaries and wages	349,292	500,568	849,860	353,717	402,533	756,250
Labor insurance and national health insurance	27,396	29,828	57,224	27,216	26,215	53,431
Pension expenses	12,661	15,555	28,216	12,815	14,046	26,861
Other employee benefits expenses	971	21,390	22,361	1,091	22,340	23,431
Depreciation	7,597	309,743	317,340	5,068	286,506	291,574
Amortization	-	7,217	7,217	-	7,729	7,729

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



**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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**13. Supplementary Disclosures**

(1) Information on significant transactions

In the period from January 1 to September 30, 2021, the group shall disclose information related to material transactions pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." Such information is as follows:

1. 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/guarantees provided to subsidiaries in China
		Company name	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	\$ 6,686,638	14,192	14,192	14,192	-	0.42%	6,686,638	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	51,323	14,192	14,192	14,192	-	27.65%	51,323	N	Y	N
2	"	Kedge Construction	Parent company and subsidiary	7,698,466	1,376,500	1,376,500	1,376,500	-	2,682.03%	15,396,932	N	Y	N
3	Global Mall	Guan You	3	2,902,628	200,000	180,000	6,000	-	3.72%	5,805,257	Y	N	N
3	"	Guan Hua	2	2,902,628	155,000	110,000	20,000	-	2.27%	5,805,257	Y	N	N

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

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

Note 2: Taipei City Government requested the company to provide joint and 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

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statements.

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

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

3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Expressed in thousands of New Taiwan Dollars/thousand shares

Holding company	Type and name of securities	Relationship with the securities issuer	Account title in book	End of period				Remark
				Number of shares	Book value	Percentage of shareholding	Fair value (Note)	
Kindom Development	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	505	38,755	-	38,755	
"	Stock - Everterminal Co. Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	99	4,186	0.20 %	4,186	
"	Stock - Clientron Corp.	-	"	29	517	0.05 %	517	
Jiequn Investment	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	472	36,165	-	36,165	
"	Stock - SinoPac Financial Holdings Co., Ltd.	-	"	211	2,935	-	2,935	
"	Stock - Taiwan Calcom International Computer Graphic Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	405	-	0.78 %	-	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets at fair value through profit or loss - current	419	32,121	-	32,121	
"	Stock - Commonwealth Publishing Company	-	Financial assets at fair value through other comprehensive income - non-current	145	5,071	0.59 %	5,071	

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

4. Accumulated amount of buying or selling the same marketable securities at NT\$300 million or more than 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of 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	Date of acquisition	Carrying amount	Transaction amount	Payment collection status	Gain or loss on disposal	Transaction counterparty	Relationship	Purpose of disposal	Reference for price determination	Other stipulations of the transaction
Kindom Development	Inventories - buildings and land held for sale	2021.01~2021.09	Not applicable: inventories sold, not acquired	N/A	1,798,113	1,625,113	N/A	More than one third party	Non-related party	Selling inventories	Reference based on market price	None

Note: The amounts above are expressed before taxes.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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7. Purchase and sales with related parties amounting to NT\$100 million or more than 20% of the paid-in 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)		Remark
			Purchases/sales	Amount (Note 1)	Percentage of total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage of total notes/accounts receivable (or payable)	
Kindom Development	Kedge Construction	Investees valued under equity method	Purchases for 830I and other projects	1,914,425	66.13 %	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(928,311)	(67.03)%	Note 2
Kedge Construction	Kindom Development	An investment company that evaluates Kedge Construction by the equity method	Contracting	(1,914,425)	(30.04) %	Receive payment by installment per contract and slightly longer than a normal transaction	"	"	928,311	33.49%	"

Note 1: Refers to the valuation amount for the current period.

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

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

Expressed in thousands of New Taiwan Dollars

Company that records such transactions as receivables	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue receivables from related parties		Amounts received in subsequent periods	Allowance for losses appropriated
					Amount	Action taken		
Kedge Construction	Kindom Development	An investment company that evaluates Kedge Construction by the equity method	928,311	2.04	-	-	194,694	-

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

9. Derivative financial instrument transactions: None.

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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10. Business relationship and significant transactions between the parent company and subsidiaries:

No.	Company name	Transaction counterparty	Relationship	Transactions			As a percentage of consolidated revenue or total assets
				Account	Amount	Terms and conditions	
0	The company	Kedge Construction	1	Cost of construction	2,175,513	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	11.51%
0	The company	Kedge Construction	1	Buildings and land held for sale	166,921	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	0.32%
0	The company	Kedge Construction	1	Construction in progress	172,208	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	0.33%
0	The company	Kedge Construction	1	Notes and accounts payable-related parties	928,311	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.77%
1	Kedge Construction	The company	2	Operating revenue	2,175,513	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	11.51%
1	Kedge Construction	The company	2	Operating costs	339,129	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.79%
1	Kedge Construction	The company	2	Notes and accounts receivable-related parties, contract assets	928,311	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.77%
2	Global Mall	Guan Cheng	3	Accounts receivable-related parties	24,296	Once a year	0.05%
2	Global Mall	Guan Cheng	3	Operating revenue	23,653	Once a year	0.13%
2	Global Mall	Guan You	3	Operating revenue	1,780	Once a year	0.01%
3	Guan Cheng	Global Mall	3	Accounts payable-related parties	24,296	Once a year	0.05%
3	Guan Cheng	Global Mall	3	Operating expenses	23,653	Once a year	0.13%
4	Guan You	Global Mall	3	Operating expenses	1,780	Once a year	0.01%

Note 1. Instructions on 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 statements.

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

(2) Information on investees:

The information on the group's investees in the period from January 1 to September 30, 2021 is as follows:

Expressed in thousands of New Taiwan Dollars/thousand shares

Name of investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value			
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	36,248	34.18%	827,751	553,565	209,210	Subsidiary
"	Global Mall	Taiwan	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	3,209,395	3,209,395	320,105	84.02%	4,083,514	5,084	4,272	"
"	Guan Cheng	Taiwan	Department stores, supermarkets, and non-store retailing	102,000	102,000	10,200	51.00%	142,702	37,278	19,012	"
Kedge Construction	Jiequ Investment	Taiwan	Investment	163,935	163,935	16,396	99.98%	517,457	34,924	34,917	Sub-subsiary
"	Guanqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	245,251	20,446	20,438	"
Jiequ Investment	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	690	30.00%	15,397	(2,864)	(859)	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	1,610	70.00%	35,926	(2,864)	(2,005)	"
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	17,394	(6,670)	(3,113)	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%	137,106	37,278	18,266	Subsidiary
"	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	5,000	5,000	500	3.70%	435	(13,969)	(517)	Sub-subsiary
"	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	135,786	(5,020)	(5,020)	"
"	KGM	Hong Kong	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	213,766 (HK\$54,435 thousand)	213,766 (HK\$54,435 thousand)	- (Limited company)	100.00%	44,468	(1,808)	(1,808)	"
Guan Cheng	Guan You	Taiwan	Department stores, supermarkets, and non-store retailing	130,000	130,000	13,000	96.30%	11,330	(13,969)	(13,452)	"

(3) Information on investments in Mainland China:

1. Relevant information, including names and principal business, on investees in China

Unit: Thousands of USD, HKD, RMB or NTD

Name of investee in China	Principal business	Paid-in capital	Method of investment	Accumulated amount of investment remitted from Taiwan at beginning of period	Amount of investment remitted or recovered in the current period		Accumulated amount of investment remitted from Taiwan at end of period	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 end of period	Investment income received at end of period
					Outward remittance	Recovery						
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)	(1,451) (HKD(402))	100.00%	(1,451) (HKD(402))	45,142 (HKD12,623)	-

Note: Reinvestment in mainland China through existing companies in a third location.

2. Limit of investment in Mainland China

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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Accumulated investment remitted from Taiwan to Mainland China at end of period	Amount of investment approved by the Investment Commission, M.O.E.A.	Limit on amount of investment stipulated by the Investment Commission, M.O.E.A.
CNY 48,000	USD 11,100	9,907,063

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

3. Significant transactions with investees in China: None.

(4) Information on major shareholders:

Name of major shareholder	Shareholding	Expressed in shares	
		Number of shares held	Shareholding ratio
Yute Investment Co., Ltd.		105,935,137	19.12%
Mei-Chu Liu		67,215,292	12.13%

**14. Segment Information**

(1) General information

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

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

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 group does not allocate tax expenses (income), extraordinary profit or loss and exchange gain or loss to the reportable segments. Thus, not every reportable segment includes material non-monetary items besides depreciation and amortization in the profit or loss. The reported amounts are in line with the amounts in the reports for operating decision makers.

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

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

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

Jul. - Sep. 2021				
Development	Construction	Shopping mall	Adjustments and elimination	Total

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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Revenue:					
Revenues from external customers	\$ 2,554,701	1,773,733	216,898	-	4,545,332
Inter-segment income	1,692	583,812	6,741	(592,245)	-
<b>Total revenue</b>	<b>\$ 2,556,393</b>	<b>2,357,545</b>	<b>223,639</b>	<b>(592,245)</b>	<b>4,545,332</b>
<b>Reportable segment profits or loss</b>	<b>\$ 786,591</b>	<b>201,271</b>	<b>4,376</b>	<b>(55,897)</b>	<b>936,341</b>

**Jul. - Sep. 2020**

	<b>Development</b>	<b>Construction</b>	<b>Shopping mall</b>	<b>Adjustments and elimination</b>	<b>Total</b>
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 profits or loss</b>	<b>\$ 456,443</b>	<b>153,907</b>	<b>124,968</b>	<b>(163,856)</b>	<b>571,462</b>

**Jan. - Sep. 2021**

	<b>Development</b>	<b>Construction</b>	<b>Shopping mall</b>	<b>Adjustments and elimination</b>	<b>Total</b>
Revenue:					
Revenues from external customers	\$ 12,808,602	5,355,281	739,709	-	18,903,592
Inter-segment income	5,076	2,179,042	26,350	(2,210,468)	-
<b>Total revenue</b>	<b>\$ 12,813,678</b>	<b>7,534,323</b>	<b>766,059</b>	<b>(2,210,468)</b>	<b>18,903,592</b>
<b>Reportable segment profits or loss</b>	<b>\$ 3,009,805</b>	<b>691,230</b>	<b>50,210</b>	<b>(178,353)</b>	<b>3,572,892</b>

**Notes to the Consolidated Financial Statements of KINDOM DEVELOPMENT CO., LTD.  
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	Jan. - Sep. 2020				
	Development	Construction	Shopping mall	Adjustments and elimination	Total
<b>Revenue:</b>					
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 profits 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>
<b>Assets of reportable segments</b>					
September 30, 2021	\$ 38,299,261	9,349,640	12,127,739	(7,260,840)	52,515,800
December 31, 2020	\$ 43,545,424	9,433,656	12,868,851	(8,470,890)	57,377,041
September 30, 2020	\$ 46,752,262	9,310,709	12,556,472	(9,573,998)	59,045,445
<b>Liabilities of reportable segments</b>					
September 30, 2021	\$ 21,787,488	6,006,112	6,998,452	(1,055,398)	33,736,654
December 31, 2020	\$ 28,307,523	6,364,378	7,619,687	(2,280,104)	40,011,484
September 30, 2020	\$ 33,670,569	6,367,609	7,434,508	(3,384,631)	44,088,055