

**KEDGE CONSTRUCTION CO., LTD.
and Subsidiaries**

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

From January 1 to September 30, 2021 and 2020

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

Table of Contents

| Item | Page |
|---|-------|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2 |
| 3. Independent Auditors' Review Report | 3 |
| 4. Consolidated Balance Sheets | 4 |
| 5. Consolidated Statements of Comprehensive Income | 5 |
| 6. Consolidated Statements of Changes in Equity | 6 |
| 7. Consolidated Statements of Cash Flows | 7 |
| 8. Notes to the Consolidated Financial Statements | |
| (1) Company History | 8 |
| (2) Approval Date and Procedures of the Financial Statements | 8 |
| (3) Application of New, Amended, and Revised Standards and Interpretations | 8~9 |
| (4) Summary of Significant Accounting Policies | 10 |
| (5) Significant Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty | 11 |
| (6) Description of Significant Accounting Items | 11~25 |
| (7) Related-Party Transactions | 25~27 |
| (8) Pledged Assets | 28 |
| (9) Significant Contingent Liabilities and Unrecognized Contract Commitments | 28 |
| (10) Significant Disaster Loss | 28 |
| (11) Significant Events after the End of the Financial Reporting Period | 28 |
| (12) Others | 29 |
| (13) Supplementary Disclosures | |
| 1. Information on significant transactions | 29~33 |
| 2. Information on investees | 33 |
| 3. Information on investments in Mainland China | 33 |
| 4. Information on major shareholders | 33 |
| (14) Segment Information | 33 |

Independent Auditors' Review Report

To the Board of Directors of Kedge Construction Co., Ltd.:

Introduction

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

Scope

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects of the consolidated financial position of Kedge Construction Co., Ltd. and its subsidiaries as of September 30, 2021 and 2020 and their consolidated financial performance for the three-month periods then ended and for the nine-month periods then ended, and their consolidated cash flows for the nine-month periods then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and "IAS 34 - Interim Financial Reporting" approved and issued by FSC.

KPMG

Taipei, Taiwan

Republic of China

October 29, 2021

Notices to Readers

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

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

As of September 30, 2021 and 2020, only reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Balance Sheets

September 30, 2021, December 31, 2020 and September 30, 2020

Unit: Thousand NTD

| Assets | | 2021.9.30 | | 2020.12.31 | | 2020.9.30 | | Liabilities and equity | | 2021.9.30 | | 2020.12.31 | | 2020.9.30 | |
|----------------------------|---|---------------------|------------|------------------|------------|------------------|------------|--|--|---------------------|------------|------------------|------------|------------------|------------|
| | | Amount | % | Amount | % | Amount | % | | | Amount | % | Amount | % | Amount | % |
| Current assets: | | | | | | | | Current liabilities: | | | | | | | |
| 1100 | Cash and cash equivalents (Notes 6(1) and (18)) | \$ 4,494,910 | 48 | 4,108,192 | 44 | 3,108,062 | 33 | 2100 | Short-term loans (Notes 6(8), (18) and 8) | \$ 300,000 | 3 | 150,000 | 2 | 300,000 | 3 |
| 1110 | Financial assets at fair value through profit or loss - current (Notes 6(2) and (18)) | 71,221 | 1 | 44,039 | - | 39,060 | - | 2130 | Contract liabilities- current (Note 6(15)) | 870,729 | 9 | 1,525,341 | 16 | 1,929,600 | 21 |
| 1140 | Contract assets- current (Notes 6(15) and 7) | 2,013,129 | 22 | 1,441,162 | 16 | 2,144,896 | 23 | 2150 | Notes payable (Note 6(18)) | 262,988 | 3 | 335,247 | 3 | 536,947 | 6 |
| 1170 | Notes and accounts receivable, net (Notes 6(4), (15) and (18)) | 674,091 | 7 | 939,444 | 10 | 400,735 | 5 | 2170 | Accounts payable (Note 6(18)) | 3,998,945 | 42 | 3,749,899 | 40 | 3,225,269 | 34 |
| 1180 | Notes and accounts receivable - related-parties, net (Notes 6(15) and (18) and 7) | 911,417 | 10 | 1,888,856 | 20 | 2,554,754 | 28 | 2200 | Other payables (Notes 6(11) and (18)) | 240,551 | 3 | 315,681 | 3 | 195,019 | 2 |
| 1410 | Prepayments | 95,777 | 1 | 93,656 | 1 | 110,079 | 1 | 2230 | Current tax liabilities(Note 6(12)) | 141,623 | 2 | 118,771 | 1 | 64,420 | 1 |
| 1470 | Other current assets | 40,076 | - | 35,855 | - | 15,921 | - | 2300 | Other current liabilities (Note 6(18)) | 6,788 | - | 7,110 | - | 5,890 | - |
| 1476 | Other financial assets - current (Notes 6(18) and 8) | 265,228 | 3 | 201,785 | 2 | 203,309 | 2 | | | 5,821,624 | 62 | 6,202,049 | 65 | 6,257,145 | 67 |
| | | 8,565,849 | 92 | 8,752,989 | 93 | 8,576,816 | 92 | Non-current liabilities: | | | | | | | |
| Non-current assets: | | | | | | | | 2552 | Warranty long-term provisions (Note 6(9)) | 174,187 | 2 | 150,363 | 2 | 100,039 | 1 |
| 1550 | Investments accounted for using equity method (Note 6(5)) | 17,394 | - | 20,507 | - | 21,015 | - | 2600 | Other non-current liabilities (Note 6(18)) | 10,301 | - | 11,966 | - | 10,425 | - |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes 6(3) and (18)) | 465,688 | 5 | 363,370 | 4 | 429,911 | 5 | | | 184,488 | 2 | 162,329 | 2 | 110,464 | 1 |
| 1600 | Property, plant and equipment (Notes 6(6) and 8) | 123,961 | 2 | 133,739 | 2 | 138,472 | 1 | Total liabilities | | 6,006,112 | 64 | 6,364,378 | 67 | 6,367,609 | 68 |
| 1755 | Right-of-use assets | 11,295 | - | 11,768 | - | 10,168 | - | Equity attributable to owners of the parent company (Note 6(13)): | | | | | | | |
| 1760 | Investment property, net (Notes 6(7) and 8) | 101,727 | 1 | 102,077 | 1 | 102,194 | 1 | 3100 | Share capital | 1,060,357 | 11 | 1,060,357 | 11 | 1,060,357 | 12 |
| 1840 | Deferred tax assets (Note 6(12)) | 39,126 | - | 34,635 | - | 23,509 | - | 3200 | Capital reserve | 518,401 | 6 | 518,294 | 6 | 518,294 | 6 |
| 1975 | Net defined benefit assets - non-current (Note 6(11)) | 3,354 | - | 3,400 | - | 1,309 | - | 3300 | Retained earnings | 1,517,642 | 16 | 1,345,805 | 14 | 1,153,088 | 12 |
| 1980 | Other financial assets - non-current (Note 6(18)) | 21,246 | - | 11,171 | - | 7,315 | 1 | 3400 | Other equity | 246,919 | 3 | 144,653 | 2 | 211,178 | 2 |
| | | 783,791 | 8 | 680,667 | 7 | 733,893 | 8 | Total equity attributable to owners of parent company | | 3,343,319 | 36 | 3,069,109 | 33 | 2,942,917 | 32 |
| Total assets | | \$ 9,349,640 | 100 | 9,433,656 | 100 | 9,310,709 | 100 | 36XX | Non-controlling interests | 209 | - | 169 | - | 183 | - |
| | | | | | | | | Total equity | | 3,343,528 | 36 | 3,069,278 | 33 | 2,943,100 | 32 |
| | | | | | | | | Total liabilities and equity | | \$ 9,349,640 | 100 | 9,433,656 | 100 | 9,310,709 | 100 |

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

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

July 1 to September 30, 2021 and 2020, and January 1 to September 30, 2021 and 2020

Unit: Thousand NTD

| | Jul. - Sep., 2021 | | Jul. - Sep., 2020 | | Jan. - Sep., 2021 | | Jan. - Sep., 2020 | |
|---|-------------------|----------|-------------------|----------|-------------------|----------|-------------------|----------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 Operating revenue (Notes 6(10), (15) and 7) | \$ 2,357,545 | 100 | 3,426,253 | 100 | 7,534,323 | 100 | 10,234,106 | 100 |
| 5000 Operating costs (Notes 6(11) and 12) | 2,113,541 | 90 | 3,223,590 | 94 | 6,688,260 | 89 | 9,491,670 | 93 |
| Gross profit | 244,004 | 10 | 202,663 | 6 | 846,063 | 11 | 742,436 | 7 |
| Operating expenses: | | | | | | | | |
| 6200 Administrative expenses (Notes 6(11), (16), 7, and 12) | 71,243 | 3 | 66,933 | 2 | 214,865 | 2 | 197,242 | 2 |
| 6450 Expected credit loss (Note 6(4)) | - | - | - | - | - | - | 11,383 | - |
| Net operating profit | 172,761 | 7 | 135,730 | 4 | 631,198 | 9 | 533,811 | 5 |
| Non-operating income and expenses: | | | | | | | | |
| 7100 Interest income (Note 6(17)) | 1,621 | - | 1,553 | - | 7,270 | - | 6,019 | - |
| 7010 Other income (Note 6(17)) | 25,792 | 1 | 19,023 | - | 28,991 | - | 20,297 | - |
| 7020 Other gains and losses (Note 6(17)) | 2,525 | - | (2,316) | - | 27,215 | - | (11,155) | - |
| 7050 Finance costs (Note 6(17)) | (103) | - | (823) | - | (331) | - | (2,140) | - |
| 7060 Share of gains or loss of associates and joint ventures accounted for using the equity method (Note 6(5)) | (1,325) | - | 740 | - | (3,113) | - | 509 | - |
| Profit before tax from continuing operating department | 28,510 | 1 | 18,177 | - | 60,032 | - | 13,530 | - |
| 7950 Less: Income tax expenses (Note 6(12)) | 47,138 | 2 | 27,728 | 1 | 137,649 | 2 | 112,348 | 1 |
| Net income | 154,133 | 6 | 126,179 | 3 | 553,581 | 7 | 434,993 | 4 |
| Other comprehensive income: | | | | | | | | |
| Items that will not be reclassified to profit or loss | | | | | | | | |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 43,489 | 2 | 94,452 | 3 | 102,290 | 1 | 85,039 | 1 |
| 8300 Other comprehensive income, net of tax | 43,489 | 2 | 94,452 | 3 | 102,290 | 1 | 85,039 | 1 |
| Total comprehensive income for the period | \$ 197,622 | 8 | 220,631 | 6 | 655,871 | 8 | 520,032 | 5 |
| Net income attributable to: | | | | | | | | |
| Owners of the parent company | \$ 154,126 | 6 | 126,176 | 3 | 553,565 | 7 | 434,991 | 4 |
| 8620 Non-controlling interests | 7 | - | 3 | - | 16 | - | 2 | - |
| | \$ 154,133 | 6 | 126,179 | 3 | 553,581 | 7 | 434,993 | 4 |
| Total comprehensive income attributable to: | | | | | | | | |
| Owners of the parent company | \$ 197,606 | 8 | 220,613 | 6 | 655,831 | 8 | 520,010 | 5 |
| Non-controlling interests | 16 | - | 18 | - | 40 | - | 22 | - |
| | \$ 197,622 | 8 | 220,631 | 6 | 655,871 | 8 | 520,032 | 5 |
| Earnings per share (NT\$) (Note 6(14)) | | | | | | | | |
| 9750 Basic earnings per share (NT\$) | \$ 1.45 | | 1.19 | | 5.22 | | 4.10 | |
| 9850 Diluted earnings per share (NT\$) | \$ 1.44 | | 1.19 | | 5.18 | | 4.10 | |

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

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to September 30, 2021 and 2020

Unit: Thousand NTD

| | Equity attributable to owners of the parent company | | | | | Other equity | | Total equity attributable to owners of the parent company | Non-controlling interests | Total equity |
|--|---|-------------------|----------------|-------------------------|------------------|--|--|---|---------------------------|------------------|
| | Share capital | Retained earnings | | | Total | Unrealized gains (losses) from financial assets at fair value through other comprehensive income | | | | |
| | Share capital of common stocks | Capital reserve | Legal reserve | Unappropriated earnings | | | | | | |
| Balance as of January 1, 2020 | \$ 1,060,357 | 518,241 | 241,986 | 794,218 | 1,036,204 | 126,159 | | 2,740,961 | 161 | 2,741,122 |
| Net income | - | - | - | 434,991 | 434,991 | - | | 434,991 | 2 | 434,993 |
| Other comprehensive income for the period | - | - | - | - | - | 85,019 | | 85,019 | 20 | 85,039 |
| Total comprehensive income for the period | - | - | - | 434,991 | 434,991 | 85,019 | | 520,010 | 22 | 520,032 |
| Earnings appropriation and distribution: | | | | | | | | | | |
| Legal reserve appropriated | - | - | 40,325 | (40,325) | - | - | | - | - | - |
| Cash dividends of common stocks | - | - | - | (318,107) | (318,107) | - | | (318,107) | - | (318,107) |
| Unclaimed dividends after effective period | - | 53 | - | - | - | - | | 53 | - | 53 |
| Balance as of September 30, 2020 | \$ 1,060,357 | 518,294 | 282,311 | 870,777 | 1,153,088 | 211,178 | | 2,942,917 | 183 | 2,943,100 |
| Balance as of January 1, 2021 | \$ 1,060,357 | 518,294 | 282,311 | 1,063,494 | 1,345,805 | 144,653 | | 3,069,109 | 169 | 3,069,278 |
| Net income | - | - | - | 553,565 | 553,565 | - | | 553,565 | 16 | 553,581 |
| Other comprehensive income for the period | - | - | - | - | - | 102,266 | | 102,266 | 24 | 102,290 |
| Total comprehensive income for the period | - | - | - | 553,565 | 553,565 | 102,266 | | 655,831 | 40 | 655,871 |
| Earnings appropriation and distribution: | | | | | | | | | | |
| Legal reserve appropriated | - | - | 62,771 | (62,771) | - | - | | - | - | - |
| Cash dividends of common stocks | - | - | - | (381,728) | (381,728) | - | | (381,728) | - | (381,728) |
| Unclaimed dividends after effective period | - | 107 | - | - | - | - | | 107 | - | 107 |
| Balance as of September 30, 2021 | \$ 1,060,357 | 518,401 | 345,082 | 1,172,560 | 1,517,642 | 246,919 | | 3,343,319 | 209 | 3,343,528 |

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

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2021 and 2020

Unit: Thousand NTD

| | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|---|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Income before income tax | \$ 691,230 | 547,341 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation | 14,925 | 7,224 |
| Expected credit loss | - | 11,383 |
| Net (profit) loss on financial assets or liabilities at fair value through profit or loss | (27,182) | 11,074 |
| Interest expenses | 331 | 2,140 |
| Interest income | (7,270) | (6,019) |
| Dividend income | (28,584) | (18,130) |
| Share of loss (gain) of associates and joint ventures accounted for using the equity method | 3,113 | (509) |
| Gain or loss on disposal of property, plant and equipment | (33) | - |
| Total adjustments to reconcile profit (loss) | (44,700) | 7,163 |
| Changes in operating assets and liabilities: | | |
| Net changes in operating assets: | | |
| Decrease in financial instruments mandatorily measured at fair value through profit or loss | - | 23,984 |
| Increase in contract assets | (571,967) | (550,188) |
| Decrease in notes and accounts receivable | 265,353 | 715,470 |
| Decrease (increase) in notes and accounts receivable - related parties | 977,439 | (641,379) |
| Decrease (increase) in prepayments | (2,112) | 95,604 |
| Decrease (increase) in other current assets | (4,214) | 6,604 |
| Decrease (increase) in other financial assets | (74,004) | 39,924 |
| Decrease in net defined benefit assets, non-current | 46 | 52 |
| Total changes in operating assets | 590,541 | (309,929) |
| Changes in operating liabilities: | | |
| (Decrease) increase in contract liabilities | (654,612) | 941,489 |
| (Decrease) increase in notes payable | (72,259) | 175,036 |
| Increase (Decrease) in accounts payable | 249,046 | (374,082) |
| Decrease in other payables | (75,023) | (63,868) |
| Increase (decrease) in provisions | 23,824 | (2,443) |
| Decrease in other current liabilities | (1,286) | (14,918) |
| (Decrease) increase in other non-current liabilities | (269) | 830 |
| Total changes in operating liabilities | (530,579) | 662,044 |
| Total changes in operating assets and liabilities | 59,962 | 352,115 |
| Total adjustments | 15,262 | 359,278 |
| Cash flows generated from operations | 706,492 | 906,619 |
| Interests received | 7,683 | 6,422 |
| Dividend received | 28,584 | 18,130 |
| Interest paid | (331) | (2,140) |
| Income taxes paid | (119,304) | (97,739) |
| Net cash flows generated from operating activities | 623,124 | 831,292 |
| Cash flows from investing activities: | | |
| Purchase of financial assets measured at fair value through other comprehensive income | (28) | - |
| Acquisition of property, plant and equipment | (2,864) | (80,717) |
| Disposal of property, plant and equipment | 76 | - |
| Decrease in other financial assets | 73 | 640 |
| Net cash flows used in investing activities | (2,743) | (80,077) |
| Cash flows from financing activities: | | |
| Increase in short-term loans | 360,000 | 531,000 |
| Decrease in short-term loans | (210,000) | (381,000) |
| Increase in short-term notes and bills payable | 160,000 | 50,000 |
| Decrease in short-term notes and bills payable | (160,000) | (50,000) |
| Repayments of lease liabilities | (1,935) | (1,455) |
| Distribution of cash dividends | (381,728) | (318,107) |
| Net cash flows used in financing activities | (233,663) | (169,562) |
| Net increase in cash and cash equivalents | 386,718 | 581,653 |
| Cash and cash equivalents at beginning of the period | 4,108,192 | 2,526,409 |
| Cash and cash equivalents at end of the period | \$ 4,494,910 | 3,108,062 |

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

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

From January 1 to September 30, 2021 and 2020

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

1. Company History

Kedge Construction Co., Ltd. (hereinafter referred to as "the company") was incorporated on April 13, 1982, located at 6F., No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan. The company and its subsidiaries (hereinafter referred to as "the group") primarily engage in comprehensive construction and the development, lease, sale, etc. of housing and building.

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved and issued on October 29, 2021 by the Board of Directors.

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

(1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the FSC

The group has adopted the newly recognized IFRSs specified above since January 1, 2021, and assessed that the application will not have a material impact on the consolidated financial statements.

- Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The group has adopted the newly recognized IFRSs specified above since April 1, 2021, and assessed that the application will not have a material impact on the consolidated financial statements.

- Amendments to IFRS 16 "COVID-19-Related Rent Concessions after June 30, 2021"

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

The following new amendments to IFRSs will be effective from January 1, 2022, and their possible impacts are described below:

1. Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendment stated that the cost of fulfilling a contract comprises incremental costs and allocations of costs that relate directly to contract, and it should be applied to contracts where all obligations remain outstanding on January 1, 2022. The group may need to recognize a larger amount or quantity of provisions, and it is currently assessing the impact of this amendment on the financial position and operating results of the Group.

2. Others

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

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Annual Improvements to IFRS Standards during 2018-2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

The table below lists the impact of IFRSs issued by the IASB but yet to be endorsed by the FSC, and the possible impacts on the group are as follows:

| New, revised or amended standards and interpretations | Main amendments | Effective date released by the IASB |
|--|--|--|
| Amendments to IAS 1 "Classify Liabilities as Current or Non-current" | <p>The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due within one year) or non-current in the balance sheet.</p> <p>The amendments also clarify the classification requirements for debts that may be repaid through conversion into equity.</p> | January 1, 2023 |

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

4. Summary of Significant Accounting Policies

(1) Compliance statement

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

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

(2) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

| Name of investor | Subsidiary name | Nature of business | Percentage of ownership | | | Explanation |
|--|---|--|-------------------------|------------|-----------|--|
| | | | 2021.9.30 | 2020.12.31 | 2020.9.30 | |
| The Company | Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical) | Electrical equipment installation and fire safety equipment installation, etc. | 99.96% | 99.96% | 99.96% | The company holds directly more than 50% of the issued voting share in the subsidiary. |
| The Company | Jiequn Investment Co., Ltd. (Jiequn Investment) | General Investment | 99.98% | 99.98% | 99.98% | The company holds directly more than 50% of the issued voting share in the subsidiary. |
| Jointly held by Guanqing Electromechanical and Jiequn Investment | Dingtian Construction Co., Ltd. (Dingtian Construction) | The comprehensive construction industry, etc. | 100.00% | 100.00% | 100.00% | The company holds indirectly more than 50% of the issued voting share in the subsidiary. |

2. Subsidiaries not absorbed into 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 income 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 defined benefit plan for the interim period is calculated based on the actuarial cost ratio determined by the actuarial calculation at the end of the previous fiscal year. The 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. The actual results may differ from the estimates.

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

6. Description of Significant Accounting Items

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

(1) Cash and cash equivalents

| | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|---------------------------|---------------------|-------------------|------------------|
| Cash and petty cash | \$ 310 | 710 | 710 |
| Demand deposits | 2,247,392 | 224,793 | 268,176 |
| Check deposits | 504,607 | 503,467 | 738,332 |
| Time deposits | - | 1,548 | 353 |
| Cash equivalents | 1,742,601 | 3,377,674 | 2,100,491 |
| Cash and cash equivalents | \$ 4,494,910 | 4,108,192 | 3,108,062 |

The maturity dates of the aforementioned cash equivalents are in the periods, Oct. - Dec. 2021, Jan. - Mar. 2021, and Oct. - Nov. 2020, and the interest rate collars are 0.22%~0.25%, 0.24%~0.26%, and 0.29%~0.32%, respectively.

For the disclosed information on the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group, please refer to Note 6(18).

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

| | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|--|------------------|-------------------|------------------|
| Financial assets mandatorily classified as at fair value through profit or loss: | | | |
| Non-derivative financial assets | | | |
| TWSE (or TPEX) listed company shares | \$ 71,221 | 44,039 | 39,060 |

- Due to the aforementioned designated non-derivative financial assets mandatorily classified as at fair value through profit or loss, the group recognized dividend income amounted to NT\$148 thousand, NT\$1,780 thousand, NT\$2,819 thousand, and NT\$1,928 thousand in the periods from July 1 to September 30, 2021 and 2020, and January 1 to September 30, 2021 and 2020.
- As of September 30, 2021, December 31, 2020, and September 30, 2020, none of the financial assets of the group has been pledged as collateral.

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

| | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|--|-------------------|-------------------|------------------|
| Equity instruments measured at fair value through other comprehensive income: | | | |
| Domestic TWSE (or TPEX) listed company shares - Kindom Development Co., Ltd. | \$ 460,617 | 357,545 | 424,487 |
| Domestic non-TWSE (nor TPEX) listed company shares - Commonwealth Publishing Company | 5,071 | 5,825 | 5,424 |
| Total | \$ 465,688 | 363,370 | 429,911 |

1. Equity instrument investments measured at fair value through other comprehensive income

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

2. Due to the aforementioned designated equity instrument investments measured at fair value through other comprehensive income, the group recognized dividend income amounted to NT\$25,501 thousand, NT\$15,938 thousand, NT\$25,765 thousand, and NT\$16,202 thousand in the periods from July 1 to September 30, 2021 and 2020, and January 1 to September 30, 2021 and 2020.

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

4. None of the financial assets of the group has been pledged as collateral.

5. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(18).

(4) Notes and accounts receivable

| | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|----------------------------|-------------------|-------------------|------------------|
| Notes receivable | \$ 1,259 | - | - |
| Accounts Receivable | 672,832 | 939,444 | 412,118 |
| Less: Allowance for losses | - | - | (11,383) |
| Total | \$ 674,091 | 939,444 | 400,735 |

The group adopts the simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, that is, to measure lifetime expected credit losses. For this measuring purpose, the group considers the past default records of clients, the current financial circumstances, the industrial economic situation, and the industrial outlook at the same time. The expected credit loss of notes receivable and accounts receivable of the group is analyzed as follows:

| | | 2021.9.30 | | |
|----------------------------|--|---|--|--|
| | Book value of notes and accounts receivable | Weighted average expected credit loss rate | Allowance for lifetime expected credit losses | |
| Not past due | \$ 674,091 | - | - | |
| | | 2020.12.31 | | |
| | Book value of notes and accounts receivable | Weighted average expected credit loss rate | Allowance for lifetime expected credit losses | |
| Not past due | \$ 939,444 | - | - | |
| | | 2020.9.30 | | |
| | Book value of notes and accounts receivable | Weighted average expected credit loss rate | Allowance for lifetime expected credit losses | |
| Not past due | \$ 400,735 | - | - | |
| Past due 90 days and above | 11,383 | 100% | 11,383 | |
| | \$ 412,118 | | 11,383 | |

Changes of loss allowance for notes receivable and accounts receivable of the Group is as follows:

| | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|------------------------------|------------------------------|------------------------------|
| Beginning balance | \$ - | - |
| Impairment losses recognized | - | 11,383 |
| Ending balance | \$ - | 11,383 |

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

(5) Investments accounted for using equity method

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

| | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|--------------------------|------------------|-------------------|------------------|
| ReadyCom eServices Corp. | \$ 17,394 | 20,507 | 21,015 |

As of September 30, 2021, December 31, 2020, and September 30, 2020, none of the investments accounted for using equity method of the group has been pledged as collateral.

(6) Property, plant and equipment

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

| | Land | Buildings | Transportation equipment | Other equipment | Total |
|-------------------------------------|------------------|---------------|-----------------------------|--------------------|----------------|
| Cost or deemed cost: | | | | | |
| Balance as of January 1, 2021 | \$ 62,430 | 36,313 | 1,930 | 58,969 | 159,642 |
| Addition | - | - | - | 2,864 | 2,864 |
| Disposal | - | - | (1,930) | - | (1,930) |
| Balance as of September 30, 2021 | \$ 62,430 | 36,313 | - | 61,833 | 160,576 |
| Balance as of January 1, 2020 | \$ 62,430 | 14,969 | 1,930 | 407 | 79,736 |
| Addition | - | 21,344 | - | 59,373 | 80,717 |
| Balance as of September 30, 2020 | \$ 62,430 | 36,313 | 1,930 | 59,780 | 160,453 |
| Depreciation and impairment losses: | | | | | |
| Balance as of January 1, 2021 | \$ - | 16,190 | 1,887 | 7,826 | 25,903 |
| Depreciation for the year | - | 3,258 | - | 9,341 | 12,599 |
| Disposal | - | - | (1,887) | - | (1,887) |
| Balance as of September 30, 2021 | \$ - | 19,448 | - | 17,167 | 36,615 |
| Balance as of January 1, 2020 | \$ - | 14,337 | 1,876 | 407 | 16,620 |
| Depreciation for the year | - | 768 | 8 | 4,585 | 5,361 |
| Balance as of September 30, 2020 | \$ - | 15,105 | 1,884 | 4,992 | 21,981 |
| Book value: | | | | | |
| January 1, 2021 | \$ 62,430 | 20,123 | 43 | 51,143 | 133,739 |
| September 30, 2021 | \$ 62,430 | 16,865 | - | 44,666 | 123,961 |
| January 1, 2020 | \$ 62,430 | 632 | 54 | - | 63,116 |
| September 30, 2020 | \$ 62,430 | 21,208 | 46 | 54,788 | 138,472 |

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

(7) Investment property

| | Land and buildings |
|--------------------|-----------------------|
| Book value: | |
| January 1, 2021 | \$ 102,077 |
| September 30, 2021 | \$ 101,727 |
| January 1, 2020 | \$ 102,544 |
| September 30, 2020 | \$ 102,194 |

There is no recognition or reversal regarding major acquisition, disposition, and impairment of the group's investment property in the periods from January 1 to September 30, 2021 and 2020. For the amount of depreciation for the current period, please refer to Note 12(1). For other relevant information, please refer to Note 6(7) to the 2020 consolidated financial statements.

There is no significant difference between the fair value or the investment property of the group and the information disclosed in Note 6(7) to the 2020 annual consolidated financial statements.

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

(8) Short-term loans

The details of the short-term loans of the group are as follows:

| | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|-----------------------|---------------------|-------------------|------------------|
| Unsecured bank loans | \$ 300,000 | 150,000 | 300,000 |
| Unused limit | \$ 5,921,437 | 4,288,003 | 4,379,811 |
| Interest rate collars | 1.05% | 1.10% | 1.10% |

For details on interest rate risk and liquidity risk, please refer to Note 6(18).

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

(9) Provisions

| | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|---|--------------------------|--------------------------|
| Balance of warranty provisions as of January 1 | \$ 150,363 | 102,482 |
| Additional provisions for the current period | 27,686 | 345 |
| Provisions used in the current period | (3,862) | (2,788) |
| Balance of warranty provisions as of September 30 | \$ 174,187 | 100,039 |

For the periods from January 1 to September 30, 2021 and 2020, the warranty provisions of the group are mainly related to construction contracting. The warranty provisions are estimated based on the historical warranty data of various constructions. The group expects that the liability will occur mostly one year after the construction acceptance.

(10) Operating lease

For the periods from January 1 to September 30, 2021 and 2020, the group has no significant new contract of operating leases. For related information, please refer to Note 6(10) to the 2020 consolidated financial statements.

(11) Employee benefits

1. Defined benefit plan

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

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

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Operating costs | \$ 101 | 123 | 361 | 529 |
| Administrative expenses | 44 | 42 | 884 | 145 |
| Total | \$ 145 | 165 | 1,245 | 674 |

2. Defined Contribution Plan

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

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Operating costs | \$ 4,022 | 4,165 | 12,300 | 12,286 |
| Administrative expenses | 1,363 | 1,307 | 3,998 | 3,885 |
| Total | \$ 5,385 | 5,472 | 16,298 | 16,171 |

3. Short-term compensated absence liabilities

The details of employee benefit liabilities of the group are as follows:

| | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|--|------------------|-------------------|------------------|
| Short-term compensated absence liabilities | \$ 12,689 | 15,057 | 14,198 |

(12) Income tax

Income tax expense is the best estimate of the amount that net income before tax for the period multiplies by the management's best estimate of the annual effective tax rate.

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

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Current income tax expenses | | | | |
| Accrued in current year | \$ 40,366 | 27,546 | 132,230 | 110,148 |
| Surtax on unappropriated retained earnings | 9,160 | - | 9,852 | 3,554 |
| Adjustments to income tax expenses of previous period | 77 | - | 58 | (1,904) |
| | <u>49,603</u> | <u>27,546</u> | <u>142,140</u> | <u>111,798</u> |
| Deferred income tax expenses | | | | |
| Occurrence and reversal of temporary differences | (2,465) | 182 | (4,491) | 550 |
| Income tax expenses | \$ 47,138 | 27,728 | 137,649 | 112,348 |

2. The profit-seeking enterprise annual income tax return of the group were assessed for 2019.

(13) Capital and other equity

Apart from the matters described in the following paragraphs, there were no major changes in the group's capital and other equity in the periods from January 1 to September 30, 2021 and 2020. For relevant information, please refer to Note 6(13) to the 2020 consolidated financial statements.

1. Capital reserve

The details of capital reserve were as follows:

| | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|--|-------------------|-------------------|------------------|
| Shares premium | \$ 383,109 | 383,109 | 383,109 |
| Premium on conversion of convertible bonds | 130,766 | 130,766 | 130,766 |
| Changes in equity of associates and joint ventures accounted for using equity method | 2,568 | 2,568 | 2,568 |
| Unclaimed dividends after effective period | 521 | 414 | 414 |
| Others | 1,437 | 1,437 | 1,437 |
| | \$ 518,401 | 518,294 | 518,294 |

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 realized capital surplus referred to in the preceding paragraph includes the overage from the issuance of shares over the par value and the proceeds from the receipt of gifts. In accordance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital reserve may be capitalized, and the combined amount of any portions capitalized may not exceed 10% of the paid-in capital each year.

2. Retained earnings

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

The company will develop towards contracting large-scale constructions and strive for growth and innovation. To continuously maintain sufficient capital to meet the needs of the business, and to take into account the cash required for shareholders, the company's future cash dividend ratio will be no less than 20% of the total cash and share dividends to be distributed in the current year.

(1) Legal reserve

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

(2) Earnings distribution

The 2020 and 2019 distribution of earnings were resolved at the shareholders' meeting on July 1, 2021 and June 15, 2020, respectively. The dividends distributed to owners are as follows:

| | 2020 | | 2019 | |
|-----------------------------------|------------------------|----------------|------------------------|----------------|
| | Dividend rate (NTD) | Amount | Dividend rate (NTD) | Amount |
| Dividends to common shareholders: | | | | |
| Cash | \$ 3.6 | <u>381,728</u> | 3.0 | <u>318,107</u> |

3. Other equity (net after tax)

| | Unrealized gains and losses from financial assets at fair value through other comprehensive income |
|--|--|
| Balance as of January 1, 2021 | \$ 144,653 |
| Unrealized valuation gain (loss) from financial assets measured at fair value through other comprehensive income | 102,266 |
| Balance as of September 30, 2021 | <u>\$ 246,919</u> |
| Balance as of January 1, 2020 | \$ 126,159 |
| Unrealized valuation gain (loss) from financial assets measured at fair value through other comprehensive income | 85,019 |
| Balance as of September 30, 2020 | <u>\$ 211,178</u> |

(14) Earnings per share

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

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|---|-------------------|-------------------|-------------------|-------------------|
| Basic earnings per share | | | | |
| Net income attributable to the holders of common shares of the company | \$ 154,126 | 126,176 | 553,565 | 434,991 |
| Weighted average number of common shares outstanding | 106,036 | 106,036 | 106,036 | 106,036 |
| | \$ 1.45 | 1.19 | 5.22 | 4.10 |
| Diluted earnings per share | | | | |
| Net income attributable to the holders of common shares of the company | \$ 154,126 | 126,176 | 553,565 | 434,991 |
| Weighted average number of common shares outstanding | 106,036 | 106,036 | 106,036 | 106,036 |
| Impact of potential common shares with the dilution effect | | | | |
| Influence of employees' share bonus | 631 | 114 | 830 | 161 |
| Weighted average number of common shares outstanding (after adjusting the impact of diluting potential common shares) | 106,667 | 106,150 | 106,866 | 106,197 |
| | \$ 1.44 | 1.19 | 5.18 | 4.10 |

(15) Revenue from contracts with customers

1. Disaggregation of revenue

| | <u>Jul. - Sep., 2021</u> | <u>Jul. - Sep., 2020</u> | <u>Jan. - Sep., 2021</u> | <u>Jan. - Sep., 2020</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Timing of revenue recognition: | | | | |
| Gradually transferred constructions over time | \$ 2,356,019 | 3,423,811 | 7,528,758 | 10,228,631 |
| Gradually transferred services over time | 1,526 | 2,442 | 5,565 | 5,475 |
| | <u>\$ 2,357,545</u> | <u>3,426,253</u> | <u>7,534,323</u> | <u>10,234,106</u> |

2. Contract balances

| | <u>2021.9.30</u> | <u>2020.12.31</u> | <u>2020.9.30</u> |
|---|---------------------|-------------------|------------------|
| Notes and accounts receivable (including related parties) | \$ 1,585,508 | 2,828,300 | 2,966,872 |
| Less: Allowance for losses | - | - | (11,383) |
| Total | <u>\$ 1,585,508</u> | <u>2,828,300</u> | <u>2,955,489</u> |
| Contract asset construction | \$ 2,013,129 | 1,441,162 | 2,144,896 |
| Less: Allowance for losses | - | - | - |
| Total | <u>\$ 2,013,129</u> | <u>1,441,162</u> | <u>2,144,896</u> |
| Contract liability construction | <u>\$ 870,729</u> | <u>1,525,341</u> | <u>1,929,600</u> |

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

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the group transfers commodities or services to clients to meet the performance obligations and the time when clients pay. There were no other material changes during the periods from January 1 to September 30, 2021 and 2020.

(16) Remuneration to employees, directors and supervisors

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

The estimated compensation to employees amounted to NT\$9,156 thousand, NT\$1,586 thousand, NT\$29,331 thousand, and NT\$5,627 thousand, and the estimated remunerations to directors amounted to NT\$4,578 thousand, NT\$3,170 thousand, NT\$14,665 thousand, and NT\$11,253 thousand for the three-months periods and nine-months periods then ended on September 30, 2021 and 2020, respectively. These amounts were calculated using the company's net income before tax without the remunerations to employees and directors and supervisors for each period, multiplied by the percentage which is stated under the company's Articles of Incorporation. These remunerations were expensed under operating costs and operating expenses for each period. If the actual distribution is different from the estimation, the difference will be accounted for as changes in accounting estimates and recognized in profit or loss for the following year.

The actual distribution of employee remuneration amounted to NT\$33,223 thousand and NT\$5,105 thousand, and the actual distribution of director and supervisor remuneration amounted to NT\$16,611 thousand and NT\$10,209 thousand for the years of 2020 and 2019. There is no difference between the estimation and the actual distribution. Please refer to the MOPS for relevant information.

(17) Non-operating income and expenses

1. Interest income

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

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Loans and receivables | \$ 1,211 | 1,532 | 4,410 | 5,762 |
| Bank deposits | 410 | 21 | 773 | 257 |
| Other interest income | - | - | 2,087 | - |
| | \$ 1,621 | 1,553 | 7,270 | 6,019 |

2. Other income

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

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|-----------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Dividend income | \$ 25,649 | 17,718 | 28,584 | 18,130 |
| Rental income | 2 | 3 | 8 | 9 |
| Other income | 141 | 1,302 | 399 | 2,158 |
| | \$ 25,792 | 19,023 | 28,991 | 20,297 |

3. Other gains or losses

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

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Gains (or losses) on financial assets measured at fair value through profit or loss | \$ 2,525 | (2,315) | 27,182 | (11,074) |
| Gains on disposal of property, plant and equipment | - | - | 33 | - |
| Other expenses | - | (1) | - | (81) |
| | \$ 2,525 | (2,316) | 27,215 | (11,155) |

4. Finance costs

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

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Interest expenses | | | | |
| Bank loans | \$ 39 | 812 | 143 | 1,989 |
| Others | 64 | 11 | 188 | 151 |
| | \$ 103 | 823 | 331 | 2,140 |

(18) Financial instruments

Apart from the matters described in the following paragraphs, there are no major changes in the fair value of the group's financial instruments and matters exposed to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to Note 6(18) to the 2020 consolidated financial statements.

1. Liquidity risk

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

| | Book value | Contractual cash flows | Less than 1 year | 1-3 years | 3-5 years | Over 5 years |
|--|---------------------|------------------------|------------------|------------------|--------------|--------------|
| September 30, 2021 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | \$ 300,000 | 302,888 | 302,888 | - | - | - |
| Notes payable | 262,988 | 262,988 | 262,988 | - | - | - |
| Accounts payable | 3,998,945 | 3,998,945 | 2,312,032 | 1,686,913 | - | - |
| Other payables | 240,551 | 240,551 | 240,551 | - | - | - |
| Other current liabilities (leases liabilities) | 3,123 | 3,166 | 3,166 | - | - | - |
| Other non-current liabilities (leases liabilities) | 8,326 | 9,555 | - | 4,114 | 1,144 | 4,297 |
| | \$ 4,813,933 | 4,818,093 | 3,121,625 | 1,691,027 | 1,144 | 4,297 |
| December 31, 2020 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | \$ 150,000 | 151,100 | 151,100 | - | - | - |
| Notes payable | 335,247 | 335,247 | 335,247 | - | - | - |
| Accounts payable | 3,749,899 | 3,749,899 | 1,855,504 | 1,894,395 | - | - |
| Other payables | 315,681 | 315,681 | 315,681 | - | - | - |
| Other current liabilities (leases liabilities) | 2,159 | 2,652 | 2,652 | - | - | - |
| Other non-current liabilities (leases liabilities) | 9,722 | 10,601 | - | 4,474 | 1,682 | 4,445 |
| | \$ 4,562,708 | 4,565,180 | 2,660,184 | 1,898,869 | 1,682 | 4,445 |
| September 30, 2020 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | \$ 300,000 | 303,025 | 303,025 | - | - | - |
| Notes payable | 536,947 | 536,947 | 536,947 | - | - | - |
| Accounts payable | 3,225,269 | 3,225,269 | 1,194,157 | 2,031,112 | - | - |
| Other payables | 195,019 | 195,019 | 195,019 | - | - | - |
| Other current liabilities (leases liabilities) | 2,081 | 2,652 | 2,652 | - | - | - |
| Other non-current liabilities (leases liabilities) | 8,180 | 9,471 | - | 2,972 | 2,005 | 4,494 |
| | \$ 4,267,496 | 4,272,383 | 2,231,800 | 2,034,084 | 2,005 | 4,494 |

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

2. Other price risk

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

| Securities price on the reporting date | Jan. - Sep., 2021 | | Jan. - Sep., 2020 | |
|--|--------------------------------------|----------------------|--------------------------------------|----------------------|
| | Other comprehensive income after tax | Net income after tax | Other comprehensive income after tax | Net income after tax |
| Increased by 10% | \$ 46,062 | 7,122 | 42,449 | 3,906 |
| Decreased by 10% | \$ (46,062) | (7,122) | (42,449) | (3,906) |

3. 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 types of financial assets and financial liabilities (including fair value level information, then again the carrying amount of financial instruments not measured by fair value is a reasonable approximation, and the fair value of equity instrument investment lease liabilities without quotation in the active market that cannot be reliably measured, the fair value is not required to be disclosed according to regulations) are listed as follows:

| | 2021.9.30 | | | | |
|---|---------------------|----------------|----------|--------------|----------------|
| | Book value | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value through profit or loss | | | | | |
| Financial assets mandatorily classified as at fair value through profit or loss | \$ 71,221 | 71,221 | - | - | 71,221 |
| Financial assets measured at fair value through other comprehensive income | \$ 465,688 | 460,617 | - | 5,071 | 465,688 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 4,494,910 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 1,585,508 | - | - | - | - |
| Other financial assets-current | 265,228 | - | - | - | - |
| Other financial assets-non-current | 21,246 | - | - | - | - |
| Subtotals | 6,366,892 | - | - | - | - |
| Total | \$ 6,903,801 | 531,838 | - | 5,071 | 536,909 |
| Financial liabilities at amortized cost | | | | | |
| Short-term loans | \$ 300,000 | - | - | - | - |
| Notes and accounts payable | 4,261,933 | - | - | - | - |
| Other current liabilities (leases liabilities) | 3,123 | - | - | - | - |
| Other non-current liabilities (leases liabilities) | 8,326 | - | - | - | - |
| Other payables | 240,551 | - | - | - | - |
| Total | \$ 4,813,933 | - | - | - | - |

| | | 2020.12.31 | | | |
|---|---------------------|-------------------|----------------|----------------|----------------|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Financial assets mandatorily classified as at fair value through profit or loss | \$ 44,039 | 44,039 | - | - | 44,039 |
| Financial assets measured at fair value through other comprehensive income | \$ 363,370 | 357,545 | - | 5,825 | 363,370 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 4,108,192 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 2,828,300 | - | - | - | - |
| Other financial assets-current | 201,785 | - | - | - | - |
| Other financial assets-non-current | 11,171 | - | - | - | - |
| Subtotals | 7,149,448 | - | - | - | - |
| Total | \$ 7,556,857 | 401,584 | - | 5,825 | 407,409 |
| Financial liabilities at amortized cost | | | | | |
| Short-term loans | \$ 150,000 | - | - | - | - |
| Notes and accounts payable | 4,085,146 | - | - | - | - |
| Other current liabilities (leases liabilities) | 2,159 | - | - | - | - |
| Other non-current liabilities (leases liabilities) | 9,722 | - | - | - | - |
| Other payables | 315,681 | - | - | - | - |
| Total | \$ 4,562,708 | - | - | - | - |

| | | 2020.9.30 | | | |
|---|---------------------|-------------------|----------------|----------------|----------------|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Financial assets mandatorily classified as at fair value through profit or loss | \$ 39,060 | 39,060 | - | - | 39,060 |
| Financial assets measured at fair value through other comprehensive income | \$ 429,911 | 424,487 | - | 5,424 | 429,911 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 3,108,062 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 2,955,489 | - | - | - | - |
| Other financial assets-current | 203,309 | - | - | - | - |
| Other financial assets-non-current | 7,315 | - | - | - | - |
| Subtotals | 6,274,175 | - | - | - | - |
| Total | \$ 6,743,146 | 463,547 | - | 5,424 | 468,971 |
| Financial liabilities at amortized cost | | | | | |
| Short-term loans | \$ 300,000 | - | - | - | - |
| Notes and accounts payable | 3,762,216 | - | - | - | - |
| Other current liabilities (leases liabilities) | 2,081 | - | - | - | - |
| Other non-current liabilities (leases liabilities) | 8,180 | - | - | - | - |
| Other payables | 195,019 | - | - | - | - |
| Total | \$ 4,267,496 | - | - | - | - |

(2) Changes in Level 3 financial assets

| | Measured at fair value through other comprehensive income | | |
|--------------------|--|----------------------------|--------------|
| | Equity instruments | | |
| | without public quotes | Bond investment | Total |
| January 1, 2021 | \$ 5,825 | - | 5,825 |
| September 30, 2021 | \$ 5,071 | - | 5,071 |
| January 1, 2020 | \$ 5,920 | - | 5,920 |
| September 30, 2020 | \$ 5,424 | - | 5,424 |

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

| | <u>Jul. - Sep., 2021</u> | <u>Jul. - Sep., 2020</u> | <u>Jan. - Sep., 2021</u> | <u>Jan. - Sep., 2020</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Total profit or loss | | | | |
| Recognized in other comprehensive income (reported in "unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income") | \$ (1,645) | (115) | (754) | (496) |

(3) There was no matter of transfer between each level during the periods from January 1 to September 30, 2021 and 2020.

(19) 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(19) to the 2020 consolidated financial statements.

(20) Capital management

The goals, policies and procedures of the group's capital management are in line with the information disclosed in Note 6(20) to the 2020 consolidated financial statements. The aggregated quantitative data of the projects used as capital management in the current period is as follows:

| | <u>2021.9.30</u> | <u>2020.12.31</u> | <u>2020.9.30</u> |
|---------------------------------|------------------|-------------------|------------------|
| Total liabilities | \$ 6,006,112 | 6,364,378 | 6,367,609 |
| Less: Cash and cash equivalents | (4,494,910) | (4,108,192) | (3,108,062) |
| Net liabilities | 1,511,202 | 2,256,186 | 3,259,547 |
| Total equity | 3,343,528 | 3,069,278 | 2,943,100 |
| Adjusted capital | \$ 4,854,730 | 5,325,464 | 6,202,647 |
| Debt-to-capital ratio | 31% | 42% | 53% |

7. Related-Party Transactions

(1) The parent company and the ultimate controlling party

Kindom Development Co., Ltd. is the parent company of the group and the ultimate controller of the group to which it belongs and holds 34.18% of the outstanding common shares of the group. Kingdom Development Co., Ltd. has prepared consolidated financial statements for public use.

(2) 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 Development Co., Ltd. | The parent company of the company |
| Kindom Yu San Education Foundation | The entity's chairman is the first-degree relative of the company's director. |

(3) Significant transactions with related parties

1. Sales of services to related parties

The substantial sales amount of the group to related parties is as follows:

| | | Jul. - Sep., 2021 | | | |
|---|--------------------------|-----------------------|-----------------|--------------------------|---|
| | | Total contract amount | Valuated amount | Current valuation amount | Income recognized in the current period |
| Nature | | | | | |
| Parent company - Kindom Development Co., Ltd. | Engineering construction | \$ 10,943,436 | 658,339 | 658,339 | 582,972 |
| | | Jul. - Sep., 2020 | | | |
| | | Total contract amount | Valuated amount | Current valuation amount | Income recognized in the current period |
| Nature | | | | | |
| Parent company - Kindom Development Co., Ltd. | Engineering construction | \$ 16,989,139 | 1,844,548 | 1,844,548 | 1,198,275 |

| | | Jan. - Sep., 2021 | | | |
|---|--------------------------|-----------------------|-----------------|--------------------------|---|
| Nature | | Total contract amount | Valuated amount | Current valuation amount | Income recognized in the current period |
| Parent company - Kindom Development Co., Ltd. | Engineering construction | \$ 10,943,436 | 6,828,098 | 1,914,425 | 2,175,513 |

| | | Jan. - Sep., 2020 | | | |
|---|--------------------------|-----------------------|-----------------|--------------------------|---|
| Nature | | Total contract amount | Valuated amount | Current valuation amount | Income recognized in the current period |
| Parent company - Kindom Development Co., Ltd. | Engineering construction | \$ 16,989,139 | 10,220,408 | 4,361,974 | 3,572,538 |

- 1) The constructions contracted by the group from related parties are compliant with the outsourcing regulations of the affiliates, plus a reasonable management fee and profit in accordance with the project budget, and after the price comparison and negotiation procedures, the contract prices are determined after they are submitted to the supervisors for approval.
 - 2) From January 1 to September 30, 2021 and 2020, the gross profit margin of the constructions contracted by the group from non-affiliates was approximately 1.92%~24.38% and 3.96%~19.90%; that of the affiliates was about 3.74%~4.64% and 3.85%~4.89%, respectively.
2. Receivables from related parties and contract assets

The group's receivables from related parties and contract assets are as follows:

| Account title in book | Type of related party | 2021.9.30 | 2020.12.31 | 2020.9.30 |
|---|---|---------------------|------------------|------------------|
| Notes receivable | Parent company - Kindom Development Co., Ltd. | \$ - | 1,119,596 | 2,077,013 |
| Accounts Receivable | Parent company - Kindom Development Co., Ltd. | 911,417 | 769,260 | 477,741 |
| Contract assets | Parent company - Kindom Development Co., Ltd. | 156,828 | 131,468 | 222,428 |
| Contract assets (retention receivables) | Parent company - Kindom Development Co., Ltd. | 16,894 | 19,774 | 20,261 |
| | | \$ 1,085,139 | 2,040,098 | 2,797,443 |

For 2021 and 2020, the collection period of the group from related parties was 50% due immediately, 50% due in 60 days, and 100% due in 90 days; one assessment was performed on general cases in a month, 100% due immediately, or 100% due in 30 days, or 100% due in 90 days.

3. Endorsements/guarantees

On September 30, 2021, December 31, 2020, and September 30, 2020, the group was the joint partner and joint debtor of the parent company - Kindom Development Co., Ltd. for cooperative development and construction, with the amount of NT\$28,384 thousand.

4. Leases

For the nine-month periods ended September 30, 2021 and 2020, the group leased to the parent company - Kindom Development Co., Ltd. office building and signed a tenancy agreement, taking into account the rental market prices of offices in neighboring areas. The total contract value was NT\$294 thousand per month. The rent income was NT\$840 thousand, NT\$840 thousand, NT\$2,520 thousand, and NT\$2,520 thousand for the periods from July 1 to September 30, 2021 and 2020, and January 1 to September 30, 2021 and 2020.

The group leased the office building from its parent company, Kindom Development Co., Ltd., with a total contract value of NT\$575 thousand and NT\$195 thousand per month from January 1 to September 30, 2021 and 2020, respectively. The rental expenses were NT\$1,643 thousand, NT\$557 thousand, NT\$4,929 thousand, and NT\$1,671 thousand for the periods from July 1 to September 30, 2021 and 2020, and January 1 to September 30, 2021 and 2020.

5. Others

1) The group donated a total of NT\$4,500 thousand and NT\$4,125 thousand to Kindom Yu San Education Foundation in the periods from January 1 to September 30, 2021 and 2020, respectively, for the promotion of foundation affairs.

2) In 2021 and 2020, the group entered into a professional service contract with Kindom Development Co., Ltd., the parent company, for the provision of engineering research, recommendation, and education by the group at a total contract price of NTD 1,060 thousand and NTD 963 thousand, which was fully settled as of September 30, 2021.

(4) Key management personnel transactions

Remuneration to key management personnel includes:

| | Jul. - Sep., 2021 | Jul. - Sep., 2020 | Jan. - Sep., 2021 | Jan. - Sep., 2020 |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Short-term | \$ 19,909 | 10,969 | 79,992 | 60,328 |
| employee benefits | | | | |
| Benefits after | 67 | 46 | 179 | 139 |
| retirement | | | | |
| | \$ 19,976 | 11,015 | 80,171 | 60,467 |

8. Pledged Assets

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

| <u>Name of assets</u> | <u>Pledge guarantee object</u> | <u>2021.9.30</u> | <u>2020.12.31</u> | <u>2020.9.30</u> |
|---------------------------------------|--|-------------------|-------------------|------------------|
| Other financial assets current | -Loan facilities collateral and construction guarantees | \$ 158,096 | 168,484 | 169,637 |
| Property, plant and equipment, net | Loan facilities collateral | 53,200 | 53,200 | 53,200 |
| Investment property, net | Loan facilities collateral | 95,179 | 95,353 | 95,411 |
| | | <u>\$ 306,475</u> | <u>317,037</u> | <u>318,248</u> |

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

1. The major construction undertaking by the group as of September 30, 2021, December 31, 2020, and September 30, 2020 amounted to NT\$32,611,092 thousand, NT\$44,164,036 thousand, and NT\$50,216,647 thousand, respectively; the group already collected NT\$8,977,643 thousand, NT\$19,796,069 thousand, and NT\$23,115,472 thousand based on the contracts.
2. Approved by the Board of Directors on December 30, 2020 and December 20, 2019, the group undertook to donate NT\$6,000 thousand and NT\$5,500 thousand to the Kindom Yu San Education Foundation in 2021 and 2020, respectively, for the promotion of the foundation's business.

(2) Contingent liabilities:

1. In relation to the construction project under Project Code 041A, the neighbor manufacturer alleged that the structural damages on the manufacturer's plants and land were the results of the Company's construction so the Company was sued by the neighbor manufacturer, in the amount of NT\$ 15,665 thousand for the joint damages. On September 30, 2021, the first instance has ruled that the Company won all the cases. The Company will deal with any appeals against the court decision by the neighbor manufacturer, if any.
2. The Company and Taipei Veterans General Hospital signed the "Turnkey Project for the New Medical Building of Taipei Veterans General Hospital" on November 24, 2017. Since the dispute in construction duration, the Company is now actively extending the construction period with the owner by 129 days. According to the evaluation of the legal counsel of the Company, the extension is justified and not unfounded. However, the final outcome of the extension is still subject to the procedures of contract dispute resolution.
3. In relation to the construction project under Project Code 061M, the Company was asked for the joint damages amounted to NT\$ 20,131 thousand; however, due to the lack of evidence, the case is currently undergoing mediation procedures.

10. Significant Disaster Loss: None.

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

12. Others

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

| Function Nature | Jul. - Sep., 2021 | | | Jul. - Sep., 2020 | | |
|---|-------------------|--------------------|---------|-------------------|--------------------|---------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits expenses | | | | | | |
| Salaries and wages | \$ 109,748 | 47,497 | 157,245 | 123,024 | 44,173 | 167,197 |
| Labor insurance and national health insurance | 8,768 | 2,462 | 11,230 | 9,220 | 2,305 | 11,525 |
| Pension expenses | 4,123 | 1,407 | 5,530 | 4,288 | 1,349 | 5,637 |
| Other employee benefits expenses | 385 | 1,029 | 1,414 | 405 | 3,053 | 3,458 |
| Depreciation | 1,241 | 3,842 | 5,083 | 1,362 | 3,210 | 4,572 |
| Depletion expenses | - | - | - | - | - | - |
| Amortization expenses | - | - | - | - | - | - |

| Function Nature | Jan. - Sep., 2021 | | | Jan. - Sep., 2020 | | |
|---|-------------------|--------------------|---------|-------------------|--------------------|---------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits expenses | | | | | | |
| Salaries and wages | \$ 349,292 | 139,663 | 488,955 | 353,717 | 128,196 | 481,913 |
| Labor insurance and national health insurance | 27,396 | 7,404 | 34,800 | 27,216 | 6,919 | 34,135 |
| Pension expenses | 12,661 | 4,882 | 17,543 | 12,815 | 4,030 | 16,845 |
| Other employee benefits expenses | 971 | 3,467 | 4,438 | 1,091 | 7,274 | 8,365 |
| Depreciation | 4,249 | 10,676 | 14,925 | 2,033 | 5,191 | 7,224 |
| Depletion expenses | - | - | - | - | - | - |
| Amortization expenses | - | - | - | - | - | - |

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

13. Supplementary Disclosures

- (1) Information on significant transactions

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

1. Financings provided: None.

2. Endorsement/guarantees for others:

Unit: Thousand NTD

| No. | Name of endorsement/guarantee provider | Subject of endorsement/guarantees | | Limit on endorsement/guarantees provided for a single party(Note 2) | 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 (Note 2) | Endorsement/guarantees provided by parent company to subsidiaries | Endorsement/guarantees provided by subsidiaries to parent company | Endorsement/guarantees provided to entities in China |
|-----|--|-----------------------------------|-------------------------------|---|---------------------------------|---|--------------------|---|---|---|---|---|--|
| | | Company name | Relationship (Note 1) | | | | | | | | | | |
| 0 | Kedge Construction Co., Ltd. | Kindom Development Co., Ltd. | Parent company and subsidiary | \$ 6,686,638 | 14,192 | 14,192 | 14,192 | - | 0.42% | 6,686,638 | - | Y | - |
| 1 | Dingtian Construction Co., Ltd. | Kindom Development Co., Ltd. | Parent company and subsidiary | 51,323 | 14,192 | 14,192 | 14,192 | - | 27.65% | 51,323 | - | Y | - |
| 1 | " | Kedge Construction Co., Ltd. | " | 7,698,466 | 1,376,500 | 1,376,500 | 1,376,500 | - | 2,682.03% | 15,396,932 | - | Y | - |

Note 1: Listed below are the 7 types of companies to which the company may provide endorsement/guarantees:

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

Note 2: 1. The aggregate balance of endorsement/guarantees provided by the company shall not exceed 200% of the company's net worth stated in the most recent financial statements, and the amount of endorsement/guarantees provided by the company for any single entity shall not exceed 200% of the company's net worth stated in the most recent financial statements. Nevertheless, the total guarantee amount for construction projects shall not exceed 10 times the company's net worth stated in the most recent financial statements, and the total guarantee amount for construction projects of a single enterprise shall not exceed 5 times the company's net worth stated in the most recent financial statements.

2. The aggregate balance of endorsement/guarantees provided by Dingtian Construction shall not exceed 100% of Dingtian Construction's net worth stated in the most recent financial statements, and the amount of endorsement/guarantees provided by Dingtian Construction for any single entity shall not exceed 100% of Dingtian Construction's net worth stated in the most recent financial statements. Nevertheless, the total guarantee amount for construction projects shall not exceed 300 times of Dingtian Construction's net worth stated in the most recent financial statements, and the total guarantee amount for construction projects of a single enterprise shall not exceed 150 times of Dingtian Construction's net worth stated in the most recent financial statements.

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

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

Unit: Thousand NTD

| Holding company | Type and name of securities | Relationship with the securities issuer | Account title in book | End of period | | | | Remark |
|--------------------------------------|---|---|--|------------------------------------|------------|----------------------------|------------|--------|
| | | | | Number of shares (thousand shares) | Book value | Percentage of shareholding | Fair value | |
| Kedge Construction Co., Ltd. | Shares - Kindom Development Co., Ltd. | Kedge Construction Co., Ltd. is its subsidiary | Financial assets measured at fair value through other comprehensive income - non-current | 550 | \$ 21,670 | 0.10 % | 21,670 | |
| Jiequn Investment Co., Ltd. | Shares - Fubon Financial Holding Co., Ltd. | - | Financial assets at fair value through profit or loss - current | 472 | 36,165 | - % | 36,165 | |
| " | Shares - SinoPac Financial Holdings Co., Ltd. | - | " | 211 | 2,935 | - % | 2,935 | |
| " | Shares - Kindom Development Co., Ltd. | Jiequn Investment is the second-tier subsidiary of that company. | Financial assets measured at fair value through other comprehensive income - non-current | 9,373 | 369,300 | 1.69 % | 369,300 | |
| " | Shares - Taiwan Calcom International Computer Graphic Co., Ltd. | - | " | 405 | - | 0.78 % | - | |
| Guanqing Electromechanical Co., Ltd. | Shares - Kindom Development Co., Ltd. | Guanqing Electromechanical is the second-tier subsidiary of that company. | " | 1,768 | 69,647 | 0.32 % | 69,647 | |
| " | Shares - Commonwealth Publishing Co., Ltd. | - | " | 145 | 5,071 | 0.59 % | 5,071 | |
| " | Shares - Fubon Financial Holding Co., Ltd. | - | Financial assets at fair value through profit or loss - current | 419 | 32,121 | - % | 32,121 | |

- Accumulated amount of buying or selling the same marketable securities at NT\$300 million or more than 20% of the paid-in capital: None.
- Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- Purchase and sales with related parties amounting to NT\$100 million or more than 20% of the paid-in capital:

Unit: Thousand NTD

| Company name | Name of transaction counterparty | Relationship | Transaction details | | | | Situation and reason of why trading conditions are different from general trading | | Notes/accounts receivable (or payable) | | Remark |
|------------------------------|----------------------------------|--|---------------------|----------------|---|---|---|-----------------------------|--|---|--------|
| | | | Purchases/sales | Amount (Note) | As a percentage of total purchase (sales) | Loan period | Unit Price | Loan period | Balance | As a percentage of total notes/accounts receivable (or payable) | |
| Kedge Construction Co., Ltd. | Kindom Development Co., Ltd. | An investment company that evaluates Kedge Construction Co., Ltd. by the equity method | Contracting | \$ (1,914,425) | (30.04)% | Payment by installment following the contract is equivalent to the general transaction. | Equivalent | Slightly longer than normal | 928,311 | 33.49% | |

Note: It refers to the current valuation amount.

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

Unit: Thousand NTD

| Company that records such transactions as receivables | Name of transaction counterparty | Relationship | Balance of receivables from related parties | Turnover rate | Overdue receivables from related parties | | Amounts received in subsequent periods | Allowance for loss appropriated |
|---|----------------------------------|--|---|---------------|--|--------------|--|---------------------------------|
| | | | | | Amount | Action taken | | |
| Kedge Construction Co., Ltd. | Kindom Development Co., Ltd. | An investment company that evaluates Kedge Construction Co., Ltd. by the equity method | \$ 928,311 | 2.04 | - | - | 194,694 | - |

9. Derivative financial instrument transactions: None.

10. Business relationship and significant transactions between the parent company and subsidiaries:

| No. | Company name | Name of transaction counterparty | Relationship | Transactions | | | As a percentage of consolidated revenue or total assets |
|-----|--------------------------------------|--------------------------------------|--------------|-------------------------------|----------|------------------------------------|---|
| | | | | Account | Amount | Terms and conditions | |
| 0 | Kedge Construction Co., Ltd. | Guanqing Electromechanical Co., Ltd. | 1 | Contract liabilities | \$ 7,462 | Equivalent to general transactions | 0.08% |
| 0 | " | " | 1 | Notes and accounts payable | 30,825 | " | 0.33% |
| 0 | " | " | 1 | Operating costs | 115,644 | " | 1.53% |
| 0 | " | Dingtian Construction Co., Ltd. | 1 | Contract liabilities | 6,058 | " | 0.06% |
| 0 | " | " | 1 | Notes and accounts payable | 18,383 | " | 0.20% |
| 0 | " | " | 1 | Operating costs | 96,657 | " | 1.28% |
| 1 | Guanqing Electromechanical Co., Ltd. | Kedge Construction Co., Ltd. | 2 | Contract assets | 7,462 | " | 0.08% |
| 1 | " | " | 2 | Notes and accounts receivable | 30,825 | " | 0.33% |
| 1 | " | " | 2 | Operating revenue | 115,644 | " | 1.53% |
| 2 | Dingtian Construction Co., Ltd. | " | 2 | Contract assets | 6,058 | " | 0.06% |
| 2 | " | " | 2 | Notes and accounts receivable | 18,383 | " | 0.20% |
| 2 | " | " | 2 | Operating revenue | 96,657 | " | 1.28% |

Note 1: Instructions on numbering:

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

Note 2: The type of relationship with the transaction counterparty is marked as follows:

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

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

(2) Information on investees

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

Unit: Thousand NTD/thousand shares

| Name of investor | Investee | Location | Principal business | Original investment amount | | Ending shareholding | | | Net income (loss) of the investee | Share of profit/loss of investee | Remark |
|--------------------------------------|--------------------------------------|----------|--|----------------------------|------------------|---------------------|------------|------------|-----------------------------------|----------------------------------|---|
| | | | | End of this period | End of last year | Number of Shares | Percentage | Book value | | | |
| Kedge Construction Co., Ltd. | Jiequn Investment Co., Ltd. | Taiwan | General Investment | \$ 163,935 | 163,935 | 16,396 | 99.98% | 517,457 | 34,924 | 34,917 | Subsidiary |
| Kedge Construction Co., Ltd. | Guanqing Electromechanical Co., Ltd. | Taiwan | Electrical equipment installation and fire safety equipment installation, etc. | 81,326 | 81,326 | 7,747 | 99.96% | 245,251 | 20,446 | 20,438 | " |
| Jiequn Investment Co., Ltd. | Dingtian Construction Co., Ltd. | Taiwan | The comprehensive construction industry, etc. | 16,500 | 16,500 | 690 | 30.00% | 15,397 | (2,864) | (859) | Second-tier subsidiary |
| Guanqing Electromechanical Co., Ltd. | Dingtian Construction Co., Ltd. | Taiwan | The comprehensive construction industry, etc. | 11,105 | 11,105 | 1,610 | 70.00% | 35,926 | (2,864) | (2,005) | " |
| Dingtian Construction Co., Ltd. | ReadyCom eServices Corp. | Taiwan | Information software services and management consultants, etc. | 15,000 | 15,000 | 1,400 | 46.67% | 17,394 | (6,670) | (3,113) | Investments accounted for using equity method |

Note: The transactions of the above subsidiaries and second-tier subsidiaries have been written off at the time of preparing the consolidated financial statements.

(3) Information on investments in Mainland China:

1. Relevant information, including names and principal business, on investees in China: None.
2. Limit of investment in China: None.
3. Significant transactions with investees in China: None.

(4) Information on major shareholders:

Unit: Share

| Name of major shareholder | Shareholding | Number of shares held | Percentage of shareholding |
|------------------------------|--------------|-----------------------|----------------------------|
| Kindom Development Co., Ltd. | | 36,247,768 | 34.18% |
| Yute Investment Co., Ltd. | | 8,785,536 | 8.28% |

14. Segment Information

The operation department of the group which should be reported is the construction segment. The construction segment is mainly responsible for the integrated operation and maintenance of construction, management, and other overall works. The information on segment profit and loss, segment assets, and segment liabilities are consistent with the financial statements. Please refer to the consolidated balance sheets and consolidated statements of comprehensive income for details.