

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

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

2023 and 2022 Q3

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

Table of Contents

| Item | Page |
|---|-------|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2 |
| 3. Independent Auditors' Review Report | 3-4 |
| 4. Consolidated Balance Sheets | 5 |
| 5. Consolidated Statements of Comprehensive Income | 6 |
| 6. Consolidated Statements of Changes in Equity | 7 |
| 7. Consolidated Statements of Cash Flows | 8-9 |
| 8. Notes to the Consolidated Financial Statements | |
| (I) Company Overview | 10 |
| (II) Approval Date and Procedures of the Financial Statements | 10 |
| (III) Application of New, Amended, and Revised Standards and Interpretations | 10-11 |
| (IV) Summary of Significant Accounting Policies | 11-13 |
| (V) Significant Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty | 13 |
| (VI) Explanation of Significant Accounts | 13-45 |
| (VII) Related-Party Transactions | 45-46 |
| (VIII) Pledged Assets | 46-47 |
| (IX) Significant Contingent Liabilities and Unrecognized Contract Commitments | 47-49 |
| (X) Significant Disaster Loss | 49 |
| (XI) Significant Events after the Balance Sheet Date | 49 |
| (XII) Others | 49 |
| (XIII) Disclosure Notes | |
| 1. Information on Significant Transactions | 49-54 |
| 2. Information on investees | 55 |
| 3. Information on investments in Mainland China | 55-56 |
| 4. Information on major shareholders | 56 |
| (XIV) Segment Information | 56-58 |

Independent Auditors' Review Report

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

Introduction

We have conducted an audit of Kindom Development Co., Ltd.'s consolidated balance sheets as of September 30, 2023 and 2022, consolidated statements of comprehensive income for the three-month and nine-month periods ending September 30, 2023 and 2022, changes in equity, and cash flows from January 1 to September 30, 2023 and 2022. We have also reviewed the notes to the consolidated financial statements, which include a summary of significant accounting policies, for the period ending at that time. 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 Review Standard No. 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity." 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, we have not identified any issues that would lead us to believe that the accompanying consolidated financial statements do not accurately represent the company's consolidated financial position as of September 30, 2023 and 2022, its consolidated financial performance from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, as well as its consolidated cash flows from January 1 to September 30, 2023 and 2022. These statements have been prepared 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

CPA : Yi-lien, Han
Kuo-Yang Tseng

Securities Competent : Jin-Guan-Zheng-Shen-Zi No. 1090332798
Authority Approval No. Jin-Guan-Zheng-Liu-Zi No. 0940129108

Nov. 10, 2023

Notices to Readers

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

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

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Balance Sheets

September 30, 2023, December 31, 2022, and September 30, 2022

Unit: NT\$ thousand

| Asset | | 2023.9.30 | | 2022.12.31 | | 2022.9.30 | | | Liabilities and Equity | 2023.9.30 | | 2022.12.31 | | 2022.9.30 | |
|----------------------------|--|----------------------|------------|-------------------|------------|-------------------|------------|------|---|----------------------|------------|-------------------|------------|-------------------|------------|
| | | Amount | % | Amount | % | Amount | % | | | Amount | % | Amount | % | Amount | % |
| Current assets: | | | | | | | | | Current liabilities: | | | | | | |
| 1100 | Cash and cash equivalents (Note 6(1) and (26)) | \$ 13,943,202 | 25 | 15,522,920 | 28 | 16,221,107 | 30 | 2100 | Short-term loans (Note 6(14) and (26)) | \$ 16,538,818 | 29 | 15,025,856 | 27 | 14,542,474 | 27 |
| 1110 | Current financial assets at fair value through profit or loss (Note 6(2) and (26)) | 105,216 | - | 97,466 | - | 82,947 | - | 2110 | Short-term notes and bills payable (Notes 6(13)) | 130,000 | - | - | - | 30,000 | - |
| 1140 | Contract assets - current (Note 6(23)) | 2,534,362 | 5 | 1,675,939 | 3 | 1,874,793 | 4 | 2130 | Contract liabilities - current (Note 6(23)) | 3,302,362 | 6 | 2,045,805 | 4 | 2,557,935 | 5 |
| 1170 | Net notes and accounts receivable (Note 6(4), (23), and (26)) | 1,228,034 | 2 | 2,149,847 | 4 | 1,076,514 | 2 | 2150 | Notes payable (Note 6(26)) | 260,662 | - | 392,662 | 1 | 391,837 | 1 |
| 1220 | Current tax assets | 89 | - | 48 | - | 11 | - | 2170 | Accounts payable (Note 6(26)) | 5,422,690 | 10 | 5,955,906 | 11 | 4,842,233 | 9 |
| 1300 | Inventories - trading (Note 6(5)) | 15,042 | - | 12,977 | - | 15,466 | - | 2200 | Other payables (Note 6(26) and 7) | 837,002 | 2 | 908,607 | 2 | 810,200 | 2 |
| 1320 | Inventories - construction (Notes 6(5) and 8) | 25,139,728 | 44 | 21,094,871 | 38 | 20,670,836 | 39 | 2230 | Current tax liabilities | 489,965 | 1 | 652,771 | 1 | 482,571 | 1 |
| 1410 | Prepayments | 270,218 | - | 199,044 | - | 177,414 | - | 2250 | Provisions - current (Note 6(17)) | 174,260 | - | 183,236 | - | 176,591 | - |
| 1476 | Other financial assets - current (Notes 6(12), (23), (26), 7 and 8) | 2,917,849 | 5 | 3,675,772 | 7 | 2,063,152 | 4 | 2251 | Current provisions for employee benefit (Note 6(19)) | 20,928 | - | 20,174 | - | 17,105 | - |
| 1479 | Other current assets - others | 46,927 | - | 80,582 | - | 131,052 | - | 2280 | Lease liabilities - current (Note 6(16) and (26)) | 195,155 | - | 191,062 | - | 176,548 | - |
| 1480 | Incremental costs of obtaining a contract - current (Note 6(12)) | 18,967 | - | 9,978 | - | 10,389 | - | 2321 | Current portion of convertible corporate bond due within one year or one operating period (Note 6(15) and (26)) | 1,000,000 | 2 | 2,000,000 | 3 | 1,000,000 | 2 |
| | | | | | | | | 2322 | Current portion of long-term loans due within one year or one operating period (Note 6(14) and (26)) | 204,640 | - | 204,640 | - | 204,640 | - |
| | | | | | | | | 2399 | Other-current liabilities, others (Note 6(26)) | 177,634 | - | 40,786 | - | 51,579 | - |
| | | 46,219,634 | 81 | 44,519,444 | 80 | 42,323,681 | 79 | | | 28,754,116 | 50 | 27,621,505 | 49 | 25,283,713 | 47 |
| Non-current assets: | | | | | | | | | Non-current liabilities: | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income (Note 6(3) and (26)) | 10,005 | - | 12,509 | - | 11,231 | - | 2530 | Bonds payable (Note 6(15) and (26)) | 2,000,000 | 4 | 2,000,000 | 3 | 3,000,000 | 6 |
| 1550 | Investments accounted for using the equity method (Note 6(6)) | 1,140,277 | 2 | 1,136,118 | 2 | 1,034,501 | 2 | 2540 | Long-term loans (Note 6(14) and (26)) | 1,284,720 | 2 | 1,438,200 | 3 | 1,594,360 | 3 |
| 1600 | Property, plant and equipment (Note 6(8) and 8) | 6,259,822 | 11 | 6,379,227 | 11 | 6,409,512 | 12 | 2573 | Other deferred tax liabilities | 1,292 | - | 921 | - | - | - |
| 1755 | Right-of-use assets (Note 6(9)) | 2,954,340 | 5 | 3,098,436 | 6 | 3,159,361 | 6 | 2580 | Non-current lease liabilities (Note 6(16) and (26)) | 2,973,016 | 5 | 3,123,422 | 6 | 3,170,849 | 6 |
| 1760 | Investment property (Note 6(10) and 8) | 459,221 | 1 | 462,365 | 1 | 463,413 | 1 | 2640 | Defined benefit liabilities, net - non-current | 820 | - | 821 | - | 2,945 | - |
| 1780 | Intangible assets (Note 6(11)) | 54,685 | - | 53,874 | - | 51,628 | - | 2645 | Guarantee deposits received (Note 6(26)) | 99,717 | - | 96,204 | - | 97,414 | - |
| 1840 | Deferred tax assets | 59,392 | - | 57,161 | - | 59,550 | - | 2670 | Other non-current liabilities, others (Note 6(26)) | - | - | 16,336 | - | 16,336 | - |
| 1975 | Defined benefit assets, net - non-current | 5,784 | - | 5,820 | - | 2,395 | - | | | 6,359,565 | 11 | 6,675,904 | 12 | 7,881,904 | 15 |
| 1980 | Other non-current financial assets (Note 6(26) and 8) | 60,344 | - | 73,566 | - | 60,671 | - | | Total liabilities | 35,113,681 | 61 | 34,297,409 | 61 | 33,165,617 | 62 |
| 1995 | Other non-current assets - others | 62,099 | - | 64,337 | - | 57,616 | - | | Equity attributable to owners of the parent company (Note 6(21)) | | | | | | |
| | | 11,065,969 | 19 | 11,343,413 | 20 | 11,309,878 | 21 | 3100 | Share capital | 5,541,701 | 10 | 5,541,701 | 10 | 5,541,701 | 10 |
| | | | | | | | | 3200 | Capital reserve | 1,472,401 | 2 | 1,451,569 | 3 | 1,451,569 | 3 |
| | | | | | | | | 3300 | Retained earnings | 12,127,682 | 21 | 11,648,455 | 20 | 10,913,416 | 20 |
| | | | | | | | | 3400 | Other equity interest | (28,413) | - | (26,544) | - | (27,185) | - |
| | | | | | | | | 3500 | Treasury stock | (98,702) | - | (98,702) | - | (96,683) | - |
| | | | | | | | | | Total equity attributable to owners of the parent company | 19,014,669 | 33 | 18,516,479 | 33 | 17,782,818 | 33 |
| | | | | | | | | 36XX | Non-controlling interests (Note 6(7)) | 3,157,253 | 6 | 3,048,969 | 6 | 2,685,124 | 5 |
| | | | | | | | | | Total equity | 22,171,922 | 39 | 21,565,448 | 39 | 20,467,942 | 38 |
| Total assets | | \$ 57,285,603 | 100 | 55,862,857 | 100 | 53,633,559 | 100 | | Total liabilities and equity | \$ 57,285,603 | 100 | 55,862,857 | 100 | 53,633,559 | 100 |

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

Chairman: Chih-Kang, Ma

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

Chief Accounting Officer: Shu-Lien, Chang

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

July 1 to September 30, 2023 and 2022, and January 1 to September 30, 2023 and 2022

Unit: NT\$ thousand

| | | <u>Jul. - Sep. 2023</u> | | <u>Jul. - Sep. 2022</u> | | <u>Jan. - Sep. 2023</u> | | <u>Jan. - Sep. 2022</u> | |
|------|--|-------------------------|-----------|-------------------------|-----------|-------------------------|-----------|-------------------------|-----------|
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| 4000 | Operating income (Note 6 (18) and (23)) | \$ 4,968,802 | 100 | 4,444,711 | 100 | 13,903,546 | 100 | 14,120,697 | 100 |
| 5000 | Operating costs (Note 6(5) and(19)) | 3,430,457 | 69 | 3,324,262 | 75 | 9,920,272 | 72 | 10,038,184 | 71 |
| | Gross profit | 1,538,345 | 31 | 1,120,449 | 25 | 3,983,274 | 28 | 4,082,513 | 29 |
| | Operating expenses: | | | | | | | | |
| 6100 | Selling and marketing expenses (Note 6(19)) | 54,024 | 1 | 32,972 | 1 | 122,768 | 1 | 171,332 | 1 |
| 6200 | General and administrative expenses (Note 6(19)) | 455,861 | 9 | 402,580 | 9 | 1,289,218 | 9 | 1,211,802 | 9 |
| 6450 | Expected credit loss (Gain)(Note 6(4)) | 278 | - | 362 | - | 200 | - | (2,026) | - |
| | | 510,163 | 10 | 435,914 | 10 | 1,412,186 | 10 | 1,381,108 | 10 |
| | Net operating income | 1,028,182 | 21 | 684,535 | 15 | 2,571,088 | 18 | 2,701,405 | 19 |
| | Non-operating income and expenses: | | | | | | | | |
| 7100 | Interest income (Note 6(25)) | 30,973 | 1 | 14,116 | - | 99,384 | 1 | 37,583 | - |
| 7010 | Other income (Note 6(25)) | 4,311 | - | 6,967 | - | 4,630 | - | 7,330 | - |
| 7020 | Other gains and losses (Note 6(25)) | 14,396 | - | 7,546 | - | (4,927) | - | 33,584 | - |
| 7050 | Finance costs (Note 6(25)) | (60,989) | (1) | (77,709) | (1) | (200,587) | (1) | (228,256) | (1) |
| 7060 | Share of profit and loss of associates and joint ventures accounted for using the equity method (Note 6(6)) | 2,073 | - | 116 | - | 5,752 | - | (619) | - |
| | | (9,236) | - | (48,964) | (1) | (95,748) | - | (150,378) | (1) |
| | Profit before tax from continuing operating department | 1,018,946 | 21 | 635,571 | 14 | 2,475,340 | 18 | 2,551,027 | 18 |
| 7950 | Less: Income tax expense (Note 6(20)) | 163,839 | 4 | 137,049 | 3 | 574,601 | 4 | 514,814 | 4 |
| | Net income | 855,107 | 17 | 498,522 | 11 | 1,900,739 | 14 | 2,036,213 | 14 |
| 8300 | Other comprehensive income: | | | | | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | | | | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 1,309 | - | 1,100 | - | (2,504) | - | (1,233) | - |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 66 | - | 119 | - | 83 | - | 235 | - |
| 8300 | Other comprehensive income (loss)(net of taxes) | 1,375 | - | 1,219 | - | (2,421) | - | (998) | - |
| | Total comprehensive income for the year | \$ 856,482 | 17 | 499,741 | 11 | 1,898,318 | 14 | 2,035,215 | 14 |
| | Net profit attributable to: | | | | | | | | |
| 8610 | Owners of the parent company | \$ 773,285 | 15 | 325,417 | 7 | 1,449,025 | 11 | 1,601,782 | 11 |
| 8620 | Non-controlling interests | 81,822 | 2 | 173,105 | 4 | 451,714 | 3 | 434,431 | 3 |
| | | \$ 855,107 | 17 | 498,522 | 11 | 1,900,739 | 14 | 2,036,213 | 14 |
| | Total comprehensive income attributable to: | | | | | | | | |
| 8710 | Owners of the parent company | \$ 773,704 | 15 | 326,515 | 7 | 1,447,156 | 11 | 1,601,324 | 11 |
| 8720 | Non-controlling interests | 82,778 | 2 | 173,226 | 4 | 451,162 | 3 | 433,891 | 3 |
| | | \$ 856,482 | 17 | 499,741 | 11 | 1,898,318 | 14 | 2,035,215 | 14 |
| 9750 | Basic earnings per share (in NT\$) (Note 6(22)) | \$ 1.43 | | 0.60 | | 2.68 | | 2.95 | |
| 9850 | Diluted earnings per share (in NT\$) (Note 6(22)) | \$ 1.43 | | 0.60 | | 2.67 | | 2.94 | |

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

Chairman:
Chih-Kang, Ma

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

Chief Accounting Officer:
Shu-Lien, Chang

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to September 30, 2023 and 2022

Unit: NT\$ thousand

Equity attributable to owners of parent company

| | | | | | | | Other equity | | | | | |
|--|--------------------------------|-----------------|-------------------|-----------------|-------------------------|-------------|---|---|----------------|---|---------------------------|--------------|
| | Share capital | | Retained earnings | | | | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury stock | Total equity attributable to owners of the parent company | Non-controlling interests | Total equity |
| | Share capital of common stocks | Capital reserve | Legal reserve | Special reserve | Unappropriated earnings | Total | | | | | | |
| Balance as of January 1, 2022 | \$ 5,541,701 | 1,421,924 | 2,151,969 | 27,847 | 8,517,243 | 10,697,059 | (29,652) | 2,925 | (71,196) | 17,562,761 | 2,432,872 | 19,995,633 |
| Net income | - | - | - | - | 1,601,782 | 1,601,782 | - | - | - | 1,601,782 | 434,431 | 2,036,213 |
| Other comprehensive income for the period | - | - | - | - | - | - | 197 | (655) | - | (458) | (540) | (998) |
| Total comprehensive income for the year | - | - | - | - | 1,601,782 | 1,601,782 | 197 | (655) | - | 1,601,324 | 433,891 | 2,035,215 |
| Appropriation of earnings: | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 350,701 | - | (350,701) | - | - | - | - | - | - | - |
| Special reserve reversed | - | - | - | (1,120) | 1,120 | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (1,385,425) | (1,385,425) | - | - | - | (1,385,425) | - | (1,385,425) |
| Changes in equity of associates and joint ventures accounted for under the equity method | - | (216) | - | - | - | - | - | - | - | (216) | (333) | (549) |
| Buyback treasury stock | - | - | - | - | - | - | - | - | (25,487) | (25,487) | - | (25,487) |
| Changes in capital reserve from dividends paid to subsidiaries | - | 29,227 | - | - | - | - | - | - | - | 29,227 | - | 29,227 |
| Unclaimed dividends after effective period | - | 634 | - | - | - | - | - | - | - | 634 | 93 | 727 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (181,399) | (181,399) |
| Balance as of September 30, 2022 | \$ 5,541,701 | 1,451,569 | 2,502,670 | 26,727 | 8,384,019 | 10,913,416 | (29,455) | 2,270 | (96,683) | 17,782,818 | 2,685,124 | 20,467,942 |
| Balance as of January 1, 2023 | \$ 5,541,701 | 1,451,569 | 2,502,670 | 26,727 | 9,119,058 | 11,648,455 | (29,493) | 2,949 | (98,702) | 18,516,479 | 3,048,969 | 21,565,448 |
| Net income | - | - | - | - | 1,449,025 | 1,449,025 | - | - | - | 1,449,025 | 451,714 | 1,900,739 |
| Other comprehensive income for the period | - | - | - | - | - | - | 69 | (1,938) | - | (1,869) | (552) | (2,421) |
| Total comprehensive income for the year | - | - | - | - | 1,449,025 | 1,449,025 | 69 | (1,938) | - | 1,447,156 | 451,162 | 1,898,318 |
| Appropriation of earnings: | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 233,682 | - | (233,682) | - | - | - | - | - | - | - |
| Special reserve reversed | - | - | - | (183) | 183 | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (969,798) | (969,798) | - | - | - | (969,798) | - | (969,798) |
| Changes in capital reserve from dividends paid to subsidiaries | - | 20,496 | - | - | - | - | - | - | - | 20,496 | - | 20,496 |
| Unclaimed dividends after effective period | - | 336 | - | - | - | - | - | - | - | 336 | 62 | 398 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (342,940) | (342,940) |
| Balance as of September 30, 2023 | \$ 5,541,701 | 1,472,401 | 2,736,352 | 26,544 | 9,364,786 | 12,127,682 | (29,424) | 1,011 | (98,702) | 19,014,669 | 3,157,253 | 22,171,922 |

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

Chairman: Chih-Kang, Ma

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

Chief Accounting Officer: Shu-Lien, Chang

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2023 and 2022

Unit: NT\$ thousand

| | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|---|------------------|------------------|
| Cash flows from operating activities: | | |
| Income before income tax | \$ 2,475,340 | 2,551,027 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation | 329,328 | 311,575 |
| Amortization | 10,841 | 7,955 |
| Expected credit losses (reversal) | 200 | (2,026) |
| Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss | (7,582) | 41,653 |
| Interest expenses | 200,587 | 228,256 |
| Interest income | (99,384) | (37,583) |
| Dividend income | (4,630) | (7,330) |
| Share of (gains) loss of associates and joint ventures accounted for using equity method | (5,752) | 619 |
| Gain/loss on disposal of property, plant, and equipment | 273 | - |
| Total adjustments to reconcile profit (loss) | 423,881 | 543,119 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Increase in financial assets at fair value through profit or loss | (168) | - |
| (Increase) decrease in contract assets | (858,423) | 100,983 |
| Decrease in notes and accounts receivable | 921,918 | 178,625 |
| (Increase) decrease in inventory | (3,874,591) | 655,259 |
| Increase in prepayments | (79,926) | (53,946) |
| Decrease (increase) in other current assets | 38,672 | (58,731) |
| Decrease in other financial assets - liquidity decrease | 757,579 | 240,658 |
| (Increase) decrease in the incremental costs to obtain contract with customers | (8,989) | 40,508 |
| Decrease in net defined benefit assets, non-current | 36 | 43 |
| Increase in other non-current assets | (1) | (31) |
| Total changes in operating assets | (3,103,893) | 1,103,368 |
| Total changes in operating liabilities: | | |
| Increase in contract liabilities | 1,256,557 | 949,279 |
| (Decrease) increase in notes payable | (132,000) | 64,688 |
| Decrease in accounts payable | (533,216) | (887,237) |
| Decrease in other payables | (71,891) | (87,032) |
| Increase (decrease) in provisions for employee benefit - current | 754 | (4,802) |
| Decrease in provisions - current | (8,976) | (5,035) |
| Increase (decrease) in other current liabilities | 136,848 | (32,042) |
| (Decrease) increase in net defined benefit liabilities | (1) | 10 |
| Decrease in other non-current liabilities | (16,336) | (16,336) |
| Total changes in operating liabilities | 631,739 | (18,507) |
| Total changes in operating assets and liabilities | (2,472,154) | 1,084,861 |
| Total adjustments | (2,048,273) | 1,627,980 |
| Cash flows generated from operations | 427,067 | 4,179,007 |
| Income taxes paid | (744,397) | (720,411) |
| Net cash flows from operating activities | (317,330) | 3,458,596 |

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

January 1 to September 30, 2023 and 2022

| | <u>Jan. - Sep. 2023</u> | <u>Jan. - Sep. 2022</u> |
|--|-----------------------------|--------------------------|
| Cash flows from investing activities: | | |
| Acquisition of investments accounted for using equity method | - | (1,020,000) |
| Acquisition of property, plant and equipment (Note 6(29)) | (41,003) | (91,177) |
| Disposal of property, plant and equipment | 362 | - |
| Acquisition of intangible assets | (9,769) | (5,179) |
| Decrease in other financial assets - non-current | 13,222 | 18,471 |
| Increase in prepayments for equipment | 356 | (5,140) |
| Interest received | 101,321 | 37,357 |
| Dividends received | 4,630 | 7,330 |
| Others investment activities | - | (549) |
| Net cash flows generated from (used in) investing activities | <u>69,119</u> | <u>(1,058,887)</u> |
| Cash flows from financing activities: | | |
| Increase in short-term loans | 6,379,250 | 3,747,369 |
| Decrease in short-term loans | (4,866,288) | (3,684,620) |
| Increase in short-term notes and bills payable | 530,000 | 110,000 |
| Decrease in short-term notes and bills payable | (400,000) | (80,000) |
| Redemption of convertible corporate bonds | (1,000,000) | - |
| Issuance of long-term debt | - | 5,000 |
| Repayments of long-term loans | (153,480) | (323,240) |
| Decrease in guarantee deposits | 3,513 | (400) |
| Repayments of lease principal | (167,144) | (154,126) |
| Cash dividends distributed | (949,302) | (1,356,198) |
| Cost of buying back treasury stocks | - | (25,487) |
| Interest paid | (365,199) | (316,298) |
| Changes in non-controlling interests | (342,940) | (181,399) |
| Net cash flows used in financing activities | <u>(1,331,590)</u> | <u>(2,259,399)</u> |
| Effects of exchange rate changes on the balance of cash and cash equivalents | <u>83</u> | <u>235</u> |
| Cash and cash equivalents (decrease) increase | (1,579,718) | 140,545 |
| Cash and cash equivalents at beginning of the period | <u>15,522,920</u> | <u>16,080,562</u> |
| Cash and cash equivalents at end of the period | <u>\$ 13,943,202</u> | <u>16,221,107</u> |

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

Chairman:

Chih-Kang, Ma

Manager:

Chang-Jung, Hsieh; Sheng-An, Chang

Chief Accounting Officer:

Shu-Lien, Chang

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Notes to the Consolidated Financial Statements
2023 and 2022 Q3
(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company Overview

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

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were published upon approval by the Board of Directors on Nov. 11, 2023.

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

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

The Group has adopted the newly revised International Financial Reporting Standards ("IFRSs") specified above since January 1, 2023, and assessed that the adoption will not have a material impact on the consolidated financial statements.

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

The Group has adopted the newly revised International Financial Reporting Standards ("IFRSs") specified above since May 23, 2023, and assessed that the adoption will not have a material impact on the consolidated financial statements.

- Amendments to IAS 12 "International Tax Reform Pillar Two Model Rules"

- (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, 2024, will not result in a material impact on the consolidated financial statements.

- Amendments to IAS 1 "Classify Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Contractual Terms"
- Amendments to IAS 7 and IFRS 17 "Supplier Financing Arrangements"
- Amendments to IFRS 16 "Requirements for Sale-and-Leaseback Transactions"

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

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

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

- Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- Amendments to IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"
- IAS 21 "Lack of Exchangeability"

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 outlined in the following paragraphs, the consolidated financial statements have adopted the same major accounting policies as the 2022 consolidated financial statements. For additional information, please see Note 4 in the 2022 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 |
|------------------|---|---|-------------------------|------------|-----------|---|
| | | | 2023.9.30 | 2022.12.31 | 2022.9.30 | |
| 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, wholesale medical equipment, and retail | 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. |

(Continued on next page)

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

(Continued from last page)

| Name of Investor | Subsidiary name | Main business and products | Percentage of ownership | | | Explanation |
|--|---|--|-------------------------|------------|-----------|--|
| | | | 2023.9.30 | 2022.12.31 | 2022.9.30 | |
| Kedge Construction | Jiequn Investment Co., Ltd. (Jiequn Investment) | Investment | 99.98% | 99.98% | 99.98% | 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% | 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% | Subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares. |
| " | Guan Hua Co., Ltd. (Guan Hua) | Department stores, supermarkets, and non-store retailing | 100.00% | 100.00% | 100.00% | Subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares. |
| " | Guan Cheng | Department stores, supermarkets, and non-store retailing | 100.00% | 100.00% | 100.00% | Subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares. |
| Guan Cheng | Guan You | Department stores, supermarkets, and non-store retailing | 100.00% | 100.00% | 100.00% | The subsidiary in which Guan Cheng's voting share exceeds more than 50% of the subsidiary's issued shares. |

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

(3) 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.

(4) 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

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

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.

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

6. Explanation of Significant Accounts

Apart from the matters described below, the descriptions of significant accounting items in the consolidated financial statements are not significantly different from those used in the 2022 consolidated financial statements. For additional information, please see Note 6 in the 2022 consolidated financial statements.

(1) Cash and cash equivalents

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|-----------------------------|-----------------------------|--------------------------|--------------------------|
| Petty cash and cash on hand | \$ 12,171 | 12,016 | 11,786 |
| Bank deposits | | | |
| Check deposits | 1,934,892 | 3,667,802 | 3,421,494 |
| Demand deposits | 1,651,767 | 1,341,239 | 4,338,518 |
| Time deposits | 7,666,678 | 8,412,390 | 6,205,575 |
| Cash equivalents | 2,677,694 | 2,089,473 | 2,243,734 |
| | <u>\$ 13,943,202</u> | <u>15,522,920</u> | <u>16,221,107</u> |

The maturity dates of the aforementioned cash equivalents are in the periods, Oct. to Nov. 2023, Jan. to Feb. 2023 and Oct. 2022, and the interest rate collars are 1.27%-1.30%, 0.98%-1.20% and 0.71%-0.82%, respectively.

Refer to Note 6(26) for the details on interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

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

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

| | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
|---|-------------------|-------------------|------------------|
| Financial assets mandatorily measured at fair value through profit or loss: | | | |
| TWSE (or TPEX) listed company shares | \$ <u>105,216</u> | <u>97,466</u> | <u>82,947</u> |

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(25).
2. The consolidated company recognized dividend incomes of NT\$2,637 thousand, NT\$5,728 thousand, NT\$2,637 thousand, and NT\$5,728 thousand for the specified non-derivative financial assets measured at fair value through profit or loss, for the period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, respectively.
3. As of September 30, 2023, December 31, 2022 and September 30, 2022, none of the financial assets of the group has been pledged as collateral.

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

| | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
|--|------------------|-------------------|------------------|
| Equity investments measured at FVTOCI: | | | |
| Listed stock - Fubon Financial Type C Special Share | \$ 1,815 | 1,783 | 1,844 |
| Listed stock - Clientron Corp. | 552 | 655 | 633 |
| Unlisted stock - Everterminal Co. Ltd. | 1,751 | 3,305 | 2,935 |
| Unlisted stock - Commonwealth Publishing Group | 5,887 | 6,766 | 5,819 |
| Unlisted stock - Shenzhen Goodix Technology | - | - | - |
| Total | \$ <u>10,005</u> | <u>12,509</u> | <u>11,231</u> |

1. The Group designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.
2. The consolidated company recognized dividend incomes of NT\$1,674 thousand, NT\$1,239 thousand, NT\$1,993 thousand, and NT\$1,602 thousand for the specified equity instrument investments measured at fair value through other comprehensive income, for the period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, respectively.

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

3. The Group did not dispose of strategic investment in the period from January 1 to September 30, 2023 and 2022. The accumulated gains and losses in that period have not been transferred within the equity.
4. Refer to Note 6(26) for details on credit risk (including impairment on debt instruments) and market risk.
5. None of the aforementioned financial assets has been pledged as collateral.

(4) Notes and accounts receivable

| | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
|----------------------|----------------------------|-------------------------|-------------------------|
| Notes receivable | \$ 1,002 | 352 | 576 |
| Accounts receivable | 1,235,164 | 2,157,591 | 1,084,610 |
| Less: Loss allowance | <u>(8,132)</u> | <u>(8,096)</u> | <u>(8,672)</u> |
| | <u>\$ 1,228,034</u> | <u>2,149,847</u> | <u>1,076,514</u> |

The Group applies the simplified approach on the estimation of expected credit losses, that is, a loss allowance is recognized based on lifetime of expected credit losses. To measure the expected credit losses, notes and accounts receivables were based on shared characteristics of credit risk on remaining payments before due date, and forward looking information was incorporated as well. The analysis on the expected credit loss of notes receivable and accounts receivable of the group is as follows:

| <u>2023.9.30</u> | | | |
|--------------------------|----------------------------|---|--|
| | <u>Carrying amount</u> | <u>Weighted average loss rate</u> | <u>Loss allowance for expected credit impairment of the period</u> |
| Not past due | \$ 1,228,034 | - | - |
| Past due 90 days or more | <u>8,132</u> | 100% | <u>8,132</u> |
| | <u>\$ 1,236,166</u> | | <u>8,132</u> |
| <u>2022.12.31</u> | | | |
| | <u>Carrying amount</u> | <u>Weighted average loss rate</u> | <u>Loss allowance for expected credit impairment of the period</u> |
| Not past due | \$ 2,149,847 | - | - |
| Past due 90 days or more | <u>8,096</u> | 100% | <u>8,096</u> |
| | <u>\$ 2,157,943</u> | | <u>8,096</u> |

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

| | 2022.9.30 | | |
|--------------------------|----------------------------|---|--|
| | Carrying amount | Weighted average loss rate | Loss allowance for expected credit impairment of the period |
| Not past due | \$ 1,076,514 | - | - |
| Past due 90 days or more | 8,672 | 100% | 8,672 |
| | <u>\$ 1,085,186</u> | | <u>8,672</u> |

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

| | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--|-----------------------------|-----------------------------|
| Beginning balance | \$ 8,096 | 12,876 |
| Impairment losses recognized | 401 | 1,571 |
| Reversal of impairment loss | (201) | (3,597) |
| Amounts written off as uncollectible during the year | (164) | (2,178) |
| Ending balance | <u>\$ 8,132</u> | <u>8,672</u> |

As of September 30, 2023, December 31, 2022, and September 30, 2022, none of the accounts receivable of the group has been pledged as collateral.

(5) Inventories

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|-----------------------------------|-----------------------------|--------------------------|--------------------------|
| Inventory - trading | \$ 15,042 | 12,977 | 15,466 |
| Inventory - construction | | | |
| Prepayment for buildings and land | - | 4,235 | 4,235 |
| Land held for construction | 1,371,642 | 2,899,060 | 2,899,060 |
| Construction in progress | 15,934,116 | 11,056,039 | 10,903,099 |
| Buildings and land held for sale | 7,833,970 | 7,135,537 | 6,864,442 |
| Subtotal | <u>25,139,728</u> | <u>21,094,871</u> | <u>20,670,836</u> |
| Total | <u>\$ 25,154,770</u> | <u>21,107,848</u> | <u>20,686,302</u> |

1. The reversal of allowance for losses on sales of inventories amounted to NT\$16,739 thousand and NT\$2,029 thousand, respectively, during the periods from January 1 to September 30, 2023 and 2022.
2. The recognized inventory costs for cost of goods sold and expenses amounted to NT\$2,635,501 thousand and NT\$3,408,334 thousand, respectively, during the periods from January 1 to September 30, 2023 and 2022.
3. The group's construction in progress was determined using a capitalization rate of 2.236% and 1.870% for the period from January 1 to September 30, 2023 and 2022, respectively. For more details on the amount of capitalization, please see Note 6(25).

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

4. As of September 30, 2023, December 31, 2022, and September 30, 2022, the Group entrusted the statutory parking spaces held for sale to other parties, which amounted to NT\$11,649 thousand, NT\$13,796 thousand and NT\$14,303 thousand, respectively.
5. As of September 30, 2023, December 31, 2022, and September 30, 2022, for information regarding the group's inventories pledged as collateral, please refer to Note 8.

(6) Investments accounted for using equity method

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

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|---------------|----------------------------|-------------------------|-------------------------|
| Associates | \$ 114,963 | 114,347 | 14,103 |
| Joint Venture | 1,025,314 | 1,021,771 | 1,020,398 |
| | <u>\$ 1,140,277</u> | <u>1,136,118</u> | <u>1,034,501</u> |

1. Associates

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

| Names of Associates | Nature of relationship with the Company | Principal places of business / Country of registration | Proportion of ownership interest and voting right | | |
|------------------------------------|--|--|---|------------|-----------|
| | | | 2023.9.30 | 2022.12.31 | 2022.9.30 |
| Hon Hui Zhu Gao Co., Ltd. (Note 1) | Department stores, supermarkets, and non-store retailing | Taiwan | 20% | 20% | -% |

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

The aggregated financial information for significant affiliates of the Consolidated Company is as follows. This information has been adjusted to reflect the fair value adjustments made upon the acquisition of the Company's equity interest in each affiliate, as well as any differences in accounting policies between the affiliates and the Company's IFRS financial statements.

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

Summary of financial information on Hon Hui Zhu Gao:

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|---|-------------------|-------------------|------------------|
| Current assets | \$ 300,856 | 299,875 | - |
| Non-current assets | 200,000 | 200,000 | - |
| Current liabilities | - | (100) | - |
| Net assets | \$ 500,856 | 499,775 | - |
| Net assets attributable to the Consolidated Company | \$ 100,171 | 99,955 | - |

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating revenue | \$ - | - | - | - |
| Net income of continuing business units for the period | \$ 334 | - | 1,081 | - |
| Total comprehensive income | \$ 334 | - | 1,081 | - |
| Total consolidated profit or loss attributable to the Consolidated Company | \$ 67 | - | 216 | - |

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

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|---|------------------|-------------------|------------------|
| Total carrying amount of equity in individual insignificant affiliates at the end of the period | \$ 14,792 | 14,392 | 14,103 |

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Share attributable to the Consolidated Company: | | | | |
| Net loss for the period from continuing business units | \$ 233 | (282) | 400 | (1,017) |
| Total comprehensive income | \$ 233 | (282) | 400 | (1,017) |

2. Joint Venture

The Consolidated Company and Clevo Co. and Huatai Securities Co., Ltd. jointly participated in the public office urban renewal project of the E1E2 street profile of Taipei Station. As of September 30, 2023, the three parties have 51%, 24.5%, and 24.5% of the shares, respectively, in the amount of NT\$1,020,000,000, NT\$490,000,000, and NT\$490,000,000, respectively.

In September 2022, the joint venture company entered into a contract with the Taipei City Housing and Urban Renewal Center for the "Taipei Station Specific Dedicated

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

Area E1E2 Street Profile Publicly-Owned Urban Renewal Project". As part of this agreement, the joint venture company is obligated to execute a "High Development Area Shopping Center Lease" and a "Low Development Area Lease" with the Taiwan Railway Administration. These leases must be signed within one month of the transfer of ownership of the commercial facilities in the project buildings, and within three months of the completion of the rehabilitation and reuse of the open space in the Specific Dedicated Area. The term of these leases is 20 years.

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

| | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
|---|---------------------|-------------------|------------------|
| Proportion of ownership interest of non-controlling interests | <u>51%</u> | <u>51%</u> | <u>51%</u> |
| Current assets | \$ 2,011,230 | 2,004,350 | 2,000,808 |
| Non-current assets | 155 | 202 | - |
| Current liabilities | (877) | (939) | (27) |
| Non-current liabilities | (89) | (141) | - |
| Net assets | <u>\$ 2,010,419</u> | <u>2,003,472</u> | <u>2,000,781</u> |
| Cash and cash equivalents | <u>\$ 107,999</u> | <u>208,931</u> | <u>679,820</u> |
| | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
| Share of net assets attributable to the Consolidated Company | <u>\$ 1,025,314</u> | <u>1,021,771</u> | <u>1,020,398</u> |
| Carrying amount of equity in joint ventures | <u>\$ 1,025,314</u> | <u>1,021,771</u> | <u>1,020,398</u> |

| | <u>Jul. - Sep. 2023</u> | <u>Jul. - Sep. 2022</u> | <u>Jan. - Sep. 2023</u> | <u>Jan. - Sep. 2022</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating revenue | \$ - | - | - | - |
| Net loss for the period from continuing business units | \$ 3,478 | 781 | 10,072 | 781 |
| Total comprehensive income | <u>\$ 3,478</u> | <u>781</u> | <u>10,072</u> | <u>781</u> |
| Operating expenses | <u>\$ 10</u> | <u>9</u> | <u>51</u> | <u>9</u> |
| Interest income | <u>\$ 4,359</u> | <u>790</u> | <u>12,644</u> | <u>790</u> |
| Interest expenses | <u>\$ 1</u> | <u>-</u> | <u>3</u> | <u>-</u> |
| Income tax expense | <u>\$ 870</u> | <u>-</u> | <u>2,518</u> | <u>-</u> |
| Total consolidated profit or loss attributable to the Consolidated Company | <u>\$ 1,773</u> | <u>398</u> | <u>5,136</u> | <u>398</u> |

3. Collateral

As of September 30, 2023, December 31, 2022, and September 30, 2022, the Consolidated Company's investments accounted for under the equity method are not pledged as collateral.

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

(7) Subsidiary with material non-controlling interests

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

| Subsidiary name | Principal places of business/Country of registration | Proportion of ownership interest and voting right of non-controlling interests | | |
|---|--|--|------------|-----------|
| | | 2023.9.30 | 2022.12.31 | 2022.9.30 |
| Kedge Construction Co., Ltd. and subsidiaries | Taiwan | 65.82% | 65.82% | 65.82% |

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

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

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|--|---------------------|------------------|------------------|
| Current assets | \$ 11,089,807 | 11,146,094 | 10,086,346 |
| Non-current assets | 693,441 | 652,598 | 566,280 |
| Current liabilities | (7,168,858) | (7,416,157) | (6,819,797) |
| Non-current liabilities | (188,565) | (196,104) | (183,460) |
| Net assets | <u>\$ 4,425,825</u> | <u>4,186,431</u> | <u>3,649,369</u> |
| Carrying amount of non-controlling interests | <u>\$ 2,277,707</u> | <u>2,195,666</u> | <u>1,857,851</u> |

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--|---------------------|---------------------|---------------------|---------------------|
| Operating revenue | <u>\$ 2,995,814</u> | <u>3,806,409</u> | <u>10,217,666</u> | <u>8,809,415</u> |
| Net income | \$ 146,398 | 267,792 | 678,033 | 560,213 |
| Other comprehensive income | 37,093 | (85,188) | 45,320 | (146,429) |
| Total comprehensive income | <u>\$ 183,491</u> | <u>182,604</u> | <u>723,353</u> | <u>413,784</u> |
| Net profit attributable to non-controlling interests in this period | <u>\$ 64,449</u> | <u>155,325</u> | <u>401,118</u> | <u>397,727</u> |
| Total comprehensive income attributable to non-controlling interests | <u>\$ 65,394</u> | <u>155,469</u> | <u>400,553</u> | <u>397,191</u> |
| Cash flows from operating activities | \$ 452,334 | 595,457 | 795,525 | 1,770,970 |
| Cash flows from investing activities | (3,453) | 10,399 | (8,844) | 6,051 |
| Cash flows from financing activities | (288,039) | 298,864 | (778,683) | 107,978 |
| Net increase in cash and cash equivalents | <u>\$ 160,842</u> | <u>904,720</u> | <u>7,998</u> | <u>1,884,999</u> |
| Dividends paid to non-controlling interests | <u>\$ 318,582</u> | <u>181,449</u> | <u>318,582</u> | <u>181,449</u> |

(8) Property, Plant, and Equipment

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

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

| | | | | Other equipment (including transportation equipment, office equipment, machinery, other equipment and leased assets) | Construction in progress | Total |
|------------------------------------|---------------------|------------------|---------------------------|---|-----------------------------|------------------|
| | Land | Buildings | Leasehold improvements | | | |
| Cost or deemed cost: | | | | | | |
| Balance as of January 1, 2023 | \$ 3,607,479 | 4,367,565 | 1,025,254 | 431,222 | 8,471 | 9,439,991 |
| Addition | - | 3,730 | 810 | 29,428 | - | 33,968 |
| Transfer into (out of) | - | 10,202 | - | 6,701 | (8,166) | 8,737 |
| Disposal and scrap | - | (1,024) | (4,335) | (48,026) | - | (53,385) |
| Adjustment of decoration works | - | - | - | - | (305) | (305) |
| Balance as of September 30, 2023 | <u>\$ 3,607,479</u> | <u>4,380,473</u> | <u>1,021,729</u> | <u>419,325</u> | <u>-</u> | <u>9,429,006</u> |
| Balance as of January 1, 2022 | \$ 3,567,078 | 4,355,494 | 1,047,652 | 391,669 | 3,452 | 9,365,345 |
| Addition | - | 9,079 | 5,841 | 24,321 | 7,682 | 46,923 |
| Transfer from prepayments | - | 339 | - | 357 | - | 696 |
| Disposal and scrap | - | (21,345) | - | (4,407) | - | (25,752) |
| Adjustment of decoration works | - | - | (21,271) | 377 | (3,452) | (24,346) |
| Reclassifications | 40,401 | 14,818 | - | (811) | - | 54,408 |
| Balance as of September 30, 2022 | <u>\$ 3,607,479</u> | <u>4,358,385</u> | <u>1,032,222</u> | <u>411,506</u> | <u>7,682</u> | <u>9,417,274</u> |
| Depreciation and impairment losses | | | | | | |
| Balance as of January 1, 2023 | \$ 14,000 | 1,953,912 | 805,394 | 287,458 | - | 3,060,764 |
| Depreciation for the year | - | 86,554 | 35,553 | 39,063 | - | 161,170 |
| Disposal and scrap | - | (1,024) | (3,700) | (48,026) | - | (52,750) |
| Balance as of September 30, 2023 | <u>\$ 14,000</u> | <u>2,039,442</u> | <u>837,247</u> | <u>278,495</u> | <u>-</u> | <u>3,169,184</u> |
| Balance as of January 1, 2022 | \$ - | 1,857,836 | 755,840 | 248,433 | - | 2,862,109 |
| Depreciation for the year | - | 83,193 | 37,071 | 31,329 | - | 151,593 |
| Disposal and scrap | - | (21,345) | - | (4,407) | - | (25,752) |
| Reclassifications | 14,000 | 6,177 | - | (365) | - | 19,812 |
| Balance as of September 30, 2022 | <u>\$ 14,000</u> | <u>1,925,861</u> | <u>792,911</u> | <u>274,990</u> | <u>-</u> | <u>3,007,762</u> |
| Carrying amount: | | | | | | |
| January 1, 2023 | <u>\$ 3,593,479</u> | <u>2,413,653</u> | <u>219,860</u> | <u>143,764</u> | <u>8,471</u> | <u>6,379,227</u> |
| September 30, 2023 | <u>\$ 3,593,479</u> | <u>2,341,031</u> | <u>184,482</u> | <u>140,830</u> | <u>-</u> | <u>6,259,822</u> |
| January 1, 2022 | <u>\$ 3,567,078</u> | <u>2,497,658</u> | <u>291,812</u> | <u>143,236</u> | <u>3,452</u> | <u>6,503,236</u> |
| September 30, 2022 | <u>\$ 3,593,479</u> | <u>2,432,524</u> | <u>239,311</u> | <u>136,516</u> | <u>7,682</u> | <u>6,409,512</u> |

As of September 30, 2023, December 31, 2022, and September 30, 2022, for information regarding the details on the guarantees on financing amount limits, please refer to Note 8.

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

(9) Right-of-use assets

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

| | Land | Buildings | Transportation equipment | Total |
|--|------------------|------------------|-------------------------------------|------------------|
| Cost of right-of-use assets: | | | | |
| Balance as of January 1, 2023 | \$ 2,302 | 3,841,187 | 25,368 | 3,868,857 |
| Addition | 12,408 | 3,218 | 5,205 | 20,831 |
| Transfer out - Lease expires | - | - | (5,869) | (5,869) |
| Reclassifications | 87 | - | - | 87 |
| Balance as of September 30, 2023 | \$ 14,797 | 3,844,405 | 24,704 | 3,883,906 |
| Balance as of January 1, 2022 | \$ - | 3,884,636 | 16,789 | 3,901,425 |
| Addition | - | 2,939 | 2,233 | 5,172 |
| Lease modifications | - | (25,765) | - | (25,765) |
| Transfer out - Lease expires | - | - | (2,281) | (2,281) |
| Balance as of September 30, 2022 | \$ - | 3,861,810 | 16,741 | 3,878,551 |
| Depreciation and impairment losses of the right-of-use assets: | | | | |
| Balance as of January 1, 2023 | \$ - | 757,943 | 12,478 | 770,421 |
| Depreciation for the period | 4,504 | 153,475 | 7,035 | 165,014 |
| Transfer out - Lease expires | - | - | (5,869) | (5,869) |
| Balance as of September 30, 2023 | \$ 4,504 | 911,418 | 13,644 | 929,566 |
| Balance as of January 1, 2022 | \$ - | 555,481 | 9,215 | 564,696 |
| Depreciation for the period | - | 152,676 | 4,099 | 156,775 |
| Transfer out - Lease expires | - | - | (2,281) | (2,281) |
| Balance as of September 30, 2022 | \$ - | 708,157 | 11,033 | 719,190 |
| Carrying amount: | | | | |
| January 1, 2023 | \$ 2,302 | 3,083,244 | 12,890 | 3,098,436 |
| September 30, 2023 | \$ 10,293 | 2,932,987 | 11,060 | 2,954,340 |
| January 1, 2022 | \$ - | 3,329,155 | 7,574 | 3,336,729 |
| September 30, 2022 | \$ - | 3,153,653 | 5,708 | 3,159,361 |

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

(10) Investment property

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

| | Land and improvements | Buildings | Total |
|--|--------------------------|-----------------------|-----------------------|
| Cost or deemed cost: | | | |
| Balance as of January 1, 2023 | \$ 282,087 | 213,814 | 495,901 |
| Balance as of September 30, 2023 | <u>\$ 282,087</u> | <u>213,814</u> | <u>495,901</u> |
| Balance as of January 1, 2022 | \$ 335,287 | 216,663 | 551,950 |
| Transfer to Property, Plant, and Equipment | (53,200) | (2,019) | (55,219) |
| Reclassifications | - | (831) | (831) |
| Balance as of September 30, 2022 | <u>\$ 282,087</u> | <u>213,813</u> | <u>495,900</u> |
| Depreciation and impairment losses | | | |
| Balance as of January 1, 2023 | \$ - | 33,536 | 33,536 |
| Depreciation for the year | - | 3,144 | 3,144 |
| Balance as of September 30, 2023 | <u>\$ -</u> | <u>36,680</u> | <u>36,680</u> |
| Balance as of January 1, 2022 | \$ - | 50,288 | 50,288 |
| Depreciation for the year | - | 3,207 | 3,207 |
| Transfer to Property, Plant, and Equipment | - | (20,177) | (20,177) |
| Reclassifications | - | (831) | (831) |
| Balance as of September 30, 2022 | <u>\$ -</u> | <u>32,487</u> | <u>32,487</u> |
| Carrying amount: | | | |
| January 1, 2023 | <u>\$ 282,087</u> | <u>180,278</u> | <u>462,365</u> |
| September 30, 2023 | <u>\$ 282,087</u> | <u>177,134</u> | <u>459,221</u> |
| January 1, 2022 | <u>\$ 335,287</u> | <u>166,375</u> | <u>501,662</u> |
| September 30, 2022 | <u>\$ 282,087</u> | <u>181,326</u> | <u>463,413</u> |

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

As of September 30, 2023, December 31, 2022, and September 30, 2022, for information regarding the group's investment property pledged as collateral, please refer to Note 8.

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

(11) Intangible assets

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

| | Franchise | Trademarks and patents | Computer software and others | Total |
|-----------------------------------|------------------|---------------------------|------------------------------------|----------------|
| Cost: | | | | |
| Balance as of January 1, 2023 | \$ 54,199 | 500 | 137,541 | 192,240 |
| Capitalized R&D | - | - | 9,769 | 9,769 |
| Transfer from prepayments | - | - | 1,883 | 1,883 |
| Disposal | - | - | (59,256) | (59,256) |
| Balance as of September 30, 2023 | <u>\$ 54,199</u> | <u>500</u> | <u>89,937</u> | <u>144,636</u> |
| Balance as of January 1, 2022 | \$ 54,199 | 500 | 127,972 | 182,671 |
| Capitalized R&D | - | - | 5,179 | 5,179 |
| Balance as of September 30, 2022 | <u>\$ 54,199</u> | <u>500</u> | <u>133,151</u> | <u>187,850</u> |
| Amortization and impairment loss: | | | | |
| Balance as of January 1, 2023 | \$ 36,622 | 500 | 101,244 | 138,366 |
| Amortization for the year | 2,605 | - | 8,236 | 10,841 |
| Disposal | - | - | (59,256) | (59,256) |
| Balance as of September 30, 2023 | <u>\$ 39,227</u> | <u>500</u> | <u>50,224</u> | <u>89,951</u> |
| Balance as of January 1, 2022 | \$ 33,147 | 500 | 94,620 | 128,267 |
| Amortization for the year | 2,605 | - | 5,350 | 7,955 |
| Balance as of September 30, 2022 | <u>\$ 35,752</u> | <u>500</u> | <u>99,970</u> | <u>136,222</u> |
| Carrying amount: | | | | |
| January 1, 2023 | <u>\$ 17,577</u> | <u>-</u> | <u>36,297</u> | <u>53,874</u> |
| September 30, 2023 | <u>\$ 14,972</u> | <u>-</u> | <u>39,713</u> | <u>54,685</u> |
| January 1, 2022 | <u>\$ 21,052</u> | <u>-</u> | <u>33,352</u> | <u>54,404</u> |
| September 30, 2022 | <u>\$ 18,447</u> | <u>-</u> | <u>33,181</u> | <u>51,628</u> |

As of September 30, 2023, December 31, 2022, and September 30, 2022, none of the intangible assets of the Group has been pledged as collateral.

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

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|---|---------------------|------------------|------------------|
| Other financial assets - current | \$ 2,917,849 | 3,675,772 | 2,063,152 |
| Incremental costs of obtaining a contract | 18,967 | 9,978 | 10,389 |
| | <u>\$ 2,936,816</u> | <u>3,685,750</u> | <u>2,073,541</u> |

1. Other financial assets - current

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

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

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, 2023 and 2022, the amortization costs recognized were NT\$18,483 thousand and NT\$45,398 thousand, respectively.

(13) Short-term notes and bills payable

Details of the short-term notes payable by the merged company are as follows:

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|-----------------------------------|-------------------|-------------------|------------------|
| Accounts Payable Commercial Draft | \$ 130,000 | - | 30,000 |

In the periods from January 1 to September 30, 2023 and 2022, the incremental amounts of loans were NT\$ 530,000 thousand and NT\$ 110,000 thousand, with interest rates ranging from 2.538% - 2.638% and 1.038% - 2.238%, respectively. The repayment amounts were NT\$ 400,000 thousand and NT\$ 80,000 thousand, respectively.

(14) Short and long-term borrowings due within one year or one operating cycle, and current portion of long-term borrowing

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

| 2023.9.30 | | | |
|----------------------|-----------------|----------------------------------|--------------------------|
| | Currency | Interest rate collars | Maturity year |
| Secured bank loans | NTD | 2.21%~2.57% | 2023~2028 |
| Unsecured bank loans | NTD | 1.69%~2.83% | 2023~2028 |
| Total | | | \$ 18,028,178 |
| Current | | | \$ 16,743,458 |
| Non-current | | | 1,284,720 |
| Total | | | \$ 18,028,178 |

| 2022.12.31 | | | |
|----------------------|-----------------|----------------------------------|--------------------------|
| | Currency | Interest rate collars | Maturity year |
| Secured bank loans | NTD | 1.79%~2.56% | 2023~2027 |
| Unsecured bank loans | NTD | 1.57%~2.44% | 2023~2024 |
| Total | | | \$ 16,668,696 |
| Current | | | \$ 15,230,496 |
| Non-current | | | 1,438,200 |
| Total | | | \$ 16,668,696 |

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

| | 2022.9.30 | | |
|----------------------|------------------|------------------------------|----------------------|
| | Currency | Interest rate collars | Maturity year |
| Secured bank loans | NTD | 1.79%~2.30% | 2022~2027 |
| Unsecured bank loans | NTD | 1.45%~2.44% | 2023~2024 |
| Total | | | \$ 11,627,318 |
| Current | | | \$ 4,714,156 |
| Non-current | | | \$ 16,341,474 |
| Total | | | \$ 16,341,474 |

1. Issuance and repayment of loans

In the periods from January 1 to September 30, 2023 and 2022, the increases in loans were NT\$6,379,250 thousand and NT\$3,752,369 thousand, respectively; the amounts of repayments were NT\$5,019,768 thousand and NT\$4,007,860 thousand, respectively.

2. Collateral

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

(15) Bonds payable and convertible corporate bond due within one year or one operating cycle, and current portion of convertible corporate bond

Details on corporate bonds payable are as follows:

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|--|---------------------|-------------------|------------------|
| Secured ordinary corporate bonds - current | \$ 1,000,000 | 2,000,000 | 1,000,000 |
| Secured ordinary corporate bonds - non-current | 2,000,000 | 2,000,000 | 3,000,000 |
| Total | \$ 3,000,000 | 4,000,000 | 4,000,000 |

- In the periods from January 1 to September 30, 2023 and 2022, the Group did not issue corporate bonds payable. For 2022 relevant information, please refer to Note 6(14) to the 2022 Consolidated Financial Statements.
- For details on the aforementioned secured ordinary corporate bonds, please refer to Note 8.

(16) Lease liabilities

The carrying amount of lease liability is as follows:

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|-------------|---------------------|-------------------|------------------|
| Current | \$ 195,155 | 191,062 | 176,548 |
| Non-current | \$ 2,973,016 | 3,123,422 | 3,170,849 |

Refer to Note 6(26) for the details on the analysis of maturity profile of the Group's lease liabilities.

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

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

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--|---------------------|---------------------|---------------------|---------------------|
| Interest expense on lease liability | \$ 14,065 | 15,218 | 42,542 | 44,990 |
| Expenses relating to short-term leases and low-value asset leases | \$ 7,080 | 4,147 | 22,041 | 9,215 |
| Lease subsidies related to COVID-19 (other income) | \$ - | 10,425 | - | 14,066 |

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

| | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|---|---------------------|---------------------|
| Variable lease payments not accounted for in lease liability | \$ 84,087 | 54,939 |
| Total cash used in lease | \$ 315,814 | 263,270 |

1. Lease of buildings and constructions

- (1) The land on Gongyuan Road in Pingtung City Schedule in Contract is leased from Pingtung Irrigation Association. The lease term was 20 years and the lease payment was of a certain percentage of the land according to the contract assessed by the government. In the second half of 2011, the lease was extended for another ten years. A loyalty fee of NT\$16,000 thousand was paid to obtain the right of first refusal in the two years prior to the lease expiration date and to renew the lease with pre-negotiated terms and conditions.
- (2) The mall in Nangang HSR station is leased from Taiwan Railways Administration, MOTC under a service concession contract. The lease term is sixteen years (including a year for leasehold improvement), and the lease payment, or the annual concession fee, includes both a flat amount and a percentage of retail sales revenue.
- (3) The mall and parking lot in Linkou A8 Chang Gung Memorial Hospital Station of MRT Taoyuan Airport Line is leased from Asia Pacific Development Co. The lease term is twenty years starting from the first date of operation, and the lease payment on the mall is the greater of a flat fee or a percentage of retail sales revenue.
- (4) The mall in A9 Linkou Station of MRT Taoyuan Airport Line is leased from the Bureau of High Speed Rail and the Railway Bureau, MOTC under the "Lease Contract of Shopping Mall at Linkou Station of the Taiwan Taoyuan International Airport Access MRT System" and "Lease Contract of Shopping Mall at A19 Station of the Taiwan Taoyuan International Airport Access MRT System", respectively. The lease term is 20 years starting from the contract commencement

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

date, and the lease payment is the greater of the flat concession fee committed in the contract or a variable concession fee. The variable operating concession fee is a percentage of retail sales revenue and non-operating income of actual operation, plus lease payments on the land and buildings.

- (5) The Group leases office and store space at the Banqiao Station Mall from the Taiwan Railway Administration. The lease term is 16 years, with a fixed royalty payment, with no increase in the first four years and an annual increase of 3% in the fifth year based on the previous year's amount. In addition to the fixed royalty, the operating royalty shall be paid based on a certain percentage of turnover.
- (6) The Consolidated Company and the Taiwan Railway Administration, Ministry of Transportation and Communications (hereinafter referred to as "TAT") entered into an operating and investment contract for the "New Zuoying Station Building", under which TAT will provide the commercial space on the east and west sides of the shopping mall from B1F to 4F of the New Zuoying Station Building and entrust the Consolidated Company with the construction (for a period of one year) and operation (for a period of twelve years), after which the operating right will be vested in TAT. The lease payment, or the annual concession fee, includes both a flat amount and a percentage of retail sales revenue.

2. Other leases

The Group leases land and transportation equipment and the lease duration is two to four years. The Group leases office equipment, outdoor fixed-spot advertising, and reception center. These leases are for short-term and low-value items, and the Group chooses to apply the exemption recognition requirement instead of recognizing their right-of-use assets and lease liabilities.

(17)Provisions

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|---------------------|-------------------|-------------------|------------------|
| Warranty provisions | \$ 174,260 | 183,236 | 176,591 |

There were no major changes in the group's provisions in the periods from January 1 to September 30, 2023 and 2022. For relevant information, please refer to Note 6(16) to the 2022 Consolidated Financial Statements.

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

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

(18) Operating lease (lessor)

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

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

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|---|-------------------------|----------------------|----------------------|
| Less than 1 year | \$ 9,726 | 9,726 | 9,726 |
| 1~2 years | 9,726 | 9,726 | 9,726 |
| 2~3 years | 9,726 | 9,726 | 9,726 |
| 3~4 years | 9,726 | 9,726 | 9,726 |
| 4~5 years | 9,726 | 9,726 | 9,726 |
| Above 5 years | 22,022 | 29,316 | 31,748 |
| Non-discounted future cash flows of lease | <u>\$ 70,652</u> | <u>77,946</u> | <u>80,378</u> |

The rental income generated from investment property for the periods from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022 was NT\$2,431 thousand, NT\$2,265 thousand, NT\$7,294 thousand, and NT\$5,191 thousand, respectively. There have not been major maintenance or repair expenses incurred.

(19) Employee benefits

1. Defined benefit plans

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

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

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating costs` | <u>\$ 60</u> | <u>55</u> | <u>197</u> | <u>214</u> |
| Operating expenses | <u>\$ 68</u> | <u>98</u> | <u>318</u> | <u>989</u> |

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

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.

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating costs | <u>\$ 5,029</u> | <u>4,933</u> | <u>15,093</u> | <u>13,626</u> |
| Operating expenses | <u>\$ 5,974</u> | <u>5,672</u> | <u>17,418</u> | <u>16,221</u> |

3. Short-term compensated absences liabilities

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|--|------------------|-------------------|------------------|
| Short-term compensated absences liabilities | <u>\$ 20,928</u> | <u>20,174</u> | <u>17,105</u> |

(20) Income tax

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

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Current tax expenses | | | | |
| Accrued in current period | \$ 139,558 | 125,868 | 406,190 | 351,951 |
| Surtax on unappropriated earnings | - | - | 88,413 | 110,645 |
| Adjustments to income tax expenses of previous period | - | (21) | 553 | (2,677) |
| Land value increment tax | <u>23,589</u> | <u>10,220</u> | <u>81,305</u> | <u>47,449</u> |
| | <u>163,147</u> | <u>136,067</u> | <u>576,461</u> | <u>507,368</u> |
| Deferred income tax expenses | | | | |
| Occurrence and reversal of temporary differences | <u>692</u> | <u>982</u> | <u>(1,861)</u> | <u>7,446</u> |
| Income tax expenses on units in continuing operation | <u>\$ 163,839</u> | <u>137,049</u> | <u>574,600</u> | <u>514,814</u> |

2. The Company's consolidated corporate income tax settlement and declaration have been approved by the tax authorities until the year 2021.

(21) Capital and other equity interest

Apart from the matters described in the following paragraphs, there were no major changes in the Group's capital and other equity in the periods from January 1 to September 30, 2023 and 2022. For relevant information, please refer to Note 6(20) to the 2022 consolidated financial statements.

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

1. Capital reserve

The details of capital reserve were as follows:

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|--|----------------------------|-------------------------|-------------------------|
| Shares premium | \$ 827,906 | 827,906 | 827,906 |
| Premium on conversion of corporate bonds | 236,408 | 236,408 | 236,408 |
| Treasury stock transactions | 345,697 | 325,201 | 325,201 |
| Gains on disposal of assets | 34,912 | 34,912 | 34,912 |
| Others | 27,478 | 27,142 | 27,142 |
| | <u>\$ 1,472,401</u> | <u>1,451,569</u> | <u>1,451,569</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.

2. Retained earnings

The Company's Articles of Incorporation, amended and approved at the shareholders' meeting on June 19, 2023, state that the company's earnings must first be used to offset any deficits from prior years before paying income taxes. After this, 10% of the remaining balance is to be set aside as a legal reserve, and a special reserve will be established in accordance with relevant laws and regulations. If there is any balance left, it can be distributed to shareholders as dividends, including bonus dividends, as proposed by the Board of Directors and approved at the shareholders' meeting. However, if the earnings are to be distributed in cash, the Board of Directors must have two-thirds of its members present and obtain approval from a majority of those present, as stated in Article 240, Paragraph 5 of the Company Act. The distribution must be reported to the shareholders' meeting.

(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.

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

(2) Special reserve

In compliance with FSC regulations, distributable earnings should be calculated by adding the net decrease in other stockholders' equity to the special reserve set aside for the current year. This sum should then be added to the current period's net income after tax and the amount of undistributed earnings for the current period, along with the special reserve set aside for the prior period's undistributed earnings. It is important to note that the special reserve from prior periods' undistributed earnings cannot be distributed and does not include the accumulated other shareholders' equity from prior periods. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of September 30, 2023, the balance of special reserve was NT\$26,544 thousand.

(3) Earnings distribution

The 2022 and 2021 distribution of earnings were proposed by the Board meeting on June 19, 2023 and resolved at the shareholders' meeting on June 29, 2022, respectively. The dividends distributed to owners are as follows:

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

3. Treasury stock

- (1) On August 5, 2022, the Board of Directors made the decision to repurchase 1,000,000 shares of treasury stock. The purpose of this repurchase was to transfer shares to employees between August 10, 2022 and October 6, 2022. As of September 30, 2023, the Company has successfully completed the repurchase, with a total purchase amount of NT\$27,520 thousand and a total treasury stock amount of NT\$27,506 thousand. As of September 30, 2023, the number of uncanceled shares was 1,000 thousand shares.

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

(2) As of September 30, 2023 and 2022, the Company's common stock held by the group was as follows:

| Subsidiary name | 2023.9.30 | | | 2022.9.30 | | |
|-----------------------------|------------------|------------------------|----------------|------------------|------------------------|----------------|
| | Number of shares | Carrying amount (Note) | Market value | Number of shares | Carrying amount (Note) | Market value |
| Kedge Construction | 550 | \$ 1,222 | 18,233 | 550 | 1,222 | 13,915 |
| Jiequn Investment Co., Ltd. | 9,373 | 55,384 | 310,718 | 9,373 | 55,384 | 237,139 |
| Guanqing Electromechanical | 1,768 | 14,590 | 58,599 | 1,768 | 14,590 | 44,723 |
| | 11,691 | \$ 71,196 | 387,550 | 11,691 | 71,196 | 295,777 |

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

4. Other equity items (net of tax)

| | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Non-controlling interests | Total |
|---|---|---|---------------------------|-----------------|
| Balance as of January 1, 2023 | \$ (29,493) | 2,949 | (5,172) | (31,716) |
| The exchange differences yielded by net assets of overseas operating institutions | 69 | - | 14 | 83 |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | (1,938) | (566) | (2,504) |
| Balance as of September 30, 2023 | \$ (29,424) | 1,011 | (5,724) | (34,137) |
| Balance as of January 1, 2022 | \$ (29,652) | 2,925 | (5,223) | (31,950) |
| The exchange differences yielded by net assets of overseas operating institutions | 197 | - | 38 | 235 |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | (655) | (578) | (1,233) |
| Balance as of September 30, 2022 | \$ (29,455) | 2,270 | (5,763) | (32,948) |

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

(22) Earnings per Share

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

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|---|---------------------|---------------------|---------------------|---------------------|
| Basic earnings per share | | | | |
| Net income attributable to the holders of common shares of the company | \$ 773,285 | 325,417 | 1,449,025 | 1,601,782 |
| Weighted average number of ordinary shares outstanding | 541,479 | 541,953 | 541,479 | 542,304 |
| | \$ 1.43 | 0.60 | 2.68 | 2.95 |
| Diluted earnings per share | | | | |
| Net income attributable to the holders of common shares of the company (diluted) | \$ 773,285 | 325,417 | 1,449,025 | 1,601,782 |
| Weighted average number of ordinary shares outstanding | 541,479 | 541,953 | 541,479 | 542,304 |
| Influence of employees' share bonus | 797 | 1,259 | 1,173 | 1,724 |
| Weighted average number of ordinary shares outstanding (after adjusting the impact of diluting potential ordinary shares) | 542,276 | 543,212 | 542,652 | 544,028 |
| | \$ 1.43 | 0.60 | 2.67 | 2.94 |

(23) Revenue of Customer Contract

1. Disaggregation of revenue

| | Jul. - Sep. 2023 | | | |
|--|------------------------------|--------------|---------------|-----------|
| | Development business unit | Construction | Shopping mall | Total |
| Main regional markets: | | | | |
| Taiwan | \$ 2,458,625 | 2,094,540 | 415,637 | 4,968,802 |
| Main products/services: | | | | |
| Sales of real estate developments | \$ 2,363,114 | - | - | 2,363,114 |
| Sales of construction contracts | 92,873 | 2,094,540 | - | 2,187,413 |
| Sales commission from department store retailers | - | - | 336,152 | 336,152 |
| Service revenue | - | - | 7,590 | 7,590 |
| Rental income | 2,638 | - | 37,537 | 40,175 |
| Other income | - | - | 34,358 | 34,358 |
| | \$ 2,458,625 | 2,094,540 | 415,637 | 4,968,802 |
| Timing of revenue recognition: | | | | |
| Transfer of products upon a point in time | \$ 2,363,114 | - | 373,194 | 2,736,308 |
| Gradually transferred revenue over time | 2,638 | - | 42,443 | 45,081 |
| Gradually transferred construction over time | 92,873 | 2,094,540 | - | 2,187,413 |
| | \$ 2,458,625 | 2,094,540 | 415,637 | 4,968,802 |

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

| Jul. - Sep. 2022 | | | | |
|--|------------------------------|------------------|----------------|------------------|
| | Development business unit | Construction | Shopping mall | Total |
| Main regional markets: | | | | |
| Taiwan | \$ 797,863 | 3,268,501 | 378,347 | 4,444,711 |
| Main products/services: | | | | |
| Sales of real estate developments | \$ 822,478 | - | - | 822,478 |
| Sales of construction contracts | (27,696) | 3,268,501 | - | 3,240,805 |
| Sales commission from department store retailers | - | - | 308,162 | 308,162 |
| Service revenue | 611 | - | 7,312 | 7,923 |
| Rental income | 2,470 | - | 34,087 | 36,557 |
| Other income | - | - | 28,786 | 28,786 |
| | <u>\$ 797,863</u> | <u>3,268,501</u> | <u>378,347</u> | <u>4,444,711</u> |
| Timing of revenue recognition: | | | | |
| Transfer of products upon a point in time | \$ 823,089 | - | 339,457 | 1,162,546 |
| Gradually transferred revenue over time | 2,470 | - | 38,890 | 41,360 |
| Gradually transferred construction over time | (27,696) | 3,268,501 | - | 3,240,805 |
| | <u>\$ 797,863</u> | <u>3,268,501</u> | <u>378,347</u> | <u>4,444,711</u> |

| Jan. - Sep. 2023 | | | | |
|--|------------------------------|------------------|------------------|-------------------|
| | Development business unit | Construction | Shopping mall | Total |
| Main regional markets: | | | | |
| Taiwan | \$ 4,440,173 | 8,247,884 | 1,215,489 | 13,903,546 |
| Main products/services: | | | | |
| Sales of real estate developments | \$ 4,213,700 | - | - | 4,213,700 |
| Sales of construction contracts | 218,545 | 8,247,884 | - | 8,466,429 |
| Sales commission from department store retailers | - | - | 971,660 | 971,660 |
| Service revenue | - | - | 22,343 | 22,343 |
| Rental income | 7,928 | - | 116,287 | 124,215 |
| Other income | - | - | 105,199 | 105,199 |
| | <u>\$ 4,440,173</u> | <u>8,247,884</u> | <u>1,215,489</u> | <u>13,903,546</u> |
| Timing of revenue recognition: | | | | |
| Transfer of products upon a point in time | \$ 4,213,700 | - | 1,084,634 | 5,298,334 |
| Gradually transferred revenue over time | 7,928 | - | 130,855 | 138,783 |
| Gradually transferred construction over time | 218,545 | 8,247,884 | - | 8,466,429 |
| | <u>\$ 4,440,173</u> | <u>8,247,884</u> | <u>1,215,489</u> | <u>13,903,546</u> |

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

| Jan. - Sep. 2022 | | | | |
|--|------------------------------|------------------|------------------|-------------------|
| | Development business unit | Construction | Shopping mall | Total |
| Main regional markets: | | | | |
| Taiwan | \$ 5,604,779 | 7,495,710 | 1,020,208 | 14,120,697 |
| Main products/services: | | | | |
| Sales of real estate developments | \$ 5,544,655 | - | - | 5,544,655 |
| Sales of construction contracts | 41,102 | 7,495,721 | - | 7,536,823 |
| Sales commission from department store retailers | - | - | 829,361 | 829,361 |
| Service revenue | 13,234 | - | 20,025 | 33,259 |
| Rental income | 5,788 | (11) | 92,128 | 97,905 |
| Other income | - | - | 78,694 | 78,694 |
| | <u>\$ 5,604,779</u> | <u>7,495,710</u> | <u>1,020,208</u> | <u>14,120,697</u> |
| Timing of revenue recognition: | | | | |
| Transfer of products upon a point in time | \$ 5,557,889 | - | 913,835 | 6,471,724 |
| Gradually transferred revenue over time | 5,788 | (11) | 106,373 | 112,150 |
| Gradually transferred construction over time | 41,102 | 7,495,721 | - | 7,536,823 |
| | <u>\$ 5,604,779</u> | <u>7,495,710</u> | <u>1,020,208</u> | <u>14,120,697</u> |

2. Contract balances

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|--|---------------------|------------------|------------------|
| Notes and accounts receivable | \$ 1,236,166 | 2,157,943 | 1,085,186 |
| Less: Loss allowance | (8,132) | (8,096) | (8,672) |
| Total | <u>\$ 1,228,034</u> | <u>2,149,847</u> | <u>1,076,514</u> |
| Contract assets - construction | \$ 2,534,362 | 1,675,939 | 1,874,793 |
| Less: Loss allowance | - | - | - |
| Total | <u>\$ 2,534,362</u> | <u>1,675,939</u> | <u>1,874,793</u> |
| Contract liabilities - construction | \$ 2,267,334 | 1,635,353 | 1,781,013 |
| Contract liabilities - buildings | 898,740 | 306,601 | 647,840 |
| Contract liabilities - gym | 12,856 | 12,011 | 11,628 |
| Contract liabilities - customer loyalty points | 42,545 | 17,009 | 38,748 |
| Contract liabilities - vouchers | 80,887 | 74,831 | 78,706 |
| Total | <u>\$ 3,302,362</u> | <u>2,045,805</u> | <u>2,557,935</u> |

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

The fluctuations in contract assets and contract liabilities primarily result from the time gap between when the Group delivers goods or services to clients to fulfill their obligations and when clients make payments. There were no other material changes

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

during the periods from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022.

As of September 30, 2023, the prepayments of real estate pre-sales and the related interests were retained in trust accounts of identified banks and recognized as other financial assets - current in the amount of NT\$127,092 thousand. Details on the trust accounts were as follows:

| Project code | 2023.9.30 |
|--------------|--------------------------|
| 101A | \$ <u><u>127,092</u></u> |

(24) Remunerations to employees and directors

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

The estimated employee remunerations for the periods from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, were NT\$15,580 thousand, NT\$5,080 thousand, NT\$26,428 thousand, and NT\$31,857 thousand, respectively. Similarly, the estimated director remunerations for these periods were NT\$15,580 thousand, NT\$5,080 thousand, NT\$26,428 thousand, and NT\$31,857 thousand. These amounts were calculated by multiplying the company's net income before tax for each period by the percentage specified in the company's Article of Incorporation, excluding remunerations to employees and directors. These remunerations were recorded as 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 for the years 2022 and 2021 was NT\$41,942 thousand and NT\$53,929 thousand, respectively. Similarly, the actual distribution of director remuneration for the same years amounted to NT\$41,942 thousand and NT\$53,929 thousand. There were no discrepancies between the estimated and actual distributions. Please consult the MOPS for further details.

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

(25) Non-operating income and expenses

1. Interest income

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

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|---|---------------------|---------------------|---------------------|---------------------|
| Bank deposits (including short-term securities) | \$ 30,796 | 12,797 | 98,905 | 33,622 |
| Loans and receivables | 117 | 981 | 317 | 2,434 |
| Construction refundable deposits (including deposits) | 60 | 140 | 135 | 424 |
| Other interest income | - | 198 | 27 | 1,103 |
| | <u>\$ 30,973</u> | <u>14,116</u> | <u>99,384</u> | <u>37,583</u> |

2. Other income

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

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|-----------------|---------------------|---------------------|---------------------|---------------------|
| Dividend income | \$ 4,311 | 6,967 | 4,630 | 7,330 |

3. Other gains or losses

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

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|---|---------------------|---------------------|---------------------|---------------------|
| Gains on foreign exchange | \$ 1,980 | 5,967 | 2,440 | 9,051 |
| Net gain (loss) of financial assets measured at fair value through profit or loss | (77) | (15,582) | 7,582 | (41,653) |
| Gain/loss on disposal of property, plant, and equipment | - | - | (273) | - |
| Government grant income | - | 10,476 | - | 14,338 |
| Rental income | 273 | 179 | 809 | 510 |
| Other income | 12,433 | 7,663 | 88,958 | 53,146 |
| Others | (213) | (1,157) | (104,443) | (1,808) |
| | <u>\$ 14,396</u> | <u>7,546</u> | <u>(4,927)</u> | <u>33,584</u> |

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

4. Finance costs

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

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--|---------------------|---------------------|---------------------|---------------------|
| Interest expenses | | | | |
| Bank loans | \$ 104,358 | 81,332 | 291,158 | 230,793 |
| Interests on deposits in advance for public land development | 64 | 29 | 149 | 63 |
| Transaction fees and interests on corporate bonds | 12,667 | 17,613 | 38,342 | 52,263 |
| Lease liabilities | 14,002 | 15,218 | 42,379 | 44,990 |
| Others | 303 | 196 | 890 | 664 |
| Less: Capitalization of interest | (70,405) | (36,679) | (172,331) | (100,517) |
| | <u>\$ 60,989</u> | <u>77,709</u> | <u>200,587</u> | <u>228,256</u> |

(26) Financial Instruments

Apart from the matters described in the following paragraphs, there have been no significant changes in the fair value of the Group's financial instruments and exposures to credit risk, liquidity risk, and market risk arising from financial instruments. For further details, please refer to Note 6(25) of the 2022 consolidated financial statements.

1. Liquidity risk

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

| | Book value | Contractual cash flows | Less than 1 year | 1 - 3 years | 3 - 5 years | Over 5 years |
|---|----------------------|---------------------------|---------------------|------------------|------------------|------------------|
| September 30, 2023 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Long-/short-term loans (including current portion due within one year) | \$ 18,028,178 | 18,559,094 | 12,980,480 | 1,309,747 | 4,268,867 | - |
| Short-term notes and bills payable | 130,000 | 130,000 | 130,000 | - | - | - |
| Ordinary corporate bonds (including within one year) | 3,000,000 | 3,022,115 | 1,000,362 | 2,021,753 | - | - |
| Notes, accounts and other payables | 6,520,354 | 6,520,354 | 4,481,704 | 2,038,650 | - | - |
| Guarantee deposits received | 99,717 | 99,717 | - | 99,717 | - | - |
| Other current and non-current liabilities (Long-term liabilities) | 16,336 | 16,402 | 16,402 | - | - | - |
| Lease liabilities (including current portion) | 3,168,171 | 3,657,789 | 245,350 | 474,843 | 464,895 | 2,472,701 |
| | <u>\$ 30,962,756</u> | <u>32,005,471</u> | <u>18,854,298</u> | <u>5,944,710</u> | <u>4,733,762</u> | <u>2,472,701</u> |

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

| | Book value | Contractual cash flows | Less than 1 year | 1 - 3 years | 3 - 5 years | Over 5 years |
|--|-----------------------------|-----------------------------------|-----------------------------|--------------------------|-------------------------|-------------------------|
| December 31, 2022 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Long-/short-term loans (including current portion due within one year) | \$ 16,668,696 | 17,134,531 | 10,927,881 | 4,413,182 | 1,793,468 | - |
| Ordinary corporate bonds (including within one year) | 4,000,000 | 4,039,600 | 2,007,375 | 2,032,225 | - | - |
| Notes, accounts and other payables | 7,257,175 | 7,257,175 | 5,373,925 | 1,883,250 | - | - |
| Guarantee deposits received | 96,204 | 96,204 | - | 96,204 | - | - |
| Other current and non-current liabilities (Long-term liabilities) | 32,672 | 32,892 | 16,490 | 16,402 | - | - |
| Lease liabilities (including current portion) | 3,314,484 | 3,845,738 | 245,058 | 470,844 | 464,549 | 2,665,287 |
| | <u>\$ 31,369,231</u> | <u>32,406,140</u> | <u>18,570,729</u> | <u>8,912,107</u> | <u>2,258,017</u> | <u>2,665,287</u> |
| September 30, 2022 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Long-/short-term loans (including current portion due within one year) | \$ 16,341,474 | 16,815,605 | 7,154,989 | 7,700,339 | 1,960,277 | - |
| Short-term notes and bills payable | 30,000 | 30,000 | 30,000 | - | - | - |
| Ordinary corporate bonds (including within one year) | 4,000,000 | 4,047,994 | 1,003,078 | 2,026,784 | 1,018,132 | - |
| Notes, accounts and other payables | 6,044,270 | 6,044,270 | 4,210,156 | 1,834,114 | - | - |
| Guarantee deposits received | 97,414 | 97,414 | - | 97,414 | - | - |
| Other current and non-current liabilities (Long-term liabilities) | 32,672 | 32,892 | 16,490 | 16,402 | - | - |
| Lease liabilities (including current portion) | 3,347,397 | 3,897,402 | 231,828 | 469,014 | 465,463 | 2,731,097 |
| | <u>\$ 29,893,227</u> | <u>30,965,577</u> | <u>12,646,541</u> | <u>12,144,067</u> | <u>3,443,872</u> | <u>2,731,097</u> |

The Group does not anticipate any significant changes in the timing or amount of cash flows analyzed on the due date.

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.

For the nine-month periods ending on September 30, 2023 and 2022, if the interest rate were to increase or decrease by 1% while other factors remained unchanged, the Group's pre-tax profit would decrease or increase by NT\$135,211 thousand or NT\$122,561 thousand, respectively. After capitalizing interest, net profit would decrease or increase by NT\$72,728 thousand and NT\$85,090 thousand, respectively. This is primarily due to the Group's floating rate loans.

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

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. 2023 | | Jan. - Sep. 2022 | |
|--|--------------------------------------|----------------------|--------------------------------------|----------------------|
| | Other comprehensive income after tax | Net profit after tax | Other comprehensive income after tax | Net profit after tax |
| Increase by 10% | \$ 1,001 | 10,522 | 1,123 | 8,295 |
| Decrease by 10% | \$ (1,001) | (10,522) | (1,123) | (8,295) |

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:

| | 2023.9.30 | | | | |
|---|---------------|------------|---------|---------|---------|
| | 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 | \$ 105,216 | 105,216 | - | - | 105,216 |
| Financial assets at fair value through other comprehensive income | \$ 10,005 | 2,367 | - | 7,638 | 10,005 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 13,943,202 | - | - | - | - |
| Notes and accounts receivable | 1,228,034 | - | - | - | - |
| Other financial assets - current | 2,917,849 | - | - | - | - |
| Other financial assets - non-current | 60,344 | - | - | - | - |
| Subtotal | 18,149,429 | - | - | - | - |
| Total | \$ 18,264,650 | 107,583 | - | 7,638 | 115,221 |

(Continued on next page)

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

(Continued from last page)

| 2023.9.30 | | | | | |
|---|----------------------|-------------------|----------------|----------------|--------------|
| | Book value | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial liabilities measured at amortized costs | | | | | |
| Long/short-term loans (including current portion due within one year) | \$ 18,028,178 | - | - | - | - |
| Short-term notes and bills payable | 130,000 | - | - | - | - |
| Notes, accounts and other payables | 6,520,354 | - | - | - | - |
| Corporate bonds payable (including current portion) | 3,000,000 | - | - | - | - |
| Other current liabilities (Long-term liabilities) | 16,336 | - | - | - | - |
| Lease liabilities (including current portion) | 3,168,171 | - | - | - | - |
| Guarantee deposits received | 99,717 | - | - | - | - |
| Total | \$ 30,962,756 | - | - | - | - |

| 2022.12.31 | | | | | |
|---|----------------------|-------------------|----------------|----------------|----------------|
| | Book value | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value through profit or loss | | | | | |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | \$ 97,466 | 97,466 | - | - | 97,466 |
| Financial assets at fair value through other comprehensive income | \$ 12,509 | 2,438 | - | 10,071 | 12,509 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 15,522,920 | - | - | - | - |
| Notes and accounts receivable | 2,149,847 | - | - | - | - |
| Other financial assets - current | 3,675,772 | - | - | - | - |
| Other financial assets - non-current | 73,566 | - | - | - | - |
| Subtotal | 21,422,105 | - | - | - | - |
| Total | \$ 21,532,080 | 99,904 | - | 10,071 | 109,975 |

| | | | | | |
|---|----------------------|----------|----------|----------|----------|
| Financial liabilities measured at amortized costs | | | | | |
| Long/short-term loans (including current portion due within one year) | \$ 16,668,696 | - | - | - | - |
| Notes, accounts and other payables | 7,257,175 | - | - | - | - |
| Corporate bonds payable (including current portion) | 4,000,000 | - | - | - | - |
| Other current liabilities (Long-term liabilities) | 16,336 | - | - | - | - |
| Other non-current liabilities (Long-term liabilities) | 16,336 | - | - | - | - |
| Lease liabilities (including current portion) | 3,314,484 | - | - | - | - |
| Guarantee deposits received | 96,204 | - | - | - | - |
| Total | \$ 31,369,231 | - | - | - | - |

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

| | | 2022.9.30 | | | |
|---|----------------------|---------------|----------|--------------|---------------|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | \$ 82,947 | 82,947 | - | - | 82,947 |
| Financial assets at fair value through other comprehensive income | \$ 11,231 | 2,477 | - | 8,754 | 11,231 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 16,221,107 | - | - | - | - |
| Notes and accounts receivable | 1,076,514 | - | - | - | - |
| Other financial assets - current | 2,063,152 | - | - | - | - |
| Other financial assets - non-current | 60,671 | - | - | - | - |
| Subtotal | 19,421,444 | - | - | - | - |
| Total | \$ 19,515,622 | 85,424 | - | 8,754 | 94,178 |
| Financial liabilities measured at amortized costs | | | | | |
| Long/short-term loans (including current portion due within one year) | \$ 16,341,474 | - | - | - | - |
| Short-term notes and bills payable | 30,000 | - | - | - | - |
| Notes, accounts and other payables | 6,044,270 | - | - | - | - |
| Corporate bonds payable (including current portion) | 4,000,000 | - | - | - | - |
| Other current liabilities (Long-term liabilities) | 16,336 | - | - | - | - |
| Other non-current liabilities (Long-term liabilities) | 16,336 | - | - | - | - |
| Lease liabilities (including current portion) | 3,347,397 | - | - | - | - |
| Guarantee deposits received | 97,414 | - | - | - | - |
| Total | \$ 29,893,227 | - | - | - | - |

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

Non-derivative financial instruments

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

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing agencies, or governing authorities, and such price can actually reflect those traded frequently in the market,

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

then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accordance with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, low trading volumes and high or increasing bid-ask spreads are indications that a market is not active.

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

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

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

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

(3) Changes in Level 3 financial assets

| | Measured at fair value through other comprehensive income Equity instruments without public quotes |
|--------------------|---|
| January 1, 2023 | \$ 10,071 |
| September 30, 2023 | \$ 7,638 |
| January 1, 2022 | \$ 9,547 |
| September 30, 2022 | \$ 8,754 |

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among them, the assets still held on September 30, 2023 and 2022 are as follows:

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Total profit or loss | | | | |
| Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income") | \$ 1,494 | 1,242 | (2,433) | (793) |

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

(27) Financial risk management

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

(28) Capital management

The goals, policies, and procedures of the 2022 capital management align with the information disclosed in the 2022 annual consolidated financial statements. There are no significant differences between the aggregated quantitative data of the projects used for capital management in this period and the information disclosed in the 2022 Consolidated Financial Statements. For relevant information, please refer to Note 6(27) to the 2022 Consolidated Financial Statements.

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

The Group's non-cash investing and financing activities for the nine months ended to September 30, 2023 and 2022 are as follows:

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

| | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|--|-----------------------------|-----------------------------|
| Procurement of Property, Plant, and Equipment | \$ 33,968 | 46,923 |
| Add: Payables for equipment at the beginning of the period | 27,286 | 80,080 |
| Less: Payables for equipment at the end of period | (20,251) | (35,826) |
| | <u>\$ 41,003</u> | <u>91,177</u> |

7. Related-Party Transactions

(1) Name of related parties and relations

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

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

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

(2) Transactions with related parties

1. The Group donated a total of NT\$16,000 thousand and NT\$17,750 thousand to other related parties in the period from January 1 to September 30, 2023 and 2022 for the promotion of foundation affairs.
2. The Group leased part of the office building to other related parties and the joint venture company, with lease terms of one and three years, respectively. The rent income was NT\$32 thousand, NT\$24 thousand, NT\$97 thousand and NT\$52 thousand for the periods from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022.
3. In December 2021, the group entered into an information professional consulting service contract with ReadyCom Information Technology Service, with a total contract value of NT\$50 thousand per month, for which NT\$150 thousand had been paid as of September 30, 2023. The contract was terminated in 2023.

4. Debt situation

The details of debt between parties and the Group are as follows:

| Accounting Subject | Category and Name of Related Party | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|-------------------------------------|--|-----------|------------|-----------|
| Other financial assets - current | Joint venture | \$ - | - | 9 |
| Other payables | Associates | \$ - | 150 | 150 |

(3) Key management personnel transactions

Remuneration to major management personnel includes:

| | Jul. - Sep. 2023 | Jul. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| Short-term employee benefits | \$ 31,257 | 27,388 | 107,685 | 88,593 |
| Benefits after retirement | 71 | 65 | 217 | 205 |
| | <u>\$ 31,328</u> | <u>27,453</u> | <u>107,902</u> | <u>88,798</u> |

8. Pledged Assets

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

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

| Name of assets | Pledge guarantee object | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|---|--|----------------------|-------------------|-------------------|
| Buildings and land held for sale | Bank loans | \$ 7,544,932 | 6,136,065 | 6,147,604 |
| Land held for construction | " | 211,953 | 1,724,867 | 1,739,371 |
| Construction in progress | " | 14,634,380 | 8,876,318 | 8,430,058 |
| Investment properties and net value of property, plant, and equipment | Bank loans and corporate bonds payable | 6,240,216 | 6,299,209 | 6,324,493 |
| Other financial assets - current | Bank loans, pre-sales payments in trust accounts, guarantees, bonds payable, and restricted assets guarantee | 2,027,128 | 2,541,820 | 1,142,897 |
| Other financial assets - non-current | Guarantees and pre-sales payments in trust accounts | 51,316 | 50,802 | 50,795 |
| | | \$ 30,709,925 | 25,629,081 | 23,835,218 |

Note: The shares pledged as collateral for the subsidiary's bank borrowings amounted to 223,414 thousand shares in September 30, 2023, December 31, 2022, and September 30, 2022.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

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

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|----------------------------------|----------------------|-------------------|-------------------|
| Amount of construction contracts | \$ 43,082,447 | 42,465,890 | 41,930,660 |
| Amount of payments received | \$ 21,891,351 | 14,488,226 | 13,286,711 |

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

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|---|---------------------|-------------------|------------------|
| Amount of sales contracts signed | \$ 7,438,406 | 3,166,981 | 3,419,837 |
| Amount of payments received per contracts | \$ 898,740 | 306,601 | 729,840 |

3. For details on lease agreements of the Group's business in shopping mall management as of September 30, 2023, December 31, 2022, and September 30, 2022, please refer to Note 6(16). Details of the performance bond in relation to obligations under these agreements are as follows:

| | 2023.9.30 | 2022.12.31 | 2022.9.30 |
|------------------|-------------------|-------------------|------------------|
| Refundable notes | \$ 232,550 | 232,550 | 232,550 |

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

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

| | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
|------------------------------|---------------------|-------------------|------------------|
| Refundable deposits | <u>\$ 414,002</u> | <u>686,090</u> | <u>690,103</u> |
| Guarantees in trust accounts | <u>\$ 1,745,895</u> | <u>1,552,737</u> | <u>1,427,368</u> |

5. The merged company's contractual commitments regarding the non-recognition of payment rights for rights transformation are as follows:

| | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
|---|---------------------|-------------------|------------------|
| Acquisition of Inventory - construction | <u>\$ 3,455,265</u> | <u>-</u> | <u>-</u> |

6. As of September 30, 2023, December 31, 2022 and September 30, 2022, the guaranteed notes for projects were amounted to NT\$57,992 thousand, respectively.
7. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had issued bank guarantee letters amounting to NT\$3,294,195 thousand, NT\$4,279,154 thousand and NT\$4,455,007 thousand, respectively, for the construction warranty performance guarantee and prepayment guarantee.
8. It is passed by the Group's Board Meeting in December 2022, and 2021, that the promised to donate NT\$18,000 thousand and NT\$20,000 thousand in 2023 and 2022, respectively, to Kindom Yu San Education Foundation for the promotion of foundation affairs.
9. In November 2021, the Group entered into a contract with Taiwan Power Company (Taipower) for the urban renewal project of the former Nangang site (AR-1-2) of the Taipower northern storage and transportation center. Under the terms of the contract, the Group is obligated to lease back all commercial facilities (including parking spaces) that Taipower participated in the rights transformation and distribution. The lease term is ten years, with an option to renew for an additional ten years. The lease contract for the relevant commercial facilities and premises will be signed one year prior to obtaining the license.
10. If the Group's joint venture company (Tua Tiann Co., Ltd.) mentioned in Note 6(6) has entered into a contract with Taipei City Housing and Urban Renewal Center in September 2022 for the "Taipei Vehicle Specific Zone Station E1E2 Contour Publicly-Owned Urban Renewal Project," the Group will be jointly and severally responsible for the contract's compensation and performance.
11. In December 2022, the Group signed a contract with the National Center for Housing and Urban Renewal (NCHUR) to provide capital contribution and support for urban renewal projects. As part of the agreement, the Group is obligated to lease the

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

commercial facilities connected to the administrative office building for a duration of 20 years.

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 Nature | Jul. - Sep. 2023 | | | Jul. - Sep. 2022 | | |
|---|------------------|--------------------|---------|------------------|--------------------|---------|
| | Operating costs | Operating Expenses | Total | Operating costs | Operating Expenses | Total |
| Employee benefit expenses | | | | | | |
| Salaries and wages | 139,911 | 168,746 | 308,657 | 152,423 | 141,869 | 294,292 |
| Labor insurance and national health insurance | 12,744 | 13,855 | 26,599 | 10,439 | 11,371 | 21,810 |
| Pension expenses | 5,089 | 6,042 | 11,131 | 4,988 | 5,770 | 10,758 |
| Other employee benefits expenses | 16,653 | 12,510 | 29,163 | 3,929 | 12,789 | 16,718 |
| Depreciation | 6,375 | 105,446 | 111,821 | 2,144 | 102,942 | 105,086 |
| Amortization | 140 | 4,258 | 4,398 | - | 2,623 | 2,623 |

| Function Nature | Jan. - Sep. 2023 | | | Jan. - Sep. 2022 | | |
|---|------------------|--------------------|---------|------------------|--------------------|---------|
| | Operating costs | Operating Expenses | Total | Operating costs | Operating Expenses | Total |
| Employee benefit expenses | | | | | | |
| Salaries and wages | 445,103 | 496,566 | 941,669 | 408,781 | 462,957 | 871,738 |
| Labor insurance and national health insurance | 38,156 | 40,690 | 78,846 | 31,156 | 33,293 | 64,449 |
| Pension expenses | 15,290 | 17,736 | 33,026 | 13,840 | 17,210 | 31,050 |
| Other employee benefits expenses | 24,607 | 30,216 | 54,823 | 10,902 | 27,674 | 38,576 |
| Depreciation | 16,097 | 313,231 | 329,328 | 6,444 | 305,131 | 311,575 |
| Amortization | 220 | 10,621 | 10,841 | - | 7,955 | 7,955 |

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

13. Disclosure Notes

- (1) Information on Significant Transactions

In the period from January 1 to September 30, 2023, the group shall disclose information related to material transactions pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." Such information is as follows:

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

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

Unit: NT\$ thousand

| No. | Name of endorsement/guarantee provider | Subject of endorsements/guarantees | | Limit on endorsements/guarantees provided for a single party | Maximum balance for this period | Closing balance of endorsement/guarantees | Actual amount used | Amount of endorsement/guarantees collateralized with assets | Ratio of accumulated endorsement/guarantees to net equity per latest financial statements | Maximum endorsement/guarantee amount | Endorsement/guarantees provided by parent company to subsidiaries | Endorsement/guarantees provided by subsidiaries to parent company | Endorsement/guarantee provided to subsidiary in China |
|-----|--|------------------------------------|-------------------------------|--|---------------------------------|---|--------------------|---|---|--------------------------------------|---|---|---|
| | | Name of Company | Relationship (Note 1) | | | | | | | | | | |
| 1 | Kedge Construction | Kindom Development | Parent company and subsidiary | \$ 8,851,241 | 14,192 | 14,192 | 14,192 | - | 0.32% | 8,851,241 | N | Y | N |
| 2 | Dingtian Construction | Kindom Development | Parent company and subsidiary | 53,290 | 14,192 | 14,192 | 14,192 | - | 26.63% | 53,290 | N | Y | N |
| 2 | " | Kedge Construction | Parent company and subsidiary | 7,993,484 | 1,376,500 | 1,376,500 | 1,376,500 | - | 2,583.04% | 15,986,968 | N | Y | N |
| 3 | Global Mall | Guan Hua | 2 | 6,603,624 | 110,000 | 110,000 | 20,000 | - | 2.00% | 11,006,040 | Y | N | N |
| 3 | " | Guan Cheng | 2 | 6,603,624 | 61,550 | 61,550 | 61,550 | - | 1.12% | 11,006,040 | Y | N | N |
| 3 | " | Guan You | 2 | 6,603,624 | 180,000 | 180,000 | - | - | 3.27% | 11,006,040 | Y | N | N |

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

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

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

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

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

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

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: According to Global Mall's policies and procedures on endorsements/guarantees, the total amount permitted for endorsements/guarantees to third parties must not exceed 200% of its net equity as stated in its most recent financial statement. Additionally, the limits on endorsements/guarantees given to a single entity must not exceed 120% of its net equity as stated in its most recent financial statements.

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

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

Unit: NT\$ thousand/ thousand shares

| Investing Company | Type and name of securities | Relationship with the securities issuer | Account title in book | End of period | | | | Remark |
|-----------------------------|--|---|---|------------------|------------|----------------------------|-------------------|--------|
| | | | | Number of shares | Book value | Percentage of shareholding | Fair value (Note) | |
| Kindom Development | Stock - Fubon Financial Holding Co Ltd. | - | Financial assets at fair value through profit or loss - current | 604 | 36,652 | - % | 36,652 | |
| " | Stock - Everterminal Co. Ltd. | - | Financial assets measured at FVTOCI - non-current | 99 | 1,751 | 0.20 % | 1,751 | |
| " | Stock - Clientron Corp. | - | " | 29 | 552 | 0.05 % | 552 | |
| " | Stock - Fubon Financial Holding Co Ltd. Preferred Shares C | - | " | 12 | 657 | - % | 657 | |
| Jiequn Investment Co., Ltd. | Stock - Fubon Financial Holding Co Ltd. | - | Financial assets at fair value through profit or loss - current | 563 | 34,202 | - % | 34,202 | |
| " | Stock - SinoPac Securities Corporation | - | " | 229 | 3,984 | - % | 3,984 | |
| " | Stock - Fubon Financial Holding Co Ltd. Preferred Shares C | - | Financial assets measured at FVTOCI - non-current | 11 | 613 | - % | 613 | |
| " | Stock - Huei Ding Computer | - | " | 405 | - | 0.78 % | - | |
| Guanqing Electromechanical | Stock - Fubon Financial Holding Co Ltd. | - | Financial assets at fair value through profit or loss - current | 500 | 30,378 | - % | 30,378 | |
| " | Stock - Fubon Financial Holding Co Ltd. Preferred Shares C | - | Financial assets measured at FVTOCI - non-current | 10 | 545 | - % | 545 | |
| " | Stock - Commonwealth Publishing Group | - | " | 177 | 5,887 | 0.59 % | 5,887 | |

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.

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

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

Unit: NT\$ thousand

| Acquiring company | Asset title | Date of transaction or event | Transaction amount | Payment collection status | Transaction counterparty | Relationship | For related parties, the information on previous transaction | | | | Reference for price determination | Purpose of acquisition and usage status | Other stipulations of the transaction |
|--------------------|---|------------------------------|--------------------|---------------------------|--|-------------------|--|------------------------------|------------------|--------|-----------------------------------|---|---------------------------------------|
| | | | | | | | Possessor | Relationship with the issuer | Date of transfer | Amount | | | |
| Kindom Development | The land lease fees for Parcel No. 363-1 and five other parcels in Section 4 of Dunhua, Songshan District, Taipei City. | 112.07 | 6,910,530 | 3,455,265 | Political Warfare Bureau, Ministry of National Defense | Non-related party | - | - | - | - | The value of urban renewal rights | Planning and construction | None |

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

Unit: NT\$ thousand

| Disposing company | Asset title | Date of event | Date of acquisition | Carrying amount | Transaction amount | Payment collection status | Gain or loss on disposal | Transaction counterparty | Relationship | Purpose of disposal | Reference for price determination | Other stipulations of the transaction |
|--------------------|--|-------------------|--|-----------------|--------------------|---------------------------|--------------------------|---------------------------|-------------------|---------------------|-----------------------------------|---------------------------------------|
| Kindom Development | Inventories - buildings and land held for sale | 2022.12 ~ 2023.09 | Not applicable: inventories sold, not acquired | N/A | 1,559,901 | 1,559,901 | N/A | More than one third party | Non-related party | Selling inventories | Reference based on market price | None |

Note 1: The amounts above are expressed before taxes.

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

Unit: NT\$ thousand

| Companies involved in purchases (sales) | Name of transaction counterparty | Relationship | Transaction Situation | | | | Transactions with Terms Different from Others | | Notes/accounts receivable (or payable) | | Remarks |
|---|----------------------------------|---|-----------------------|-----------------|---------------------------------------|---|---|-----------------------------|--|--|---------|
| | | | Purchases (Sales) | Amount (Note 1) | Percentage of total purchases (sales) | Loan period | Unit price | Loan period | Balance | Percentage of total notes/ accounts receivable (payable) | |
| | | | | | | | | | | | |
| Kindom Development | Kedge Construction | Investees valued under equity method | Contracting | 1,857,951 | 28.21% | 50% due immediately and 50% due in 60 days | Equivalent to other transactions | Slightly longer than normal | (779,173) | (63.67)% | Note 2 |
| Kedge Construction | Kindom Development | Investor in which Kedge Construction is accounted for using equity method | Contracting | (1,857,951) | (16.68)% | Receive payment by installment per contract and slightly longer than a normal transaction | " | " | 779,173 | 21.14% | " |

Note 1: Refers to the valuation amount for current period

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

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

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

Unit: NT\$ thousand

| The companies that record such transactions as receivables | Transaction counterparty | Relationship | Balance of receivables from related parties | Turnover Rate | Receivable Overdue | | Amounts received in subsequent periods | Allowance for losses appropriated |
|--|--------------------------|---|---|---------------|--------------------|--------------|--|-----------------------------------|
| | | | | | Amount | Action taken | | |
| Kedge Construction | Kindom Development | Investor in which Kedge Construction is accounted for using equity method | 779,173 | 3.66 | - | - | 93,691 | - |

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

9. Derivative financial instrument transactions: None.

10. Business relationships and significant inter-company transactions among parent and subsidiaries:

| No. | Company name | Transaction counterparty | Relationship with trader | Transactions | | | As a percentage of consolidated revenue or total assets |
|-----|--------------------|----------------------------|--------------------------|--|-----------|--|---|
| | | | | Ledger Account | Amount | Terms and conditions | |
| 0 | The Company | Kedge Construction | 1 | Cost of construction | 1,914,232 | 50% due immediately and 50% due in 60 days | 13.77% |
| 0 | The Company | Kedge Construction | 1 | Buildings and land held for sale | 148,712 | 50% due immediately and 50% due in 60 days | 0.26% |
| 0 | The Company | Kedge Construction | 1 | Construction in progress | 116,864 | 50% due immediately and 50% due in 60 days | 0.20% |
| 0 | The Company | Kedge Construction | 1 | Notes and accounts payable related parties | 779,173 | 50% due immediately and 50% due in 60 days | 1.36% |
| 0 | The Company | Kedge Construction | 1 | Operating revenue | 4,928 | Once a quarter | 0.04% |
| 0 | The Company | Kedge Construction | 1 | Non-operating revenue | 2,857 | 100% due immediately | 0.02% |
| 0 | The Company | Kedge Construction | 1 | Operating expenses | 2,520 | Once a quarter | 0.02% |
| 0 | The Company | Dingtian Construction | 1 | Cost of construction | 53,030 | 50% due immediately and 50% due in 60 days | 0.38% |
| 0 | The Company | Dingtian Construction | 1 | Construction in progress | 2,974 | 50% due immediately and 50% due in 60 days | 0.01% |
| 0 | The Company | Dingtian Construction | 1 | Notes and accounts payable related parties | 8,732 | 50% due immediately and 50% due in 60 days | 0.02% |
| 0 | The Company | Dingtian Construction | 1 | Operating revenue | 74 | Once a quarter | -% |
| 0 | The Company | Guanqing Electromechanical | 1 | Operating revenue | 74 | Once a quarter | -% |
| 0 | The Company | Global Mall | 1 | Non-operating revenue | 2,143 | Once a month | 0.02% |
| 1 | Kedge Construction | The Company | 2 | Operating revenue | 1,914,232 | 50% due immediately and 50% due in 60 days | 13.77% |
| 1 | Kedge Construction | The Company | 2 | Operating costs | 265,576 | 50% due immediately and 50% due in 60 days | 1.91% |
| 1 | Kedge Construction | The Company | 2 | Notes and accounts receivable related parties, contract assets | 779,173 | 50% due immediately and 50% due in 60 days | 1.36% |
| 1 | Kedge Construction | The Company | 2 | Operating revenue | 2,520 | Once a quarter | 0.02% |

(Continued on next page)

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

(Continued from last page)

| No. | Company name | Transaction counterparty | Relationship with trader | Transactions | | | |
|-----|-----------------------------|--------------------------|--------------------------|--|--------|--|---|
| | | | | Ledger Account | Amount | Terms and conditions | As a percentage of consolidated revenue or total assets |
| 1 | Kedge Construction | The Company | 2 | Operating expenses | 4,928 | Once a quarter, 100% due immediately | 0.04% |
| 1 | Kedge Construction | The Company | 2 | Operating expenses | 2,857 | Once a quarter, 100% due immediately | 0.02% |
| 2 | Dingtian Construction | The Company | 2 | Operating revenue | 53,030 | 50% due immediately and 50% due in 60 days | 0.38% |
| 2 | Dingtian Construction | The Company | 2 | Operating costs | 2,974 | 50% due immediately and 50% due in 60 days | 0.02% |
| 2 | Dingtian Construction | The Company | 2 | Notes and accounts receivable related parties, contract assets | 8,732 | 50% due immediately and 50% due in 60 days | 0.02% |
| 2 | Dingtian Construction | The Company | 2 | Lease liabilities | 74 | Once a quarter | -% |
| 3 | Guangqing Electromechanical | The Company | 2 | Lease liabilities | 74 | Once a quarter | -% |
| 2 | Global Mall | The Company | 2 | Operating expenses | 2,143 | Once a month | 0.02% |
| 2 | Global Mall | Guan Cheng | 3 | Accounts receivable related parties | 46,928 | Once a year, credit on 30 days | 0.08% |
| 2 | Global Mall | Guan Cheng | 3 | Operating revenue | 40,339 | Once a year | 0.29% |
| 2 | Global Mall | Guan Cheng | 2 | Accounts receivable related parties | 13,144 | Once a year, credit on 30 days | 0.02% |
| 2 | Global Mall | Guan Cheng | 2 | Operating revenue | 12,746 | Once a year | 0.09% |
| 2 | Global Mall | Guan Cheng | 2 | Accounts receivable related parties | 3,434 | Once a year, credit on 30 days | 0.01% |
| 2 | Global Mall | Guan Cheng | 3 | Operating revenue | 3,301 | Once a year | 0.02% |
| 5 | Guan Cheng | Global Mall | 3 | Accounts payable related parties | 46,928 | Once a year, credit on 30 days | 0.08% |
| 5 | Guan Cheng | Global Mall | 3 | Operating expenses | 40,339 | Once a year | 0.29% |
| 6 | Guan Hua | Global Mall | 3 | Other payables - Related parties | 13,144 | Once a year, credit on 30 days | 0.02% |
| 6 | Guan Hua | Global Mall | 3 | Operating expenses | 12,746 | Once a year | 0.09% |
| 7 | Guan You | Global Mall | 3 | Other payables - Related parties | 3,434 | Once a year, credit on 30 days | 0.01% |
| 7 | Guan You | Global Mall | 3 | Operating expenses | 3,301 | Once a year | 0.02% |

Note 1: Instruction for numbering:

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

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

1. Parent company to subsidiaries.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The above-mentioned transactions have been written off at the preparation of the consolidated financial statements.

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

(2) Information on Invested Companies:

The information on the group's investees in the period from January 1 to September 30, 2023 is as follows:

Unit: NT\$ thousand/ thousand shares

| Name of Investor | Name of Investee | Location | Principal business | Original investment amount | | Ending shareholding | | | Net income (loss) of the investee | Share of profit/loss of investee | Remark |
|-----------------------------|---|-----------|--|----------------------------|-------------------------|---------------------|------------|------------|-----------------------------------|----------------------------------|---|
| | | | | End of the period | End of last year | Number of shares | Percentage | Book value | | | |
| Kindom Development | Kedge Construction | Taiwan | The comprehensive construction industry, etc. | 374,353 | 374,353 | 41,268 | 34.18% | 1,284,608 | 678,025 | 208,547 | Subsidiary |
| " | Global Mall | Taiwan | Supermarkets, department stores, international trading, wholesale medical equipment, and retail | 3,209,395 | 3,209,395 | 320,105 | 84.02% | 4,648,485 | 316,512 | 265,924 | " |
| " | Tua Tiann | Taiwan | Commercial real estate development | 1,020,000 | 1,020,000 | 102,000 | 51.00% | 1,025,314 | 10,072 | 5,136 | Investments accounted for using equity method |
| Kedge Construction | Jiequn Investment Co., Ltd. | Taiwan | Investment | 163,935 | 163,935 | 16,396 | 99.98% | 493,240 | 21,489 | 21,484 | Subsidiary |
| " | Guanqing Electromechanical | Taiwan | Installation and engineering of electrical and fire safety equipment | 81,326 | 81,326 | 7,747 | 99.96% | 244,151 | 9,512 | 9,508 | " |
| Jiequn Investment Co., Ltd. | Dingtian Construction | Taiwan | The comprehensive construction industry, etc. | 16,500 | 16,500 | - | 30.00% | 15,987 | 5,510 | 1,653 | Third-tier subsidiary |
| Guanqing Electromechanical | Dingtian Construction | Taiwan | The comprehensive construction industry, etc. | 11,105 | 11,105 | - | 70.00% | 37,303 | 5,510 | 3,857 | " |
| Dingtian Construction | ReadyCom Information Technology Service | Taiwan | Information software services and management consultants, etc. | 15,000 | 15,000 | 1,400 | 46.67% | 14,792 | 857 | 400 | Investments accounted for using equity method |
| Global Mall | Guan Cheng | Taiwan | Department stores, supermarkets, and non-store retailing | 280,886 | 280,886 | 20,000 | 100.00% | 355,750 | 95,050 | 95,050 | Subsidiary |
| " | Guan Hua | Taiwan | Department stores, supermarkets, and non-store retailing | 140,000 | 140,000 | 14,000 | 100.00% | 149,289 | 7,871 | 6,307 | " |
| " | KGM | Hong Kong | Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting | 9,339 (HKD390 thousand) | 9,339 (HKD390 thousand) | - (Limited company) | 100.00% | 1,818 | (64) | (64) | " |
| " | Hon Hui Zhu Gao | Taiwan | Department stores, supermarkets, and non-store retailing | 100,000 | 100,000 | 10,000 | 20.00% | 100,171 | 1,081 | 216 | Investments accounted for using equity method |
| Guan Cheng | Guan You | Taiwan | Department stores, supermarkets, and non-store retailing | 230,006 | 230,006 | 13,500 | 100.00% | 91,509 | (509) | (509) | Third-tier subsidiary |

(3) Information on Investments in Mainland China:

- Relevant information, including names and principal business, on investees in China:
None.

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

2. Limitation on investment in mainland China:

Unit: Thousands of USD/RMB/NTD

| Cumulative investment remitted from Taiwan to Mainland China at end of the year | Amount of investment approved by the Investment Commission, M.O.E.A. | Limit on amount of investment stipulated by the Investment Commission, M.O.E.A. |
|--|---|--|
| 1,076,350 (CNY 227,649) (Note 1) | USD 38,738 | 11,408,801 (Note 2) |

Note 1: Contains the investment amount from the dissolved company Global Mall (Tianjin) Co., Ltd., which has completed the cancellation registration on April 19, 2021, and remitted the remaining amount of NT\$44,054 thousand (HKD12,400 thousand) through its parent company KGM to Global Mall in December of the same year.

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

3. Significant transactions with investees in mainland China: None

(4) Information on Major Shareholders:

Expressed in shares

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

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 are based on the unit's profit before tax (excluding extraordinary profit or loss and exchange gain or loss) in the internal governance report reviewed by the chief operating decision-maker of the Group. As tax expenses (income), extraordinary profit or loss and exchange gain or loss are recognized

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

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 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. 2023 | | | | | |
|---|--------------------------------------|---------------------|--------------------------|--|------------------|
| | Development business unit | Construction | Shopping mall | Adjustments and elimination | Total |
| Revenue: | | | | | |
| Revenues from external customers | \$ 2,458,625 | 2,094,540 | 415,637 | - | 4,968,802 |
| Inter-segment income | 1,692 | 901,274 | - | (902,966) | - |
| Total revenue | \$ 2,460,317 | 2,995,814 | 415,637 | (902,966) | 4,968,802 |
| Reportable segment profits or loss | \$ 874,391 | 177,609 | 137,408 | (170,462) | 1,018,946 |

| Jul. - Sep. 2022 | | | | | |
|---|--------------------------------------|---------------------|--------------------------|--|------------------|
| | Development business unit | Construction | Shopping mall | Adjustments and elimination | Total |
| Revenue: | | | | | |
| Revenues from external customers | \$ 797,863 | 3,268,501 | 378,347 | - | 4,444,711 |
| Inter-segment income | 1,692 | 537,908 | 16,691 | (556,291) | - |
| Total revenue | \$ 799,555 | 3,806,409 | 395,038 | (556,291) | 4,444,711 |
| Reportable segment profits or loss | \$ 401,385 | 329,101 | 110,991 | (205,906) | 635,571 |

| Jan. - Sep. 2023 | | | | | |
|---|--------------------------------------|---------------------|--------------------------|--|-------------------|
| | Development business unit | Construction | Shopping mall | Adjustments and elimination | Total |
| Revenue: | | | | | |
| Revenues from external customers | \$ 4,440,173 | 8,247,884 | 1,215,489 | - | 13,903,546 |
| Inter-segment income | 5,076 | 1,969,782 | - | (1,974,858) | - |
| Total revenue | \$ 4,445,249 | 10,217,666 | 1,215,489 | (1,974,858) | 13,903,546 |
| Reportable segment profits or loss | \$ 1,748,156 | 868,034 | 399,207 | (540,057) | 2,475,340 |

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

| Jan. - Sep. 2022 | | | | | |
|---|------------------------------|-------------------|-------------------|-----------------------------------|-------------------|
| | Development business unit | Construction | Shopping mall | Adjustments and elimination | Total |
| Revenue: | | | | | |
| Revenues from external customers | \$ 5,604,779 | 7,495,710 | 1,020,208 | - | 14,120,697 |
| Inter-segment income | 5,076 | 1,313,705 | 44,783 | (1,363,564) | - |
| Total revenue | <u>\$ 5,609,855</u> | <u>8,809,415</u> | <u>1,064,991</u> | <u>(1,363,564)</u> | <u>14,120,697</u> |
| Reportable segment profits or loss | <u>\$ 1,952,570</u> | <u>720,187</u> | <u>257,227</u> | <u>(378,957)</u> | <u>2,551,027</u> |
| Assets of reportable segments | | | | | |
| September 30, 2023 | <u>\$ 41,165,392</u> | <u>11,783,248</u> | <u>11,934,627</u> | <u>(7,596,764)</u> | <u>57,286,503</u> |
| December 31, 2022 | <u>\$ 39,085,228</u> | <u>11,798,692</u> | <u>12,108,433</u> | <u>(7,129,496)</u> | <u>55,862,857</u> |
| September 30, 2022 | <u>\$ 38,101,168</u> | <u>10,652,626</u> | <u>11,756,355</u> | <u>(6,876,590)</u> | <u>53,633,559</u> |
| Reportable segment liabilities | | | | | |
| September 30, 2023 | <u>\$ 22,153,498</u> | <u>7,357,423</u> | <u>6,431,607</u> | <u>(828,847)</u> | <u>35,113,681</u> |
| December 31, 2022 | <u>\$ 20,568,749</u> | <u>7,612,261</u> | <u>6,769,607</u> | <u>(653,208)</u> | <u>34,297,409</u> |
| September 30, 2022 | <u>\$ 20,318,351</u> | <u>7,003,257</u> | <u>6,580,385</u> | <u>(736,376)</u> | <u>33,165,617</u> |