

Stock Code: 2546

# Annual Report 2021



## Kedge Construction Co., Ltd.

Published date: May 24, 2022

This Annual Report can be accessed from: Market Observation Post System:

<https://mops.twse.com.tw>

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Spokesperson: Chin-Hua Fan

Title: Assistant General Manager

E-mail: gfan@kindom.com.tw

Acting Spokesperson: Chun-Ming Chen

Title: Acting Assistant General Manager

E-mail: adchen@kindom.com.tw

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II. Head Office, Branch Offices and Factories: No branch or factory

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III. Share Transfer Agency

Name: CTBC Bank Transfer Agency

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Tel.: (02) 6636-5566

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IV. Certified Public Accountants for the Most Recent Fiscal Year:

Name of Accounting Firm: KPMG Taiwan

Name of CPAs: Hsin-Lien, Han, Ti-Nuan, Chien

Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

Tel: (02) 8101-6666

Website: <http://www.kpmg.com.tw>

V. Information on Overseas Securities: None

VI. Company Website: <https://www.kedge.com.tw>

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## Chapter 1. Letter to Shareholders

Dear Shareholders:

In 2021, COVID-19 epidemic continued spread globally, and the Company was affected by variant viruses recently. With the joint efforts made by the government, the industry and the public in fighting against the epidemic, some parts in China not only prevented the continued rapid spread of the epidemic in May, but also our country made achievement in terms of economic growth rate, foreign trade, investment, consumption, etc. in 2021 due to the strong demands for 5G, AI and other emerging technology applications, the development of new semiconductor processes, increased manufacturing capacity and strong export momentum.

In 2021, facing the impact of the epidemic, on-site labor shortage, supply chain costs, and unstable delivery schedules, etc., Kedge has newly created NT\$23.1 billion which facilitates the balance of existing projects and contribution to future performance, in addition to completion of settlement for 12 projects based on original milestones, including residential, civil engineering, turnkey, hospital and factory projects, etc.

### (I) Operating Results of 2021

The items included in the consolidated operating revenue in 2021 include construction revenues and non-operating income, totaling NT\$10.846 billion, with a decrease of NT\$3.315 and a decline of 23.4% as compared with that of 2020. Among them, the construction revenue is calculated based on the schedule of various projects and proportion of the investment in projects. The projects newly contracted in 2021 contributed to 3.89% of the total project price.

The total consolidated operating expenditure in 2021 was NT\$9.961 billion, including project costs, operating expenses and non-operating expenses, with a decrease of NT\$3.418 billion and a decline of 25.6% as compared with 2020. Among which, project costs decreased due to delay in determining bid winner of civil engineering and factory projects and in transfer by owner or in entering site for commencement of engineering, and due to the slowed down construction and delay in partial progress as affected by continued shortage of key materials caused by the epidemic during the period from May to July. Operating expenses increased due to adjustment to salaries and wages, provision of rewards and remuneration based on profits, donation for the public security of Taiwan Railway and for the public benefits for epidemic prevention, and increased expenditure for information security measures in line with operational needs.

Kedge adopted a stable growth policy for contracting projects based on scale and total contracting price. The consolidated net cash inflow from operating activities in 2021 was NT\$267 million, with a decrease of NT\$1.719 billion and a decline of 86.6% as compared with 2020, due to the difference in the recording time of the revenue and expenditure of construction projects and due to no advance engineering payment received for newly contracted projects according to the terms and provisions of contracts; The consolidated net cash outflow from investing and financing activities was NT\$351 million, with a decrease of NT\$53 million and a decline of 13.1% as compared with 2020; In terms of the consolidated cash flow, the net outflow as compared with 2020 was NT\$83 million.

In 2021, the return on assets (ROA) was 7.93%, with an increase of 0.83% and a growth rate of 11.6% as compared with 2020; Return on equity (ROE) was 22.51%, with an increase of 0.94% and a growth rate of 4.4%; Consolidated earnings per share (EPR) was NT\$6.98, with an increase of NT\$1.07 and a growth rate of 18.1%. All those reflect the results of the efforts made by Kedge for contracting the projects with high competition advantages, and reflect a operation result better than that of 2020.

### (II) Annual Business Plan for 2022

Kedge always adheres to the business philosophy of "honesty, quality, service, innovation and sustainability", and is committed to providing high-quality construction services. In 2022, it will maintain the goal of striving for high-tech and high-value-added projects, and its major revenue drivers will still focus on the projects related to high-tech owners' new processes and government's economic development through railway, etc. to lead excellent cooperating contractors to strive for the projects with high competitive advantages and in line with social development trends, and will implement and share interests and common growth, in addition to balancing its existing projects and the strategies for future performance, with a view to become the long-term partner of high-quality owners.

As of the end of March 2022, there are 22 projects in progress, including 8 residential and commercial projects, such as Kindom's Erchongpu, Xiulang Bridge, Minquan E. Rd. projects, etc., 4 civil engineering projects, i.e. C212 bid, C611 bid, Taiwan 61 line Houlong and C612 bid, 3 turnkey projects, i.e. Nan Man Market, Taoyuan Convention and Exhibition Center, and Zhongshan Section in Taishan District, 7 factory projects, such as TSMC's F18 factory area, zero waste center and AP6B factory area, etc., with a approximate amount of NT\$49.501 billion, the amount of which will be recorded in accounts in future 1 to 3 years (5 years for some civil works).

Facing the current challenges brought by internal and external business environment such as lack of labor and materials and price fluctuations, etc. under the continued impact of COVID-19, Kedge optimizes its construction management process, integrates technical system and tools, and introduces R&D technical construction methods to secure its four cores, i.e. project quality, costs, progress and safety, to remain its competitiveness, on the premises of creating a win-win, mutual benefit and cooperative development mode.

In addition, in response to climate change and changes in social structure, Kedge will promote the development of optimization and modular construction related businesses, and specifically invest in basic ESG actions, including cooperating with professional manufacturers to introduce digital technologies, and introducing recyclable building materials, environment and modular construction methods, to improve smart building and circular economic benefits, so as to implement carbon emission reduction and build a healthy city. And Kedge undertakes to pursue the vision of sustainable development by taking innovative development, environmental sustainability and social co-prosperity as goals.

### ( III ) The Effect of External Competition Environment, the Legal Environment, and the Overall Business Environment

Based on recent global economic perspective, there will still be a high pressure from inflation due to the continued impact brought by the variant virus of COVID-19 and the high degree of uncertainty in economic performance caused by Russian-Ukrainian war. Taiwan initially showed resilience and reduced vulnerability in economic structure transformation in 2021. According to the forecast made by the Executive Yuan, domestic economic growth rate in 2022 will be 4.42%, the growth momentum is expected to continue to be better than that of most economies.

In terms of public projects, the total budget for 2022 includes NT\$146.6 billion for public construction plans in total, with an increase of NT\$12.4 billion and an rise of 10.58% as compared with last year, and NT\$459.6 billion for special budgets and various funds to be advanced in total according to plan, with an decrease of NT\$74.4 billion and a decline of 13.93% as compared with last year; Priority concerning the overall budget is given to major policies, and the budgets are made by focusing on balancing regional infrastructure, improving economic potential and improving international competitiveness.

In terms of residential market, the core parts in the market, i.e. construction stage by stage for rezoning and re-construction of old and dangerous buildings, are promoted expressly. In addition, it is expected that inelastic demands will still play a big role in boosting housing market due to deferred post-epidemic purchase and anti-inflation, however, in consideration of the changes in interest rate

environment, the government's policies with strict control over housing market, and increase in the recognition of purchase and sales prices, construction developers will launch projects by considering performance of contract and the high construction costs.

It is expected that there is no room for a short-term decrease in the costs in construction industry, since front-end supply and industrial structure problems, such as construction materials costs, lack of building materials and shortage of skilled manpower, etc., have not been eliminated, however, because relative base period is already high, rising trend will slow down. Kedge formulated countermeasures to ensure that subsequent engineering business will be promoted in a planned quality, appropriately, as scheduled, including implementation of flexible procurement, adjustment to construction schedule, combination of technology applications, improvement of work efficiency, etc., to create the result and achievement of mutual cooperation, benefit and growth with owners, suppliers and employees through sustainable construction projects.

#### IV. Future Development

The rapid changes in external environment bring significant challenges to corporate operating. Facing variables such as epidemic situation, inflation, and international political and economic situations, Kedge's staff will continue to work hard to deal with various challenges, and implement practical operating, develop business comprehensively, introduce more modern, delicate and information-based construction methods, and integrate and improve construction management process with technical tools, by focusing on the business philosophy of "honesty, quality, service, innovation and sustainability," so as to ensure unified purchase and allocation of resources for key materials, ensure to determine price based on quantity and determine adjustment time, ensure flexible integration and separation of construction items to master contractor's resources and conform to the requirements for construction schedule, and ensure continued improvement and development of innovative construction methods to provide owners with higher-value services and lead contractors to upgrade technologies.

Looking forward to the future, Kedge will accelerate its corporate transformation. In addition to focusing on the intelligent technology and innovative application development by building leading business and improving core competitiveness, Kedge Construction will try to achieve our blueprint goal of sustainable strategy, advance steadily based on the four business polices such as "strengthening corporate governance," "implementing internal control system," "integrating group resources" and "participating in social public welfare," and build the sustainable strategy blueprint through "green homeland," "smart city" and "happy society;" decrease the impact of buildings on environment by means of innovative technology, undertake the social responsibility of caring local and weak groups continuously and develop towards the goal of sustainability; perform responsibilities of enterprise and shareholder and create a better future.

Wishing you all  
good health and good luck.

Kedge Construction Co., Ltd.

Chairman: Ai-Wei Yuan

## Chapter 2. Company Profile

I. Date of Incorporation: April 13, 1982.

### II. Company History:

- April 1982: The Company was registered and incorporated in Taoyuan County with a capital of NT\$3 million.
- October 1987: The Company increased its capital to NT\$75 million.
- February 1990: The Company was promoted to a class A construction plant, and increased its capital to NT\$22.5 million in the same year.
- December 1994: The Company relocated to 6F, No 131, Sec 3, Heping E Rd, Da'an Dist, Taipei City 106, Taiwan (ROC), and increased its capital to NT\$190 million in the same year.
- December 1995: The Company passed the national quality certification ISO 9002, being the second construction factory in Taiwan to pass the certification.
- September 1996: The Company passed the assessment of the Chinese Society for Quality and was awarded the "Quality Control Group Award". In the same year, the Company increased its capital to NT\$368.5 million and won the "Chinese Architectural Golden Stone Award - Construction Quality".
- June 1997: The Company increased its capital to NT\$461.175 million and was selected as an excellent construction plant by Construction and Planning Agency, Ministry of the Interior.
- December: The re-invested company Guanqing Electromechanical Co., Ltd. was registered for incorporation.
- January 1998: The re-invested company Jiequn Investment Co, Ltd was registered for incorporation.
- May: The Company passed the international environmental protection certification ISO 14001.
- July: The Company was listed on Taipei Exchange.
- August: The Company increased its capital to NT\$530.351 million and was selected again as an excellent construction plant of Taiwan Province.
- July 1999: The Company was awarded the Gold Medal for "Excellent Trademark Design" by the Bureau of Standards, Metrology and Inspection, MOEA.
- May 2000: The Company increased its capital to NT\$676.993 million.
- September: The Company's shares were changed to list on the stock exchange.
- May 2001: The Company decreased its capital to NT\$671.063 million.
- October: The Company decreased its capital to NT\$661.063 million.
- July 2009: The Company issued domestic guarantee convertible corporate bonds of NT\$240 million for the first time.
- October: The Company was awarded the Green Building Label Certificate by the Ministry of the Interior for the "New Construction of the Children's Medical Building of the Affiliated Hospital of the National Taiwan University College of Medicine".
- April 2010: The Company converted its corporate bonds into common stocks to increase the paid-in capital to NT\$664.041 million.
- October: The Company issued 27,200 shares to increase capital by cash for the first time, and increased the paid-in capital to NT\$958.007million.
- April 2011: The Company converted its corporate bonds into common stocks to increase the paid-in capital to NT\$1,040.118 million.
- August: The Company converted its corporate bonds into common stocks to

- increase the paid-in capital to NT\$1,079.497 million.
- November 2012: The Company canceled its treasury shares for capital reduction to decrease the paid-in capital to NT\$1,060.357 million The construction of the New Building of the Cross-Strait Exchange Foundation won the 14th National Gold Award for Architecture - Construction Quality Class - National First Award.
  - December: The "YCL-121 Yuanlin Overpass Project" won the Public Construction Golden Safety Award - Engineering Class - Finalist.
  - October 2014: "The Rainwater and Waterway Engineering at Fukuo Road" won the Public Construction Golden Safety Award - Engineering Class - Outstanding.
  - May 2015: The construction turnkey projects of the "New Taipei City Yonghe Civil Sports Center, Xizhi Civil Sports Center and Shulin Civil Sports Center" won the 2014 New Taipei City Occupational Safety Award - Excellent Public Construction Class - Excellent Award, and the Rainwater and Waterway Engineering at Fukuo Road won the 2014 Taipei City Labor Safety Award - Excellent Entity Class.
  - November 2015: The Company was awarded the "2015 Taiwan Corporate Sustainability Awards", including Taiwan Corporate Sustainability Report Awards and Taiwan Corporate Sustainability Performance - Growth through Innovation Award.
  - October 2016: The construction turnkey project of the "New Taipei City Shulin Civil Sports Center" won the 2016 New Taipei City Government Public Construction Quality Award.
  - November 2016: The construction turnkey projects of the "New Taipei City Yonghe Civil Sports Center, Xizhi Civil Sports Center and Shulin Civil Sports Center" won the 16th Public Construction Quality Excellence Award-Gold Award for Architecture.
  - June 2017: The construction turnkey projects of the "New Taipei City Yonghe Civil Sports Center, Xizhi Civil Sports Center and Shulin Civil Sports Center" won the Engineering Excellence Award from the Chinese Institute of Engineers.
  - November: The Company was awarded the "2017 TCSA Taiwan Corporate Sustainability Awards" - Real Estate and Construction Industry - Gold Award.
  - January 2018: The Company passed the new national quality management certification ISO 9001:2015.
  - November: The Company won the "2018 TCSA Taiwan Corporate Sustainability Awards" - Sustainability Report Awards - Gold Award, and was the first to pass the certification of the International Building Information Modeling (BIM).
  - December: The Company obtained the certificate of civil construction industry passing the ISO 45001 new version certification of occupational safety and health management, being the first in the country.
  - July 2019: The Company obtained the Carbon Footprint Verification Statement for the "C1 Section Project of Anshuo-Caopu Section of South Link Highway of Provincial Highway No 9"
  - September: "Civil Engineering and General Mechanical and Electrical Engineering of the Pu'an-Jinlun Section of the C712A Section" won the 13th Public Construction Golden Safety Award - Outstanding of the Ministry of

- Labor.
- September: The Company obtained the first national ISO 19650 BIM Verification Certificate.
  - November: The Company was awarded the Gold Award and Innovation Growth Award of the "12th TCSA Taiwan Corporate Sustainability Awards" - Sustainability Report Gold Awards and Growth through Innovation Award.
  - November: The "BOT project of Fengshan Hospital" won the 2019 Urban Construction Quality Gold Award and Green Building Gold Excellence Award of the Kaohsiung City Government.
  - November: The Company was awarded the 2019 Green Procurement Performance Excellence Award by the New Taipei City Government.
  - December: The Company obtained the first national BS 8001 Circular Economy Verification Certificate.
  - September 2020: The BOT project of Fengshan Hospital was awarded "Outstanding Unit for Promotion of Occupational Safety and Health" by the Ministry of Labor.
  - October: The "C1 Section Project of Anshuo-Caopu Section of South Link Highway of Provincial Highway No. 9" was awarded No. 1 in Excellent Engineering Project of the Golden Way Award from the Ministry of Transportation and Communications.
  - November: The Company was awarded Taiwan Sustainability Award in the categories of "Taiwan Top 50 Sustainable Enterprises" and "Taiwan Enterprise Sustainability Report Award - Real Estate and Construction Industries - Gold Award".  
Phase I of the BOT project of Fengshan Hospital was awarded the "2020 Urban Engineering Quality Golden Award" from Kaohsiung City Government.  
New construction of Zhongyuan Project B of Kindom Xinzhuang was awarded an Excellence Award of the 14th Golden Safety Award in the Group of Civil Engineering - Engineering Category.
  - December: The Company was awarded the TASS 2020 Circular Economy Awards in the category of Excellence in Innovative Service and Excellence in Supply Chain.  
The Company was awarded the 2020 Green Procurement Performance Excellence Award by the Environmental Protection Department, New Taipei City Government.  
The "C4 Section Project of Provincial Highway No. 9" obtained the Carbon Footprint Verification from BSI.
  - September 2021: "Kindom's Construction Project of Residential Houses in Zhongxing Section in Sanchong District" was awarded with the 10th New Taipei City Award for Construction Safety - Excellence Award.  
"Project of Anshuo to Caopu Section of Provincial Highway No. 9" won the first price of Mino Best Project-High Volume Road granted by REAAA.  
"New Construction of Buildings in Bei'an Section and Rui'an Section" won Taipei City Labor Safety Award - Excellent Entity Class.
  - October: "Civil Engineering and General Mechanical and Electrical Engineering of the Pu'an-Jinlun Section of the C712A Section" won the Excellence Award in the review on construction by Railway Bureau, MOTC.
  - November: "Turnkey Project of Baogao Smart Industrial Park in Xindian District,

New Taipei City" won the 2021 New Taipei City Government Public Construction Quality Award.

The Company won the "Construction Industry - Gold Award" in 2021 Happy Enterprise Billboard.

The Company was awarded with Taiwan Sustainability Award in the categories of "Taiwan Sustainability Award - Good Performance Prize" and "Corporate Sustainability Report Gold Award".

The Company was awarded the 2021 Green Procurement Performance Excellence Award by the "Environmental Protection Department, New Taipei City Government".

"Construction Project of G8 Station for Beitun Section of Wenxin Rd" won the 15th Golden Award for Excellent Projects of the Ministry of Labor - Excellent Class.

The Company won the 4th ASSET Social Innovation Award in the category of "Supply Chain Responsibility Award".

"Civil Engineering and General Mechanical and Electrical Engineering of the Pu'an-Jinlun Section of the C712A Section" was awarded with the Outstanding Work Award in the Engineering Beautification and Landscape category granted by Chinese Institute of Civil & Hydraulic Engineering.

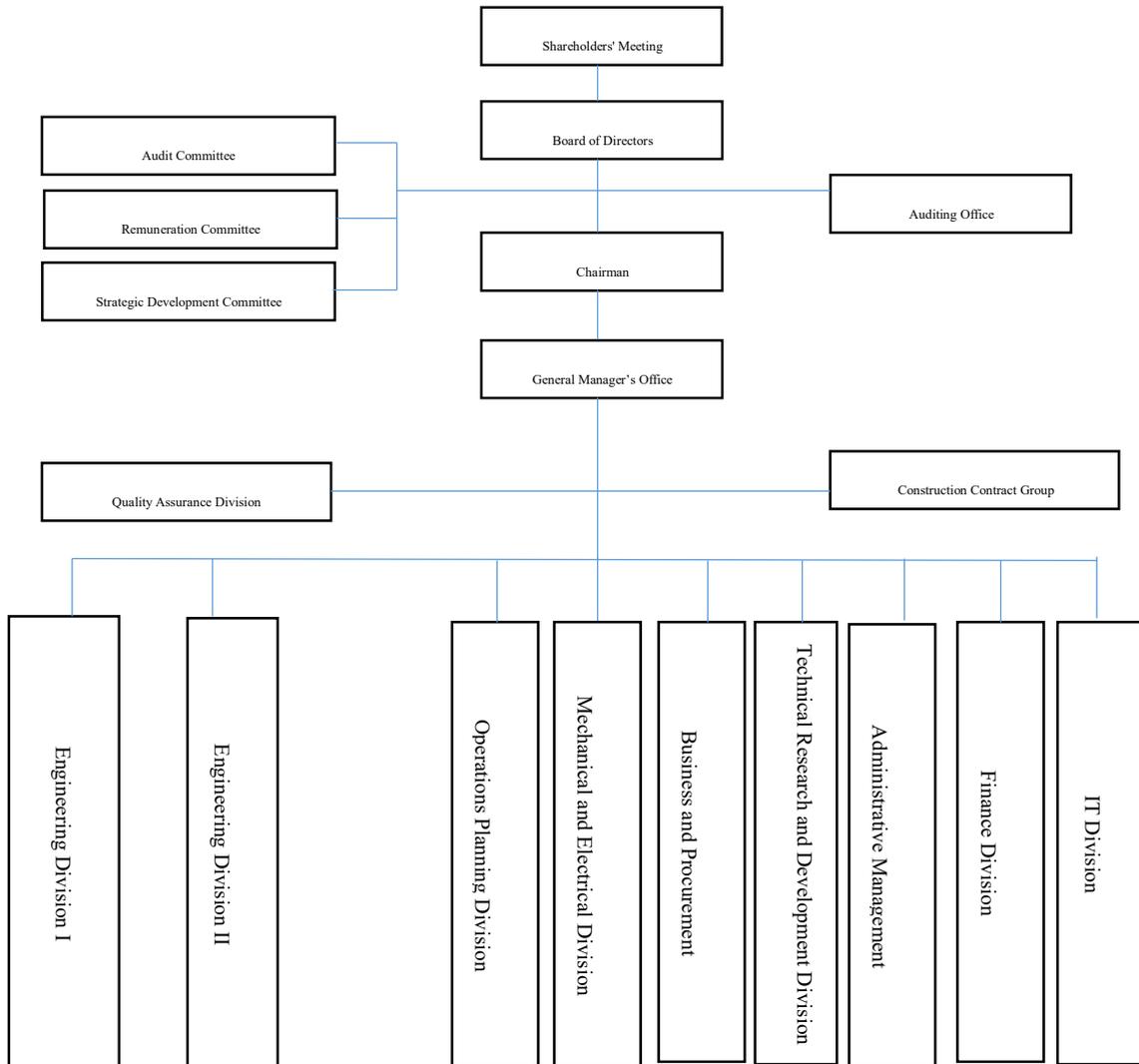
"Project of Anshuo to Caopu Section of Provincial Highway No. 9" was awarded with the Special Excellent Award in the category of Engineering Ecology and Environment granted by Chinese Institute of Civil & Hydraulic Engineering.

- III. Information on the merger and acquisition activities, strategic investments in affiliated enterprises and corporate reorganization in the most recent year and in the current year as of the publication date of the Annual Report: None.
- IV. Any significant transfer of or change in the equity by Directors, Supervisors, or shareholders holding greater than a 10% shares in the Company in the most recent year and in the current year as of the publication date of the Annual Report:  
None.
- V. Any change in business control, operating methods or business activities, and any other significant matters that could affect shareholders' equity and their impact on the Company in the most recent year and in the current year as of the publication date of the Annual Report: None.

### III. Corporate Governance Report

#### (I) Organizational System:

##### (1) The Company's Organization Structure:



(2) Duties of Each Major Division:

Name of Division	Tasks
Auditing Office	<ol style="list-style-type: none"> <li>1. Establish and implement the Company's audit system.</li> <li>2. Evaluate the Company's operation performance and quality management.</li> </ol>
Remuneration Committee	<p>The functional committee established in accordance with 14-6 of the Securities and Exchange Act shall, in a professional and objective manner, evaluate the Company's remuneration policies and systems for Directors, Supervisors and Managerial Officers of the company and make recommendations to the Board of Directors for their reference in making decisions.</p>
Strategic Development Committee	<p>Plan operational objectives and establish development strategies, and be responsible for industry trend analysis and evaluation of planning-related innovations or certification of benchmarking standards.</p>
Construction Contract Group	<ol style="list-style-type: none"> <li>1. Review contract documents, drawings and tender conditions of public works owners.</li> <li>2. Review the scope of contractor's contractual responsibility, material specifications, and use of construction methods, etc.</li> <li>3. Assist in reviewing the appropriateness of issued documents for the construction site to avoid subsequent disputes stipulated in the contract.</li> </ol>
Occupational Safety Office	<ol style="list-style-type: none"> <li>1. Plan and implement the management of labor safety and health, and formulate plans to prevent occupational disasters.</li> <li>2. Manage and control the labor safety and health works of engineering projects, including reviewing and developing construction safety plans, safety facility standards, and assessing dangerous workplace.</li> </ol>
Engineering Division I	<p>Be responsible for the schedule arrangement, construction planning and management, project cost control and quality management for factories, turnkey projects, as well as road, bridge and other special projects.</p>
Engineering Division II	<p>Be responsible for the schedule arrangement, construction planning and management, project cost control, and quality management for residential, commercial and projects engineering.</p>
Business and Procurement Division	<ol style="list-style-type: none"> <li>1. Business Department: Draw up business contracting plan, be responsible for business development and bidding integration, maintain and serve client relationship.</li> <li>2. Procurement Department: Formulate procurement operating procedures, implement procurement, contract awarding and management and control of schedule, including price comparison and award of bid, contract signing, development of manufacturers, credit investigation and evaluation.</li> </ol>
Operations Planning Division	<ol style="list-style-type: none"> <li>1. Operation Management Department: Draw up, control and review the schedule planning and audit schedule valuation of engineering projects, and formulate relevant management</li> </ol>

	<p>measures for the support of the works projects.</p> <p>2. Cost Management Department: Manage and control engineering project costs, draw up, control and review the project budget and cost control of each project, and formulate management process for the support of the works projects.</p>
Quality Assurance Division	Be responsible for the improvement recommendations of quality assurance operations or procedures, and the overall management of ISO standards and procedures.
Mechanical and Electrical Division	<p>1. Formulate, analyze and review mechanical and electrical standard operating procedures.</p> <p>2. Set up the management of sub-projects and subcontracts.</p> <p>3. Manage and control the quality and progress of mechanical and electrical facilities, test and review mechanical and electrical systems.</p>
Technical Research and Development Division	Research and develop the construction innovation engineering technology, develop and manage the BIM technology application, and provide technical support for engineering projects.

Name of Division	Tasks
Administrative Management Division	<ol style="list-style-type: none"> <li>1. Human Resources Department: Be responsible for the strategic planning of human resources, promotion and training programs, employee remuneration, rewards and welfare work, employee care and labor issues handling.</li> <li>2. General Affairs Department: Be responsible for property management, general affairs procurement and general administration.</li> <li>3. Legal Department:               <ol style="list-style-type: none"> <li>3.1 Implement and control legal risks and provide legal consulting.</li> <li>3.2 Approve various contracts and official documents and control the relevant printing.</li> <li>3.3 Handle litigation or provide legal compliance advice for non-litigation dispute cases.</li> </ol> </li> </ol>
Finance Division	<ol style="list-style-type: none"> <li>1. Accounting Department: Be responsible for accounting, management of shareholder services, budget management, and auditing and providing various financial analysis management statements.</li> <li>2. Fund Center: Be responsible for the planning and management of funds and transactions with banks.</li> </ol>
Information Division	Be responsible for the development planning and implementation of the Company's information software and hardware, the construction of the information system for the future development of the enterprise, the maintenance and management of computer equipment.
Planning Division	<ol style="list-style-type: none"> <li>1. Build the corporate brand image to enhance the market competitiveness and visibility.</li> <li>2. Assist in industry innovation and competitiveness analysis of benchmarking standards.</li> <li>3. Plan and implement corporate image campaigns and manage official websites and social media.</li> </ol>

(II) Information on the Company's Directors, Supervisors, General Manager, Assistant General Managers, Assistant Vice Presidents, and the Heads of All the Company's Divisions and Branch Units:

Title (Note 1)	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Tenure (Year)	Date First Elected (Note 2)	Shareholding When Elected		Current Shareholding		Current Shareholding by Spouse & Minor		Shareholding by Nominees		Major Experience (Education) (Note 3)	Other Position Concurrently Held in the Company and Other Companies	Heads, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 4)
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number	Shareholding	Number	Shareholding			Title	Name	Relationship	
Chairman	R.O.C.	Kindom Development Co., Ltd. Representative: Ai-Wei, Yuan	Male 56 - 60	06.15.2020	3	06.17.2014	36,247,768 -	34.18% -	36,247,768 -	34.18% -	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	Chairman of the Board, Kedge Construction Co., Ltd.	-	-	-	-
Director	R.O.C.	Kindom Development Co., Ltd. Representative: Mike, Ma	Male 46 - 50	06.15.2020	3	06.15.2020	36,247,768 1,830,951	34.18% 1.73%	36,247,768 1,830,951	34.18% 1.73%	-	-	-	-	Master, Department of Statistics, Columbia University	1. Chairman and General Manager of Global Mall Co., Ltd. 2. Director of Yude Investment Co., Ltd. 3. Director of Guanqing Electromechanical Co., Ltd. 4. Director of Jiequn Investment Co., Ltd. 5. Director of KGM International Investment Co., Ltd. 6. Director of Kindom Yu San Education Foundation	Director	Mei-Chu, Liu	Mother and son	-
Director	R.O.C.	Kindom Development Co., Ltd. Representative: Ching-Sung, Tseng	Male 71 - 75	06.15.2020	3	06.15.2020	36,247,768 -	34.18% -	36,247,768 -	34.18% -	-	-	-	-	Bachelor, Department of Industrial Engineering, Tunghai University	1. Chief Consultant of Kindom Development Co., Ltd. 2. Director of Kindom Yu San Education Foundation	-	-	-	-
Director	R.O.C.	Kindom Development Co., Ltd. Representative: Mei-Chu, Liu	Female 75 - 80	06.15.2020	3	12.22.2017	36,247,768 2,824,973	34.18% 2.66%	36,247,768 2,824,973	34.18% 2.66%	-	-	-	-	Bachelor, Department of Chinese Literature, Tamkang University	1. Chairman of Yude Investment Co., Ltd. 2. Director of Kindom Development Co., Ltd.	Director	Mike, Ma	Mother and son	-
Director	R.O.C.	Kindom Development Co., Ltd. Representative: Yi-Fang, Huang	Male 61 - 65	06.15.2020	3	03.13.2014	36,247,768 -	34.18% -	36,247,768 -	34.18% -	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	General Manager, of Construction Division, Kedge Construction Co., Ltd.	-	-	-	-
Director	R.O.C.	Kindom Development Co., Ltd. Representative: Shih-Hsuan, Chou	Male 56 - 60	06.15.2020	3	04.01.2011	36,247,768 73,789	34.18% 0.07%	36,247,768 73,789	34.18% 0.07%	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	1. General Manager of Construction Engineering Division of Kedge Construction Co., Ltd. 2. Chairman of Ding Tian Construction Co., Ltd.	-	-	-	-

Independent Director	R.O.C.	Hung-Chin, Huang	Male 56 - 60	06.15.2020	3	06.19.2017	-	-	-	-	-	-	-	-	Master of Professional Accounting, Shanghai University of Finance and Economics	1. Independent Director of Kindom Development Co., Ltd. 2. CPA of Henghui United Accounting Firm 3. Assistant Professor, Department of Accounting, Fu Jen Catholic University	-	-	-	-
Independent Director	R.O.C.	Shen-Yu, Kung	Male 61 - 65	06.15.2020	3	06.19.2017	-	-	-	-	-	-	-	-	EMBA, National Chengchi University	1. Independent Director of Kindom Development Co., Ltd. 2. Chief Investment Officer of Sinar Mas Paper (China) Investment Co., Limited 3. Representative of the corporate director PharmaEssentia 4. Independent Director of Ever Power Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Kuo-Feng, Lin	Male 66 - 70	06.15.2020	3	06.15.2020	-	-	-	-	-	-	-	-	Ph.D. in Civil Engineering, University of Pittsburgh	1. Independent Director of Kindom Development Co., Ltd. 2. Distinguished Professor, Department of Civil Engineering, National Taiwan University 3. Independent Director of Ruentex Engineering & Construction Co., Ltd. 4. Independent Director of TaiMed Biologics Inc.	-	-	-	-

(1) Information on Directors and Supervisors:

April 17, 2022 (Unit: shares)

Note 1: Please refer to Table 1 on the next page for the information on the major shareholder of a corporate shareholder if a Director is a representative of the corporate shareholder, and the major shareholder if the major shareholder of the corporate shareholder is a juristic person.

Note 2: Any disruption of duty as a Director or Supervisor after he/she is elected for the first time shall be included in a separate note.

Note 3: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 4: Where the Chairman of the Board of Directors and the General Manager or a person of an equivalent post of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

Table 1: Major Shareholders of Corporate Shareholders:

April 17, 2022

Name of Corporate Shareholders (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)
Kindom Development Co., Ltd.	Yute Investment Co., Ltd. (19.12%)

	Mei-Chu, Liu (12.13%)
	Guanyi Investment Co., Ltd. (3.30%)
	HSBC, the custodian of BAYVKA3 - Global Investment Responsibility (1.91%)
	Mike, Ma (1.79%)
	Jiequn Investment Co., Ltd. (1.69%)
	Baiqian Co., Ltd. (1.09%)
	Lu-Min, Chen(1.08%)
	Shao-Ling, Ma (1.01%)
	ABP Retirement Fund Investment Account under the custody of JPMorgan Chase Bank N.A.(0.99%)

Note 1: Where a Director or Supervisor is the representative of a corporate shareholder, the name of the corporate shareholder shall be stated.

Note 2: Fill in the name of major shareholders (with shareholding ratio of top 10) of the corporate shareholder and their shareholding ratio. Where a major shareholder is a juristic person, please proceed to fill in more details in Table 2 below.

Note 3: Where a corporate shareholder is the organizer of the Company, the name, and shareholding ratio of the shareholders, the name of contributors or donors, and their contribution or donation ratio shall be disclosed in the proceeding table.

Table 2: Major Shareholders of Such Corporate Shareholders with Corporations as Their Major Shareholders as Specified in Table 1: April 17, 2022

Name of Juridical Person (Note 1)	Major Shareholders of Juridical Person (Note 2)
Yute Investment Co., Ltd.	Trust Property Account in the Custody of Cathay United Bank (43.70%), Mike, Ma (29.92%), Shao-Ling, Ma (13.19%), Miriam, Ma (13.19%)
Guanyi Investment Co., Ltd.	Kai-Chou, Li (14.73%), Kai-Ting, Li (14.71%), I-Mou, Chen (8.97%), Fang Chen (8.88%), Kun-Chih, Li(8.70%), Mi-Mi, Hung (7.63%), Chao-Feng, Chen(0.13%)
Jiequn Investment Co., Ltd.	Kedge Construction Co., Ltd (99.98%), Mei-Chu, Liu (0.005%), Shao-Ling, Ma (0.005%), Jung-Tai, Chen (0.005%), Kun-Chih, Li (0.005%)

Note 1: If the major shareholder in the above Table 1 is a juristic person, the name of such juristic person shall be filled in.

Note 2: Fill in the name of major shareholders (with shareholding ratio of top 10) of the juristic person and their shareholding ratio.

Note 3: Where a corporate shareholder is the organizer of the Company, the name, and shareholding ratio of the shareholders, the name of contributors or donors, and their contribution or donation ratio shall be disclosed in the proceeding table.

(2) Information on Directors and Supervisors:

1. Information on the professional qualifications of Directors and Supervisors and the independence of Independent Directors: April 17, 2022

Name \ Qualifications	Professional Qualification and Experience (Note 1)	Independence (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman Ai-Wei, Yuan	(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses. (2) He/she is serving as the Company's Chairman at present. (3) He/she served as the Company's Director. (4) No situations specified in Article 30 of the Company Act occurred to him/her.	(N/A)	None
Director Mike, Ma	(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses. (2) He/she is serving as the chairman of Kindom Development Co., Ltd. (3) No situations specified in Article 30 of the Company Act occurred to him/her.	(N/A)	None
Director Ching-Sung, Tseng	(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses. (2) He/she is serving as the chief consultant to Kindom Development Co., Ltd. (3) No situations specified in Article 30 of the Company Act occurred to him/her.	(N/A)	None
Director Mei-Chu, Liu	(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses. (2) He/she is serving as the chairman of Yude Investment Co., Ltd. and the director of Kindom Development Co., Ltd. (3) He/she served as the Company's Director. (4) No situations specified in Article 30 of the Company Act occurred to him/her.	(N/A)	None
Director Yi-Fang, Huang	(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses. (2) He/she is serving as the Company's General Manager. (3) He/she served as the Company's Director. (4) No situations specified in Article 30 of the Company Act occurred to him/her.	(N/A)	None
Director Shih-Hsuan, Chou	(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses. (2) He/she is serving as the Company's General Manager and the	(N/A)	None

	<p>chairman of Ding Tian Construction Co., Ltd.</p> <p>(3) He/she served as the Company's Director.</p> <p>(4) No situations specified in Article 30 of the Company Act occurred to him/her.</p>		
Independent Director Hung-Chin, Huang	<p>(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses.</p> <p>(2) He/she is serving as the independent director of Kindom Development Co., Ltd.</p> <p>(3) He/she is serving as the assistant professor of the Department of Accounting of Fu Jen Catholic University</p> <p>(4) No situations specified in Article 30 of the Company Act occurred to him/her.</p>	<p>(1)The Company's Independent Director who meets the requirements for independence.</p> <p>(2) Independent Directors, their spouses and relatives within the second degree of kinship do not serve as the Directors, Supervisors or employees of the Company or its any affiliates, do not hold shares in the Company, nor serve as the directors, supervisors or employees of the companies having specific relation with the Company.</p> <p>(3) He/she has not received any remuneration due to provision of commercial, legal, financial, accounting or any other services to the Company or its any affiliates in the most recent 2 years.</p>	1
Independent Director Shen-Yu, Kung	<p>(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses.</p> <p>(2) He/she is serving as the independent director of Kindom Development Co., Ltd., the investment supervisor of Sinar Mas Paper (China) Investment Co., Limited, the representative of the corporate director PharmaEssentia, and the independent director of Ever Power Co., Ltd.</p> <p>(3) He/she served as the independent director of Donpon Precision Inc.</p> <p>(4) No situations specified in Article 30 of the Company Act occurred to him/her.</p>	<p>(1) The Company's Independent Director who meets the requirements for independence.</p> <p>(2) Independent Directors, their spouses and relatives within the second degree of kinship do not serve as the Directors, Supervisors or employees of the Company or its any affiliates, do not hold shares in the Company, nor serve as the directors, supervisors or employees of the companies having specific relation with the Company.</p> <p>(3) He/she has not received any remuneration due to provision of commercial, legal, financial, accounting or any other services to the Company or its any affiliates in the most recent 2 years.</p>	1
Independent Director Kuo-Feng, Lin	<p>(1) He/she has work experience in commercial, legal, financial, or accounting fields, or otherwise necessary for the company's businesses.</p> <p>(2) He/she is serving as the independent director of Kindom Development Co., Ltd., the independent director of Ruentex Engineering &amp; Construction Co., Ltd., and the independent director of TaiMed Biologics Inc.</p> <p>(3) He/she is serving as the distinguished professor in the Department of Civil Engineering of the National Taiwan University.</p> <p>(4) No situations specified in Article 30 of the Company Act occurred to him/her.</p>	<p>(1) The Company's Independent Director who meets the requirements for independence.</p> <p>(2) Independent Directors, their spouses and relatives within the second degree of kinship do not serve as the Directors, Supervisors or employees of the Company or its any affiliates, do not hold shares in the Company, nor serve as the directors, supervisors or employees of the companies having specific relation with the Company.</p> <p>(3) He/she has not received any remuneration due to provision of commercial, legal, financial, accounting or any other services to the Company or its any affiliates in the most recent 2 years.</p>	3

Note 1: Professional Qualification and Experience: The professional qualification and experience of individual directors and supervisors shall be specified. If he/she is an Audit Committee's member who has accounting or financial skills, his/her accounting or financial background and working experience shall be specified. In addition, it shall be specified that if any situations specified in Article 30 of the Company Act occurred to him/her.

Note 2: The independence of Independent Directors shall be specified, including but not limited to that whether they, their spouses, or relatives within the second degree of kinship serve as the Directors, Supervisors or employees of the Company or its any affiliates; the number and proportion of the Company's shares held by them, their spouses or relatives within the second degree of kinship (or by nominees); that whether they serve as the directors, supervisors or employees of the companies having specific relation with the Company (please refer to subparagraph 5 - 8 , Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of any remuneration received by them due to provision of commercial, legal, financial, accounting or any other services to the Company or its any affiliates in the most recent 2 years.

2.Diversity and Independence of the Board of Directors:

(I) Diversity the Board of Directors:

The Company focuses on diversity policy, strengthens corporate governance, and promotes a sound development of its Board of Directors' composition and structure. The Company adopts candidate nomination system for nomination of its director candidates according to its Articles of Incorporation, and evaluates the education level (experience) and qualification, professional background, honesty or relevant professional qualifications of candidates, etc. Directors are elected by Shareholders' Meeting after they are approved by the Board of Directors. In terms of the members of the Board of Directors, the Directors who concurrently serve as the Company's managerial officers shall not account for more than 1/3 of all Directors, and the Company shall formulate proper diversity policy for the Board of Directors based on its operating status, business type and development needs, including but not limited to the following:

- (1) Basic requirements and values: gender, age, nationality, and culture.
- (2) Professional knowledge and skills: operational judgment capabilities, accounting and financial analysis capabilities, business management capabilities, crisis management capabilities, knowledge in the industry, international market perspective, leadership and decision-making capabilities.

The Company's current Board of Directors is composed of nine directors. The specific management goals for and achievement of the Board of Directors diversity policy are as follows:

Management Goals	Achievement Status
The number of Independent Directors exceeds 1/3 of the number of Directors	Achieved
The Directors who concurrently serve as the Company's managerial officers shall not account for more than 1/3 of all Directors.	Achieved
Independent Directors have not served for more than three tenures	Achieved
They have adequate and diverse professional knowledge and skills	Achieved

Please refer to the following table for the diversify of composition of the Board of Directors:

Items of Core	Basic Composition	Professional Ability	Background
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Name of Director		Diversity	Nationality	Gender	Concurrently serving as the Company's (parent company's) employees	Operational Judgment	Business Management	Knowledge in the Industry	Accounting and Financial	Decision-making and Leadership	Business	Document Processing	Civil engineering	Land Management	Accounting	Business Management	
Director	Ai-Wei, Yuan		R.O.C.	Male		✓	✓	✓		✓	✓						✓
Director	Mike, Ma		R.O.C.	Male		✓	✓	✓	✓	✓		✓					✓
Director	Ching-Sung, Tseng		R.O.C.	Male		✓	✓	✓		✓	✓						✓
Director	Yi-Fang, Huang		R.O.C.	Male	✓	✓	✓	✓		✓	✓						✓
Director	Shih-Hsuan, Chou		R.O.C.	Male	✓	✓	✓	✓		✓	✓						✓
Director	Mei-Chu, Liu		R.O.C.	Female		✓	✓		✓	✓		✓					✓
Independent Director	Hung-Chin, Huang		R.O.C.	Male		✓	✓	✓	✓	✓			✓				✓
Independent Director	Shen-Yu, Kung		R.O.C.	Male		✓	✓	✓	✓	✓				✓			✓
Independent Director	Kuo-Feng, Lin		R.O.C.	Male		✓	✓	✓		✓					✓		✓

(II) Independence of the Board of Directors:

The Company's procedures for election and appointment of all Directors are open and fair, and comply with its Articles of Incorporation, Procedures for Election of Directors, and Corporate Governance Best-Practice Principles, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 14-2 of the Securities and Exchange Act, etc. In terms of the composition and structure of its current Board of Directors, there are 3 Independent Directors (33%) and 6 non-independent directors (67%).

The Company's Board of Directors guides the Company's strategies, supervises its management, and is responsible for the Company and shareholders. In terms of the operating and arrangement of corporate governance, the Board of Directors exercises its powers in accordance with laws, regulations, Articles of Incorporation or the resolutions of Shareholders' Meeting, etc.. The Company emphasizes the independent operating and transparent functions of its Board of Directors. Directors and Independent

Directors are independent individuals, and exercise their powers independently. Three Independent Directors review and control the Company's any existing or potential risks, etc., by combining the functions and powers of Audit Committee, in accordance with relevant laws and regulations, so as to supervise the effective implementation of the Company's internal control, the selection, appointment (dismissal) and independence of CPAs, and the fair preparation of financial statements. The Company has established Board of Directors' performance evaluation system, and conducts internal self-evaluation by the Board of Directors and self-evaluation by directors once each year. The evaluation results are disclosed in and on the Company's annual report and website after being reported to the Board of Directors.

(III) Information on the Company's General Manager, Assistant General Managers, Assistant Vice Presidents, and the Heads of All the Company's Divisions and Branch Units:

April 17, 2022 (Unit: shares)

Title	Nationality	Name	Gender	Office Assumption Date	Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding by Nominees		Major Experience (Education) (Note 1)	Other Position Concurrently Held in Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remarks (Note 2)
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
General Manager	R.O.C.	Shih-Hsuan, Chou	Male	11.01.2009	73,789	0.07%	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	Chairman of the Board, Ding Tian Construction Co., Ltd.	-	-	-	-
General Manager	R.O.C.	Yi-Fang, Huang	Male	05.01.2009	-	-	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Senior Assistant General Manager	R.O.C.	Chin-Hua, Fan	Male	12.01.2015	62,262	0.06%	2,257	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	1. Chairman of Guanqing Electromechanical Co., Ltd. 2. Director of Global Mall Co., Ltd. 3. Director of Kindom Yu San Education Foundation	-	-	-	-
Assistant General Managers	R.O.C.	Chun-Ming, Chen	Male	03.01.2006	690	-	16,000	0.02%	-	-	Master, Department of Civil Engineering, National Chiao Tung University	1. Director of Jiequn Investment Co., Ltd. 2. Director of Global Mall Co., Ltd.	-	-	-	-
Senior Assistant Vice President	R.O.C.	Li-Ya, Chen	Female	01.01.2018	-	-	-	-	-	-	Master, Department of Business Administration, Chung Yuan Christian University	Corporate Governance Manager, Kindom Development Co., Ltd.	-	-	-	-
Assistant Vice President	R.O.C.	Chao-Ming, Chen	Male	12.20.2010	-	-	-	-	-	-	Bachelor, Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Senior Assistant Vice President	R.O.C.	Wen-Hsiung, Chou	Male	01.01.2012	-	-	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	Supervisor, Jiequn Investment Co., Ltd.	-	-	-	-
Senior Assistant Vice President	R.O.C.	Chih-Kuo, Tseng	Male	12.27.2012	-	-	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Senior Assistant Vice	R.O.C.	Hsien-Chin, Chiu	Male	01.01.2012	-	-	-	-	-	-	Bachelor, Department of Civil Engineering, Tamkang University	-	-	-	-	-

Title	Nationality	Name	Gender	Office Assumption Date	Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding by Nominees		Major Experience (Education) (Note 1)	Other Position Concurrently Held in Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remarks (Note 2)
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
President																
Assistant Vice President	R.O.C.	Chung-Tse, Hsiao	Male	07.01.2014	-	-	-	-	-	-	Associate Degree, Department of Civil Engineering, Nanya Industrial and Commercial College	-	-	-	-	-
Assistant Vice President	R.O.C.	Wen-Chin, Li	Male	09.01.2013	-	-	-	-	-	-	Associate Degree, Department of Architecture, Hwa Hsia Industrial and Commercial College	-	-	-	-	-
Assistant Vice President	R.O.C.	Ju-Ping, Chang	Male	08.16.2018	-	-	-	-	-	-	Associate Degree, Department of Resource Conservation Technology, National Pingtung Polytechnic Institute	-	-	-	-	-
Assistant Vice President	R.O.C.	Wen-Yao, Liu	Male	10.20.2014	-	-	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Senior Assistant Vice President	R.O.C.	Chun-Cheng, Liang	Male	08.03.2015	-	-	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Acting Assistant Vice President	R.O.C.	Ming-Chung, Lin	Male	10.01.2016	-	-	-	-	-	-	Bachelor, Department of Business Administration, Hsuan Chuang University	-	-	-	-	-
Assistant Vice President	R.O.C.	Chin-Chih, Hsu	Male	12.01.2016	-	-	-	-	-	-	Bachelor, Department of Civil Engineering, National Central University	-	-	-	-	-
Assistant Vice President	R.O.C.	Hsu-Yuan, Yeh	Male	01.16.2018	-	-	-	-	-	-	Master, Institute of Architecture, National Cheng Kung University	-	-	-	-	-
Assistant Vice President	R.O.C.	Chia-Hsing, Li	Male	07.08.2019	17,748	0.02%	1,096	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Acting Assistant Vice President	R.O.C.	Chun-Jen, Huang	Male	06.01.2020	-	-	-	-	-	-	Master, Division of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Assistant Vice	R.O.C.	Wei-Wen, Chen	Male	01.01.2021	23,631	0.02%	1,000	-	-	-	Master, Division of Construction Engineering and Management,	-	-	-	-	-

Title	Nationality	Name	Gender	Office Assumption Date	Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding by Nominees		Major Experience (Education) (Note 1)	Other Position Concurrently Held in Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remarks (Note 2)
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
President											Department of Civil Engineering, National Taiwan University					
Acting Assistant Vice President	R.O.C.	Ming-Hsiu, Li	Male	01.18.2021	-	-	-	-	-	-	Master, Department of Civil and Construction Engineering, National Taiwan University of Science and Technology	-	-	-	-	
Acting Assistant Vice President	R.O.C.	Yu-Ta, Wang	Male	04.01.2022	-	-	-	-	-	-	Bachelor, Department of Civil Engineering, Tamkang University	-	-	-	-	
Acting Assistant Vice President	R.O.C.	I-Lung, Shih	Male	04.01.2022	-	-	-	-	-	-	Department of Architecture, National United University	-	-	-	-	

Note 1: None of the above persons has worked for the Company's certified public accountants firm or affiliated companies during the period mentioned above in connection with his/her current position.

Note 2: Where the Chairperson of the Board of Directors and the General Manager or person of an equivalent post (the highest level managerial officer) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given for the reason, rationality, necessity, and the measures adopted in response thereto:(for example, increase the number of Independent Directors, and there be a majority of the members of the Board of Directors who are not employees or Managerial Officers, etc.).

(IV) Remuneration Paid to Directors (Including Independent Directors), General Manager, and Assistant General Managers:

1. Remuneration Paid to General Directors and Independent Directors:

Unit: NT\$ thousand

Title	Name	Remuneration Paid to Directors						Ratio of Total Remuneration (A, B, C, D) to Net Income after Tax		Relevant Remuneration Received by Directors who Are Also Employees						Ratio of Total Remuneration (A, B, C, D, E, F and G) to Net Income after Tax		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company				
		Base Compensation (A)		Severance pay and pension (B)		Director Remuneration (C) (Note 1)				Business Execution Expenses (D) (Note 2)		Salary, Bonus, and Allowance (E)		Severance pay and pension (F) (Note 4)					Employee Compensation (G) (Note 3)			
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements	The Company		All Companies in the Financial Statements			
Director	Representative of Kindom Development Co., Ltd.: Ai-Wei, Yuan Kindom Development Co., Ltd. Representative: Mike, Ma Kindom Development Co., Ltd. Representative: Ching-Sung, Tseng Kindom Development Co., Ltd. Representative: Mei-Chu, Liu Kindom Development Co., Ltd. Representative: Yi-Fang, Huang Kindom Development Co., Ltd. Representative: Shih-Hsuan, Chou	-	-	-	-	19,602 (Kindom Development Co., Ltd.)	19,602 (Kindom Development Co., Ltd.)	1,560	1,944	2.86%	2.91%	15,073	15,073	-	-	4,838	-	4,838	-	5.55%	5.60%	20,250



## Range of Remuneration

Range of Remuneration Paid to the Company's Directors	Name of Director			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	The Company	Companies in the Financial Statements (H)	The Company	Companies in the Financial Statements (I)
Less than NT\$1,000,000	Mike, Ma, Ching-Sung, Tseng, Yi-Fang, Huang, Ai-Wei, Yuan, Shih-Hsuan, Chou, Mei-Chu, Liu, Hung-Chin, Huang, Shen-Yu, Kung, Kuo-Feng, Lin	Mike, Ma, Ching-Sung, Tseng, Yi-Fang, Huang, Ai-Wei, Yuan, Shih-Hsuan, Chou, Mei-Chu, Liu, Hung-Chin, Huang, Shen-Yu, Kung, Kuo-Feng, Lin	Mike, Ma, Ching-Sung, Tseng, Mei-Chu, Liu, Shen-Yu, Kung, Hung-Chin, Huang, Kuo-Feng, Lin	Mike, Ma, Ching-Sung, Tseng, Mei-Chu, Liu, Shen-Yu, Kung, Hung-Chin, Huang, Kuo-Feng, Lin
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	-	-	Ai-Wei, Yuan, Yi-Fang, Huang, Shih-Hsuan, Chou	Ai-Wei, Yuan, Yi-Fang, Huang, Shih-Hsuan, Chou
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	Kindom Development Co., Ltd.	Kindom Development Co., Ltd.	Kindom Development Co., Ltd.	Kindom Development Co., Ltd.
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	Corporate Shareholders(s): 1 Representative(s) of Juristic Person: 6 Number of Natural Person(s): 3	Corporate Shareholders(s): 1 Representative(s) of Juristic Person: 6 Number of Natural Person(s): 3	Corporate Shareholders(s): 1 Representative(s) of Juristic Person: 6 Number of Natural Person(s): 3	Corporate Shareholders(s): 1 Representative(s) of Juristic Person: 6 Number of Natural Person(s): 3

Note 1: It is the Directors' remuneration for 2021 approved by the Board of Directors on March 25, 2022.

Note 2: It includes the vehicles depreciation and fuel costs of a non-independent director who concurrently serves as a managerial officer.

Note 3: It is the amount of employees' remuneration for 2021 approved by the Board of Directors on March 25, 2022, which is expected to be distributed to the Directors concurrently serving as managerial officers.

Note 4: The amounts above do not include NT\$216 thousand of pension withdrawn legally.

\* The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. Therefore, this table is for information disclosure purposes, instead of taxation.

2. Remuneration Paid to General Manager and Assistant General Managers:

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C) (Note 1)		Employee Compensation (D) (Note 2)				Ratio of Total Remuneration (A+B+C+D) to Net Income after Tax (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 3)
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager (Note 4)	Hui-Jen, Huang	8,427	8,427	-	-	35,275	35,832	8,550	-	8,550	-	7.06%	7.13%	None
General Manager	Yi-Fang, Huang													
General Manager	Shih-Hsuan, Chou													
Senior Assistant General Managers	Chin-Hua, Fan													
Assistant General Managers	Chun-Ming, Chen													

\* Regardless of title, any position equivalent to General Manager, Assistant General Manager (e.g., General Manager, CEO, Director, etc.) shall be disclosed.

### Range of Remuneration

Range of Remuneration Paid to the Company's General Manager and Deputy General Managers	Name of General Manager and Deputy General Manager	
	The Company	All Companies in the Financial Statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Chin-Hua, Fan, Chun-Ming, Chen	Chin-Hua, Fan, Chun-Ming, Chen
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Yi-Fang, Huang, Shih-Hsuan, Chou	Yi-Fang, Huang, Shih-Hsuan, Chou
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	Hui-Jen, Huang (Note 4)	Hui-Jen, Huang (Note 4)
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	5 persons	5 persons

Note 1: It includes vehicle depreciation and fuel costs.

Note 2: It is the amount of employees' remuneration for 2021 approved by the Board of Directors on March 25, 2022, which is expected to be distributed to the Directors concurrently serving as managerial officers.

Note 3: Remuneration refers to the remuneration and compensation (including compensation for employees, directors, and supervisors), business execution expenses, and other related remuneration received by the Company's General Manager and Assistant General Managers for acting as the director, supervisor, or managerial officer of invested companies other than subsidiaries of the Company or the parent company.

Note 4: He/she resigned on April 8, 2021.

\* The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. Therefore, this table is for information disclosure purposes, instead of taxation.

3. Name of Managerial Officers to whom Employee Compensation is Paid and the Distribution Status:

April 17, 2022; Unit: NT\$ thousand

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Income after TAX (%)
Managerial Officer	General Manager	Shih-Hsuan, Chou	-	15,750	15,750	2.13%
	General Manager	Yi-Fang, Huang				
	Senior Assistant General Manager	Chin-Hua, Fan				
	Assistant General Managers	Chun-Ming, Chen				
	Senior Assistant Vice President Financial Officer and Corporate Governance Officer	Li-Ya, Chen				
	Assistant Vice President	Chao-Ming, Chen				
	Senior Assistant Vice President	Wen-Hsiung, Chou				
	Senior Assistant Vice President	Chih-Kuo, Tseng				
	Senior Assistant Vice President	Hsien-Chin, Chiu				
	Senior Assistant Vice President	Chun-Cheng, Liang				
	Assistant Vice President	Chung-Te, Hsiao				
	Assistant Vice President	Wen-Yen, Lin				
	Assistant Vice President	Wen-Chin, Li				
	Assistant Vice President	Ju-Ping, Chang				
	Assistant Vice President	Wen-Yao, Liu				
	Assistant Vice President	Chin-Chih, Hsu				
	Assistant Vice President	Hsu-Yuan, Yeh				
	Assistant Vice President	Chia-Hsing, Li				
	Acting Assistant Vice President	Ming-Chung, Lin				
	Acting Assistant Vice President	Chun-Jen, Huang				

Note 1: It is the amount of employees' remuneration for 2021 approved by the Board of Directors on March 25, 2022, which is expected to be distributed to managerial officers.

Note 2: This table disclosed the names of Managers who are eligible for receiving Employee Compensation and the distribution status. The actual distribution objects and payment amount shall be subject to the Manager who is still in-service at the time of payment.

4. Comparison and Description of The Total Remuneration Paid by the Company and All Other Companies Included in the Consolidated Financial Statements to the Company's Directors,

Supervisors, General Manager and Assistant General Managers in the Most Recent Two Years, Analysis on the Ratio of Such Total Remuneration to the Net Income After Tax, and Explanation of Remuneration Payment Policies, Standards, and Combination, Procedures for Determining Remuneration, and Its Relevant with Operating Performance:

Title	Ratio of Total Remuneration to Net Income After Tax			
	2021		2020	
	The Company	All Companies Included in the Consolidated Financial Statements	The Company	All Companies Included in the Consolidated Financial Statements
Director	5.79%	5.84%	6.28%	6.29%
Supervisor	-	-	0.02%	0.02%
General Manager and Assistant General Manager	7.06%	7.13%	6.32%	6.33%

- (1) Since the remuneration to Directors and employees was increased due to increased profits in 2021 as compared with previous year, the total remuneration paid to Directors, Supervisors, General Manager and Assistant General Managers in 2021 by the Company and all other companies in the Consolidated Financial Statements to the net income after tax increased from 12.64% in 2020 to 12.97% as compared with 2020, which is considered as reasonable.
- (2) For the remuneration paid to Directors, Supervisors, General Manager and Assistant General Managers, in accordance with Article 18 of the Articles of Incorporation, the Company authorizes the Board of Directors to determine the remuneration to Directors and Supervisors according to the degree of participation in the operation of the company and the value of their contribution, with reference to the industry standards, and authorizes the Chairman of the Board to approve the remuneration to General Manager and Assistant General Managers according to the employee compensation ranking table and measures on business performance bonus. In conclusion, the policies, standards, and combination of, and the procedures for determining, the total remuneration paid to Directors, Supervisors, General Manager and Assistant General Managers in 2021 by the Company and all other companies in the Consolidated Financial Statements are comparable to that in 2020.
- (3) The linkage to operating performance and future risk exposure: None.

### (III) Implementation of Corporate Governance:

#### (1) Operating Status of the Board of Directors:

A total of 10 meetings (A) of the Board of Directors have been held in the most recent year, with the attendance by Directors as follows:

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance Rate (%) [B/A] (Note 2)	Remark
Chairman	Kindom Development Co., Ltd. Representative: Ai-Wei, Yuan	10	0	100.00%	
Director	Kindom Development Co., Ltd. Representative: Mike, Ma	10	0	100.00%	

Director	Kindom Development Co., Ltd. Representative: Ching-Sung, Tseng	10	0	100.00%	
Director	Kindom Development Co., Ltd. Representative: Mei-Chu, Liu	2	7	20.00%	
Director	Kindom Development Co., Ltd. Representative: Yi-Fang, Huang	10	0	100.00%	
Director	Kindom Development Co., Ltd. Representative: Shih-Hsuan, Chou	10	0	100.00%	
Independent Director	Hung-Chin, Huang	10	0	100.00%	
Independent Director	Shen-Yu, Kung	8	2	80.00%	
Independent Director	Kuo-Feng, Lin	10	0	100.00%	

Other matters that shall be reported:

(I) Where one of the following circumstances apply for the operations of the Board of Director meetings, the date, session, proposal contents, opinions of all Independent Directors, and the Company's actions in response to the opinions of the Independent Directors shall be stated:

- (1) Matters listed in Article 14-3 of the Securities and Exchange Act: None.
- (2) Any other recorded or written Board of Directors' resolutions on which Independent Directors have dissenting or qualified opinions:  
None.

(II) Where a Director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the Director, the content of proposal, the reason for recusal, and the results of the voting should be stated:

- (1) The proposal for payment of performance bonuses to Chairman for 2020 approved by the Remuneration Committee was discussed at the 7th session of the 11th Board of Directors' meeting held on March 26, 2021. Chairman Ai-Wei, Yuan is an interested party, and, therefore, he recused himself from the discussion and the voting on the proposal. Director Hung-Chin, Huang was appointed by the Chairman to preside over the meeting temporarily, and the proposal was adopted with the consent of the other directors present.
- (2) The proposal for subscription of NT\$127,000 thousand of ordinary shares in Dingtian Construction Co., Ltd.'s for its cash capital increase approved by the Audit Committee was discussed at the 7th session of the 11th Board of Directors' meeting held on March 26, 2021. Director Shih-Hsuan, Chou is an interested party, and, therefore, he recused himself from the discussion and the voting on the proposal, and the proposal was adopted with the consent of the other directors present.

- (3)The Company's directors were released from non-competition restrictions at the 7th session of the 11th Board of Directors' meeting held on March 26, 2021. Director Shih-Hsuan, Chou is an interested party, and, therefore, he recused himself from the discussion and the voting on the proposal, and the proposal was adopted with the consent of the other directors present.
- (4)The Company's managerial officers were released from non-competition restrictions at the 7th session of the 11th Board of Directors' meeting held on March 26, 2021. Director Shih-Hsuan, Chou is an interested party, and, therefore, he recused himself from the discussion and the voting on the proposal, and the proposal was adopted with the consent of the other directors present.
- (5)The proposal for appointment of two General Mangers was discussed at the 11th session of the 11th Board of Directors' meeting held on July 1, 2021 in response to the change in the Company's organizational structure. Chairman Ai-Wei, Yuan, Director Yi-Fang, Huang, and Director Shih-Hsuan, Chou are interested parties, and, therefore, they recused themselves from the discussion and the voting on the proposal. Director Shen-Yu, Kung was appointed by the Chairman to preside over the meeting temporarily, and the proposal was adopted with the consent of the other directors present.
- (6)Such proposal for payment of year-end and special performance bonuses to managerial officers in accordance with the Company's "Evaluation Methods" as approved by the Remuneration Committee was discussed at the 15th session of the 11th Board of Directors' meeting held on December 27, 2021. Chairman Ai-Wei, Yuan, Director Yi-Fang, Huang, and Director Shih-Hsuan, Chou are interested parties, and, therefore, they recused themselves from the discussion and the voting on the proposal. Director Shen-Yu, Kung was appointed by the Chairman to preside over the meeting temporarily, and the proposal was adopted with the consent of the other directors present.
- (7)The proposal for adjustment to the meal allowances of 23 persons of Assistant Vice President level (inclusive) was discussed at the 15th Session of the 11th Board of Directors' meeting held on December 27, 2021. Chairman Ai-Wei, Yuan, Director Yi-Fang, Huang, and Director Shih-Hsuan, Chou are interested parties, and, therefore, they recused themselves from the discussion and the voting on the proposal. Director Shen-Yu, Kung was appointed by the Chairman to preside over the meeting temporarily, and the proposal was adopted with the consent of the other directors present.
- (8)The proposal for donation to Kindom Yu San Education Foundation was discussed at the 15th Session of the 11th Board of Directors' meeting held on December 27, 2021. Directors Mike, Ma and Ching-Sung, Tseng concurrently serve as the directors of the Foundation, and Director Mei-Chu, Liu is a relative within the first degree of kinship of Director Mike, and, therefore, they recused themselves from the discussion and the voting on the proposal, and the proposal was adopted with the consent of the other directors present.

( III ) Implementation of the Board of Directors' Performance Evaluation:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
The Company's Board of Directors' Performance Evaluation shall be conducted once a year, shall be completed before the end of the first quarter of the following year and submitted to the Board of Directors for	01/01/2021 - 12/31/2021	Including the performance evaluation of the board as a whole, individual Directors and functional committees.	Including internal evaluation of the board, self-evaluation by the board members of themselves and internal self-evaluation of functional committees.	The evaluation was carried out in accordance with Article 7 of the Measures for Evaluation on the Board of Directors' Performance amended by the Company on October 29, 2021.

review and improvement.				
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(IV) An Evaluation of Targets (e.g. the Establishment of an Audit Committee and the Improvement of Information Transparency, etc.) for Strengthening of the Functions of the Board of Directors during the Current and Immediately Preceding Fiscal Years, and Measures Taken Toward Achievement thereof:

(1) Carried out the following targets to strengthen the functions of the Board of Directors:

The Board of Directors shall notify the directors and supervisors of the contents of the proposal prior to the meeting, and shall take into full consideration the opinions of the directors when discussing the proposal. The proceedings shall be distributed to the directors and supervisors within five days after the meeting. Good results have been achieved.

(2) At the end of each year, according to the Measures for Evaluation on the Board of Directors' Performance amended on October 29, 2021, the evaluation shall be conducted at least once for the overall operation state of the Board of Directors, the performance of individual Directors and the performance evaluation of the functional committees. The results of the Board of Directors' performance evaluation in 2021 were good, and they were reported to the Board of Directors and disclosed on the Company's website on March 25, 2022.

Note 1: Where a Director or Supervisor is a juristic person, the name of the corporate shareholder and the name of its representative shall be disclosed.

Note 2: (1) Where Directors or Supervisors resign before the end of the year, the date of resignation shall be indicated in the Remarks column. Attendance rate (or of attendance as a non-voting participant)(%) shall be calculated by the number of Board of Directors' meetings convened and times of actual attendance (or of attendance as a non-voting participant) during the term of service.

(2) If any Director or Supervisor is re-elected before the end of the year, the new or former Directors and Supervisors shall be listed. Indicate in the Remarks column that whether the Director or Supervisor is former, new or re-elected, and the date of re-election. Attendance rate (or of attendance as a non-voting participant) (%) shall be calculated by the number of Board of Directors' meetings convened and times of actual attendance (or of attendance as a non-voting participant) during the term of service.

(2) Operation of Audit Committee or Participation in Board of Directors' meetings by Supervisors:

A total of 7 meetings (A) of the Audit Committee have been held in the most recent year, with the attendance as follows:

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance Rate (%) [B/A] (Note 2)	Remark
Independent Director	Hung-Chin, Huang	7	0	100.00%	
Independent Director	Shen-Yu, Kung	5	2	71.42%	
Independent Director	Kuo-Feng, Lin	7	0	100.00%	

Other matters that shall be reported:

(I.) The Company's Audit Committee aims to assist the Board of Directors in supervising the Company's quality and credibility in the implementation of related accounting, audit, financial reporting process and financial control.

The tasks of the Audit Committee mainly include the following:

1. Financial statements.
2. Auditing and maintenance of accounting policies and procedures.
3. Internal control system and related policy and procedure.
4. Material assets or derivatives trading.
5. Material loaning of funds, and provision of endorsements/guarantees.
6. Placement or issuance of securities.
7. Derivative financial products and cash investment.

8. Legal compliance.
  9. Related-party transactions and potential conflicts of interests involving managerial officers and directors.
  10. Complaint report.
  11. Fraud prevention and investigation report.
  12. Information security.
  13. the Company's risk management.
  14. Evaluation of the qualifications, independence, and performance of the CPAs.
  15. Appointment, discharge or compensation of CPAs.
  16. Appointment or discharge of a finance manager, accounting manager or chief internal auditor.
  17. Self-evaluation questionnaire for the performance of the Audit Committee, etc.
- (II.) With regard to the operation of the Audit Committee, if any of the following circumstances occurs, the Audit Committee's meeting date and session, contents of proposals, contents of Independent Directors' dissenting or qualified opinions or significant suggestions, Audit Committee's resolutions, and the Company's response to Audit Committee's opinions shall be specified.
- (1) Matters specified in Article 14-5 of the Securities and Exchange Act.
  - (2) In addition to the above-mentioned matters, any other matters not approved by Audit Committee but approved by over two-thirds of all Directors: None.

Audit Committee Meeting Date & Session	Contents of Proposal	Contents of Independent Directors' dissenting or qualified opinions or significant suggestions	Audit Committee's Resolution	The Company's response to Audit Committee's Opinions
The 5th session of the 1st meeting on March 26, 2021	<ol style="list-style-type: none"> <li>1. Proposal for preparation of the Company's 2020 "Statement on Internal Control System".</li> <li>2. Proposal for preparation of the Company's 2020 Business Report and Financial Statements.</li> <li>3. Proposal for preparation of the Company's 2020 Earnings Distribution Proposal.</li> <li>4. Proposal for subscription of NT\$127,000 thousand of ordinary shares in Dingtian Construction Co., Ltd. for its cash capital increase.</li> <li>5. Proposal for formulation of the Procedures for "Ethical Management and Guidelines for Conduct".</li> <li>6. Proposal for amendment to partial provisions of the Company's "Articles of Incorporation" and "Rules of Procedure of Shareholders' Meeting".</li> </ol>	None	Approved by all members present at the meeting	Approved by all directors present at the meeting
The 6th session of the 1st meeting on May 6, 2021	Submission of the Company's 2021 Q1 Financial Statements.	None	Approved by all members present at the meeting	Approved by all directors present at the meeting
The 7th session of the 1st meeting on June 28, 2021	<ol style="list-style-type: none"> <li>1. The Company will win the bid of the "Turnkey Project for Construction of Social Housing (Phase 1) in Zhongshan Section Taishan New Taipei City and National Army Dormitory" granted by National Housing and Urban Regeneration Center.</li> <li>2. The Company will win the bid of the "TSMC F18 P8 CUP Construction in Nanke Road" granted by Taiwan Semiconductor Manufacturing Company.</li> <li>3. The Company will win the bid of the "TSMC Zhongke Zero Waste Center" granted by Taiwan</li> </ol>	None	Approved by all members present at the meeting	Approved by all directors present at the meeting

	Semiconductor Manufacturing Company.			
The 8th session of the 1st meeting on August 6, 2021	<ol style="list-style-type: none"> <li>1. Submission of the Company's 2021 Q2 Financial Statements.</li> <li>2. The Company will win the bid of the "TSMC Nanke F18 P7 office (Factory Reconstruction Project)" granted by Taiwan Semiconductor Manufacturing Co., Ltd.</li> </ol>	None	Approved by all members present at the meeting	Approved by all directors present at the meeting
The 9th session of the 1st meeting on October 29, 2021	<ol style="list-style-type: none"> <li>1. Proposal for amendment to the partial procedures of the Company's internal control system.</li> <li>2. Formulation of the Measures for Whistle-blowing against Violation of Ethical Corporate Management Best Practice Principles.</li> <li>3. The Company will win the bid of the "Construction Project of Taiwan 61 line Houlong Guanhai Bridge and Xihuxi Bridge" granted by the West Coast Expressway Northern Region Temporary Engineering Office, Directorate General of Highways, MOTC.</li> </ol>	None	Approved by all members present at the meeting	Approved by all directors present at the meeting
The 10th session of the 1st meeting on December 27, 2021	<ol style="list-style-type: none"> <li>1. Proposal for formulation of the Company's 2022 Audit Plan.</li> <li>2. Proposal for evaluation on the independence and competence of the Company's CPAs.</li> <li>3. Formulation of Donation Management Measures.</li> <li>4. The Company will win the bid of "Chiayi Urban Railway Elevated Project C612 Section Jiabei and Chiayi Railway Viaduct and Tropic of Cancer Station Projects" granted by the Northern Engineering Office of Railway Bureau, MOTC.</li> <li>5. The Company will win the bid granted by Taiwan Semiconductor Manufacturing Co., Ltd.</li> </ol>	None	Approved by all members present at the meeting	Approved by all directors present at the meeting
The 11th session of the 1st meeting on March 25, 2022	<ol style="list-style-type: none"> <li>1. The Company will win the bid granted by Taiwan Semiconductor Manufacturing Co., Ltd.</li> <li>2. Proposal for preparation of the Company's 2021 Business Report and Financial Statements.</li> <li>3. Proposal for preparation of the Company's 2021 Earnings Distribution Plan.</li> <li>4. Proposal for preparation of the Company's 2021 Statement on Internal Control System.</li> <li>5. The Company plans to withdraw NT\$106,035,660 of shareholders' bonus from the distributable earning of 2021 for capital increase from retained earnings and issue 10,603,566 ordinary shares, in order to expand businesses and improve financial structure.</li> <li>6. Proposal for amendment to the partial provisions of the "Rules for Acquisition or Disposal of Assets" and the "Corporate Social Responsibility Best Practice Principles".</li> <li>7. Proposal for amendment to the partial provisions of the Company's "Articles of Incorporation".</li> <li>8. Proposal for amendment to the partial provisions of the Company's Corporate Governance Best-Practice Principles, and Standard Procedures for Handling Director's Requirements.</li> <li>9. Change to the CPAs Auditing the Company's Financial Statements into CPAs I-Lien, Han and Kuo-Yang, Tseng from the Q1 2022 in response to the internal adjustment of KPMG in Taiwan.</li> <li>10. Evaluation on the independence and competence of CPAs appointed by the Company.</li> </ol>	None	Approved by all members present at the meeting	Approved by all directors present at the meeting

- (III.) With regard to the recusal of Independent Director from voting due to conflict of interests, name of Independent Director, contents of proposal, reasons for recusal due to conflict of interests and voting result shall be specified: None.
- (IV.) Communications between Independent Directors, the Company's chief internal auditor and CPAs (including significant matters, methods and results of communication on the Company's finance and business).
- (1) The Company's chief auditor regularly submits the audit report (including follow-up audit matters) for the previous month to the independent directors for review and communication and discussion, and attends the meetings of the Audit Committee to discuss the audit proposals.
  - (2) The CPAs shall report the Company's financial position and audit results to the independent directors at least on the yearly basis, and communicate with them on major adjustments, amendments by law and suggestions on internal control.

Note: (1) If an independent director resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held during his or her tenure and his/her actual attendance times.

(2) If any independent director is re-elected before the end of the accounting year, the names of current and previous independent directors shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His/her attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held during his or her tenure and his/her actual attendance times.

(3)Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(I) Has the Company established and does it disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company and its subsidiaries (hereinafter also referred to as "merged company") formulated their Corporate Social Responsibility Best Practice Principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and disclosed them on the Company's website and the Market Observation Post System (MOPS). The merged company shall, at all times, pay attention to the development of corporate social responsibility system and the change of business environment at home and abroad, so as to improve the corporate social responsibility system, review the implementation of corporate social responsibility, and enhance the efficiency of the implementation of the corporate social responsibility policy.	No deviation
(II) Shareholding structure & shareholders' rights				
(1)Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	✓		(1) The merged company has designated a management unit of shareholder services in the Finance Division and a special section for shareholders on the Company's website to accept proposals and inquiries from shareholders, and handle disputes. There is no litigation matter with shareholders.	No deviation
(2)Does the company possess a list of its major shareholders with actual controlling power over the company as well as the ultimate owners of those major shareholders?	✓		(2) The merged company keeps a close relation with its major shareholders, and master at all times the shareholding status of major shareholders and of the persons with ultimate control over those major shareholders, through the register of shareholders provided by the stock agent.	No deviation
(3)Does the company establish and execute a risk control and firewall system within its affiliates?	✓		(3) The merged company is operationally and financially independent of its affiliated enterprises, and has formulated the "Management Procedures for Related Party Transactions", "Management Procedures for Supervision of Subsidiaries", "Operational Procedures for Loaning Funds to Others", "Operational Procedures for Endorsements and Guarantees", "Handling	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(4) Does the company establish internal rules to prohibit insiders from trading securities by taking advantage of undisclosed information?	✓		Procedures for Acquisition or Disposal of Real Estate, Equipment or its Right-of-use assets", and other procedures, and established the risk control and firewall system between it and its affiliated enterprises. (4) The merged company specified in the "Procedures for Handling Material Inside Information" that insiders are prohibited from trading securities using information not disclosed to the market, and regularly carries out education and promotion for insiders and reminds insiders of the procedures regularly.	No deviation
(III) Composition and responsibilities of the Board of Directors				
(1) Are diversity policy and specific management targets established and implemented for the members of Board of Directors?	✓		(1) It is stipulated in Article 20 of the "Corporate Governance Practice Principles" of the merged company that the composition of the Board of Directors shall be determined by taking diversity into consideration. The current Board of Directors of the Company consists of 9 Directors, including 6 Directors and 3 Independent Directors, who have rich experience and education in the fields of finance and accounting, business and management. In addition, the Company also focuses on gender equality in the composition of the Board of Directors. Currently, among the 9 Directors, there is 1 female Director, accounting for 11%. The Company will continue to strengthen the goal of achieving a female director ratio of 25% or more. Please refer to Note 1 for details.	No deviation
(2) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	✓		(2) In addition to legal establishment of Remuneration Committee and Audit Committee, the merged company has established Sustainable Development Committee under the Board of Directors, the duties and powers of which are to establish corporate social responsibility, sustainable development orientation and goals, and draft relevant management policies and specific promotion plans, and trace the implementation status and achievement of corporate sustainable development.	No deviation
(3) Does the company establish rules and methods for evaluation on the performance of the Board of	✓		(3) The merged company has amended the Measures for "Evaluation	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
Directors, conduct the evaluation annually and regularly, report the results of evaluation to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?			on the Board of Directors' Performance" as resolved at the Board of Directors' meeting on October 29, 2021. The evaluation indicators are based on the operation and requirements. The evaluation shall be conducted at least once for the overall operation state of the Board of Directors, the performance of individual Directors and the performance evaluation of the functional committees, and the results of the performance evaluation shall be reported to the Board of Directors. The results of the 2021 evaluation on the Board of Directors' performance have been reported at the Board of Directors' meeting on March 25, 2022. The operation of the merged company's Board of Directors was good. Please refer to Note 2 for details of the relevant evaluation results.	No deviation
(4) Does the company regularly evaluate the independence of CPAs?	✓		<p>(4) In order to implement corporate governance, the Finance Division of the Company regularly evaluates the independence and suitability of the CPAs based on the Independence and Suitability Evaluation Form for the Financial Reports' CPAs and prepares a written record, summarizes the evaluation results and submits to the Board of Directors upon the approval by the responsible officer every year. The Company has reported CPA's Independence and Competence Evaluation Form at the Audit Committee's meeting and the Board of Directors' meeting on March 25, 2022. Please refer to Note 3 for the results of the independence evaluation made in 2022.</p> <p>As evaluated, the CPAs appointed by the Company meet the evaluation standards, including that: (1) they do not have any direct or indirect financial interest or kinship relationship with the Company or its Directors; (2) they comply with the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 on independence. The quality and timeliness of services from the CPAs such as auditing and taxation are in line with the standards, and they are of substantial</p>	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			independence and suitability, thus are qualified as CPAs of the Company.	
IV. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board of Directors' meetings and shareholders' meetings and keeping minutes at the Board of Directors' meetings and shareholders' meetings according to law)?	✓		The merged company's Finance Division and its subordinate unit for shareholder services management are responsible for the corporate governance related matters including: providing information required for Director/Independent Director's operations, convening board/shareholder's meetings in compliance with the law, producing meeting minutes of board/shareholder's meetings, and disclosing relevant information on corporate governance, stakeholders and corporate social responsibility on the Company websites. The Company approved the resolution of the Remuneration Committee on December 22, 2020 and the resolution of the Board of Directors on December 30, 2020, and appointed finance and accounting officer Li-Ya, Chen as the corporate governance officer to safeguard shareholders' rights and strengthen the functions of the Board of Directors. The major points for annual implementation of corporate governance-related business and the continuing education of corporate governance officer are disclosed on the Company's website, please refer to <a href="https://www.kedge.com.tw/investors">https://www.kedge.com.tw/investors</a> and stakeholders section/corporate governance officer/.	No deviation
V. Has the Company established communication channels and a dedicated section for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) on its website, and responded appropriately to interested parties concerning important corporate social responsibility issues?	✓		The merged company has spokespersons and unit for shareholder services management which are "responsible for communication" and established dedicated sections for "corporate social responsibility" and stakeholders on the Company's website to appropriately respond to interested parties concerning important corporate social responsibility issues.	No deviation
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company engages the CTBC Bank Transfer Agency to handle the related matters of the shareholders meeting and implements according to law.	No deviation
VI.Information disclosure				

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(1) Does the company have a website to disclose its financial, business and corporate governance information?	✓		(1) The merged company has set up a website in accordance with the regulations to disclose information on financial, business, and corporate governance, and regularly updated and maintained it.	No deviation
(2) Does the company have other information disclosure channels (e.g., establishing an English website, appointing designated persons to be responsible for collection and disclosure of the Company's information, creating a spokesman system, and making the process of investor conferences available on the company's website)?	✓		(2) The merged company discloses the Company information on the Market Observation Post System in accordance with the regulations, appoints a dedicated person to be responsible for the collection and disclosure of the Company information, and implements the spokesperson system to make a prompt statement to the public.	No deviation
(3) Does the company publish and file its annual financial reports within two months after the end of a fiscal year and publish and file its Q1, Q2 and Q3 financial reports and its operating status of each month ahead of the stipulated deadline?	✓		(3) The merged company publish and report its financial reports for the year and for the first, second, and third quarters as well as its operating status for each month before the specified deadline	No deviation
VII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education status, implementation of risk management policies and risk evaluation standards, implementation of customer relation policies, and purchase of liability insurance for directors and supervisors)?	✓		(1) Employee rights, employee care, investor relations, supplier relations and rights of stakeholders, : Please refer to the description of Disbursements for Environmental Protection, Labor Relations and Supplier Information in Chapter 5 Operations Overview of the Annual Report. (2) Relation with investors: The merged company has set up a website in accordance with the regulations to disclose information on financial, business and corporate governance and regularly update it for investors' reference. (3) Continuing education of Directors: The merged company has regularly disclosed the information on the continuing education of Directors and their attendance at the Board of Directors' meetings on the Market Observation Post System. (4) Implementation of risk management policies and risk measurement standards: Please refer to the description of "Chapter 7 Review and Analysis on the Company's Financial Position and Financial Performance, and Risks of the Annual Report". (5) Implementation of customer policies: The Operations Planning	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>Division of the merged company has set a Sales and Service Group to serve customers and maintain a stable and good relationship.</p> <p>(6)the Company takes out liability insurance for its Directors and Supervisors: The merged company has taken out the "liability insurance for its Directors and Managerial Officers" on June 10, 2021, and has reported the insured amount, coverage, premium rate, and other major contents of the liability insurance at the Board of Directors on June 28, 2021.</p> <p>(7)Relevance between performance evaluation and remuneration of Directors: the Company shall, in accordance with the Articles of Incorporation, set not more than 2% of the annual profits of the current year as the remunerate to Directors and Supervisors, and shall provide a reasonable level of remuneration to the Directors and Supervisors according to the degree of participation in the operation of the Company and the value of their contribution, with reference to the industry standards. The Board of Directors shall authorize the chairman to approve the remuneration to General Manager and Assistant General Managers according to the employee remuneration ranges table and business performance. The reasonableness of relevant performance evaluation and remuneration has been audited by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed from time to time according to the actual operating conditions and relevant laws and regulations, so as to seek a balance between the Company's sustainable operation and risk control.</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	

IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and measures for improvement of the matter yet to be improved:

Item No.	Evaluation Indicator	Whether has been improved	Description
2.14	Has the Company established any functional committee other than statutory ones, which is composed of no less than three members, over half of whom are independent directors and at least one of whom has the professional abilities required for such committee, and does the Company disclose the committee's composition, duties and operation status?	No	It is under planning by the Company
2.22	Does the Company formulate risk management policies and procedures approved by the Board, which disclose the scope, the organizational structure, and the operations of risk management?	No	The Company plans to formulate risk management policies and procedures, which will be disclosed on the Company's website after being submitted to the Board of Directors for approval.
2.24	Has the Company established an information security risk management structure, information security policy and specific management measures, and disclosed it on the company's website or Annual Report?	Yes	The Company's information security risk management structure and policy have been reported and approved at the Board of Directors' meeting on December 27, 2021, and have been disclosed on the Company's website.
3.20	Has the Company been invited (voluntarily) to hold at least two investor conferences at an interval of more than three months between the first and last two investor conferences of the evaluation year?	No	It is under planning by the Company.
4.2	Does the Company set up a dedicated (part-time) unit that promotes corporate social responsibility and ethical corporate management, and describe the operation and implementation of the unit in the Annual Report and the Company's website, and regularly report to the Board of Directors?	Yes	The Company has disclosed the relevant promotion plans and implementation achievements of corporate social responsibility in its Annual Report, and has established a CSR section on the Company's website to describe the operation and implementation of corporate social responsibility, and reported to the Board of Directors on December 27, 2021.

Evaluation Item	Implementation Status			Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No			
4.16	Has the Company established and disclosed a reporting system for the internal and external employees of the Company to report illegal (including corruption) and unethical acts?		Yes	The Company has established a mailbox and hot-line for whistle-blowing and complaints. Human Resources Department is responsible for dealing with the related affairs, and handling complaints and penalties according to the Company's stipulated operating procedures. And the Company has formulated the Measures for Whistle-blowing against Violation of Ethical Corporate Management Best Practice Principles at the 9th session of the 1st Audit Committee's meeting and the 14th session of the 11th Board of Directors' meeting on October 29, 2021. The Company implements the Ethical Corporate Management Best Practice Principles, and pro-actively prevents any unethical acts.	

Note 1: Please refer to the following table for the diversify of composition of the Board of Directors.

Diversified Core Competences	Basic Composition							Professional Ability					Background										
	Name of Director	Nationality	Gender	Concurrently serving as the Company's (parent company's) employees	Age			Seniority of Independent Director			Operational Judgment	Business Management	Knowledge in the Industry	Accounting and Financial	Decision-making and Leadership	Engineering Management	Business	Accounting	Business Management	Civil Engineering			
					41 to 50	51 to 60	61 to 70	Over 70	Less than 3 years	3 to 9 years											More than 9 years		
	Ai-Wei, Yuan	R. O. C.	Male		1 person	3 persons	3 persons	2 persons						✓	✓								
	Mike, Ma	R. O. C.	Male											✓	✓	✓	✓	✓		✓			
	Ching-Sung, Tseng	R. O. C.	Male											✓	✓	✓		✓	✓				
	Yi-Fang, Huang	R. O. C.	Male	✓										✓	✓	✓		✓	✓				
	Shih-Hsuan, Chou	R. O. C.	Male	✓										✓	✓	✓		✓	✓				
	Mei-Chu, Liu	R. O. C.	Female											✓	✓		✓	✓		✓			
	Hung-Chin, Huang	R. O. C.	Male										✓	✓	✓	✓	✓	✓			✓		
	Shen-Yu, Kung	R. O. C.	Male										✓	✓	✓	✓	✓	✓				✓	
	Kuo-Feng, Lin	R. O. C.	Male									✓			✓	✓		✓					✓

Note 2: The performance evaluation results of the Board of Directors in 2021 are detailed in the table below.

(I) Result of Internal Evaluation on the Board of Directors' Overall Performance:

Orientation	Number of Questions	Evaluation Result (full score: 5)
Participation in the operation of the Company	12	4.17
Improvement of the Board of Directors' decision making quality	12	4.75
Composition and structure of the Board of Directors	7	4.43
Election and continuing education of	7	4.14

the Directors		
Internal control	7	4.71
Total/average score	45	4.44

(II) Result of Internal Self-evaluation by Board of Directors' members:

Orientation	Number of Questions	Evaluation Result (full score: 5)
Alignment of the goals and mission of the Company	3	4.89
Awareness of the duties of a Director	3	4.85
Participation in the operation of the Company	8	4.78
Management and communication of internal relationship	3	4.81
The Director's professionalism and continuing education	3	4.78
Internal control	3	4.81
Total/average score	23	4.81

(III) Result of Internal Performance Self-evaluation by Remuneration Committee:

Orientation	Number of Questions	Evaluation Result (full score: 5)
Participation in the operation of the Company	4	5.00
Awareness of the duties of the functional committee	5	5.00
Improvement of quality of decisions made by the functional committee	7	5.00
Makeup of the functional committee and election of its members	3	5.00
Internal control	3	5.00
Total/average score	22	5.00

(IV) Result of internal Performance Self-evaluation by Audit Committee:

Orientation	Number of	Evaluation Result
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	Questions	(full score: 5)
Participation in the operation of the Company	4	5.00
Awareness of the duties of the functional committee	5	5.00
Improvement of quality of decisions made by the functional committee	7	5.00
Makeup of the functional committee and election of its members	3	5.00
Total/average score	19	5.00

Note 3: Please refer to the following table for the results of evaluation on the independence and competence of CPAs in 2022.

Evaluation Item	Evaluation Result	Whether it Meets
1. Do the CPAs have close business and potential employment relationships with the Company or its affiliates?	No	Yes
2. Do the CPAs hold or broker any stock or other securities issued by the Company or its affiliates?	No	Yes
3. Do the CPAs act as the defender of the Company or its affiliates or on behalf of the Company to coordinate conflicts with other third parties?	No	Yes
4. Do the CPAs have kinship with any of the Company's Directors, Managerial Officers, or other individuals in positions to exert material impact over the subject matter of the engagement?	No	Yes
5. Does the former partner within one year of disassociating from the joint accounting firm to which the CPA is affiliated join the Company as a Director, managerial officer or is in a key position to exert material impact over the subject matter of the engagement?	No	Yes
6. Have the CPAs provided audit services to the Company for 7 consecutive years?	No	Yes
7. Have the CPAs complied with the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 on independence?	Yes	Yes
8. Do the CPAs and audit services team make appropriate recommendations and keep records on the audit of the Company's management system and internal control system?	Yes	Yes
9. Do the CPAs and audit services team take the initiative to provide the Company with updates on laws and regulations, amendment information and courses?	Yes	Yes

(4) Composition, Duties and Operation of Remuneration Committee:

1. Information on Remuneration Committee's Members:

April 17, 2022

Title (Note1)	Name	Qualifications	Professional Qualification and Experience (Note 2)	Independence (Note 3)	Number of Other Public Companies in which Concurrently Holding Position as Independent Director
Independent Director	Hung-Chin, Huang	<ul style="list-style-type: none"> <li>● Master of Professional Accounting, Shanghai University of Finance and Economics</li> <li>● Major: Finance</li> <li>● CPA</li> </ul>	<ul style="list-style-type: none"> <li>● They comply with the independence requirements specified in Article 6, Paragraph 1 of the Regulation Governing Establishment of and Exercise of Powers by the Remuneration Committee of the Companies Which Stocks are Listed or Traded in the Business Place of Securities Firm.</li> </ul>	1	
Independent Director	Kuo-Feng, Lin	<ul style="list-style-type: none"> <li>● Ph.D., University of Pittsburgh</li> <li>● Major: Civil engineering</li> <li>● Distinguished Professor, Department of Civil Engineering, National Taiwan University</li> </ul>	<ul style="list-style-type: none"> <li>● There's no situation specified in Article 30 of the Company Act occurred to him/her.</li> </ul>	1	
Committee Member	Tung-Hsuan, Wan	<ul style="list-style-type: none"> <li>● Ph.D., Department of Management Sciences, Tamkang University</li> <li>● Major: Business management / civil engineering</li> <li>● CEO, Enterprise Service Center, Ming Chuan University</li> </ul>	<ul style="list-style-type: none"> <li>● There's no situation specified in Article 30 of the Company Act occurred to him/her.</li> </ul>	1	

Note 1: Please specify in the form the relevant working years, professional qualifications and experience, and independence of the Remuneration Committee's members. If any of them is an independent director, a remark may be left stating that "please refer to Appendix 1 Information on Directors and Supervisors on page 00. For the title, please fill in independent director, or other (if he/she/it is a convener, please leave a note).

Note 2: Professional Qualification and Experience: The professional qualification and experience of individual Remuneration Committee's members shall be specified.

Note 3: Independence: The independence of Remuneration Committee's members shall be specified, including but not limited to that whether they, their spouses, or relatives within the second degree of kinship serve as the Directors, Supervisors or employees of the Company or its any affiliates; the number and proportion of the Company's shares held by them, their spouses or relatives within the second degree of kinship (or by nominees); that whether they serve as the directors, supervisors or employees of the companies having specific relation with the Company (please refer to subparagraph 5 - 8 , Paragraph 1, Article 6 of the Regulation Governing Establishment of and Exercise of Powers by the Remuneration Committee of the Companies Which Stocks are Listed or Traded in the Business Place of Securities Firm); and amount of any remuneration received by them due to provision of commercial, legal, financial, accounting or any other services to the Company or its any affiliates in the most recent 2 years.

2. Information on Operation of Remuneration Committee:

- (1) There are 3 members on the Remuneration Committee of the Company.  
 (2) Tenure of current Remuneration Committee's members: From June 15, 2020 to the re-election date of the Company's Directors and Supervisors in 2023.  
 (3) A total of 5 meetings (A) of the Audit Committee have been held in the most recent year, with the attendance by and qualifications of the members as follows:

Title	Name	Actual Attendance Times (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Convener	Hung-Chin, Huang	4	0	100%	
Committee Member	Kuo-Feng, Lin	4	0	100%	
Committee Member	Tung-Hsuan, Wan	4	0	100%	

Other matters that shall be reported:

- If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, the Board of Directors' meeting date and session, contents of proposals, and the Board of Directors' resolutions as well as the Company's response to the Remuneration Committee's opinions shall be specified (if the remuneration approved by the Board of Directors is better than that suggested by the Remuneration Committee, the difference and cause for the difference shall be specified): None.
- If there is any other recorded or written Remuneration Committee' resolutions on which any member has dissenting or qualified opinions, the Remuneration Committee's meeting date and session, contents of proposals, all member's opinions, and the response to members' opinions shall be specified: None.
- Operation of the Remuneration Committee in the Most Recent Year:

Remuneration Committee	Contents of Proposal and Subsequent Condition	Resolution	The Company's response to the Remuneration Committee's opinions
The 5th session of the 4th meeting 06.25.2021	1. Revision to the Company's organization chart.	Approved by all members present at the meeting	Submitted to the Board of Directors and approved by all the Directors present
The 6th session of the 4th meeting 08.05.2021	1. Standards for salary adjustment based on promotion for the Company's persons. 2. Remuneration to the Company's senior management. 3. Standards for salary adjustment based on promotion for the Company's persons.	Approved by all members present at the meeting	Submitted to the Board of Directors and approved by all the Directors present
The 7th session of the 4th meeting 10.28.2021	1. Proposal for revision to the Company's organization chart. 2. Proposal for amendment to the Company's Measures for Evaluation on the Board of Directors' Performance.	Approved by all members present at the meeting	Submitted to the Board of Directors and approved by all the

N o t e : ( 1 ) I f  a n y  m e m b e r  o f  t h e  R e				Directors present
	The 8th session of the 4th meeting 12.24.2021	<ol style="list-style-type: none"> <li>1. Payment of year-end bonus to managerial officers (the heads above Assistant Vice President level, and the heads of Financial Department and Accounting Department) and performance bonus to employees according to the "Company's Evaluation Methods".</li> <li>2. Proposal for demoting Hsu-Yuan, Yeh, Wei-Wen, Chen, Chia-Hsing, Li and Chin-Chih, Hsu from their former position of the agents of the Company's Assistant Vice Presidents.</li> <li>3. Proposal for adjustment to the salary of the Company's managerial officers, Assistant General Manager Chin-Hua, Fan and Assistant Vice President Chih-Kuo, Tseng based on their promotion.</li> <li>4. Proposal for adjustment to the meal allowances of 23 persons of Assistant Vice President level (inclusive).</li> </ol>	Approved by all members present at the meeting	Submitted to the Board of Directors and approved by all the Directors present
	The 9th session of the 4th meeting 03.24.2022	<ol style="list-style-type: none"> <li>1. Proposal for revision to the Company's organization</li> <li>2. Proposal for promotion of and salary adjustment for the Company's managerial officers in 2022.</li> <li>3. The Company's employee remuneration and directors' remuneration allocation and distribution plan for 2021.</li> </ol>	Approved by all members present at the meeting	Submitted to the Board of Directors and approved by all the Directors present

Note 1 uneration Committee resigns before the end of the year, his/her resignation date shall be indicated in the Remarks column. His/her attendance rate (%) shall be calculated based on the number of Remuneration Committee's meetings held during his/her tenure and his/her actual attendance times.

Note 2 If any member of the Remuneration Committee is re-elected before the end of the year, the new or former member shall be specified. That whether the member is a former, new or re-elected one, and re-election date shall be specified in the Remarks column. His/her attendance rate (%) shall be calculated based on the number of Remuneration Committee's meetings held during his/her tenure and his/her actual attendance times.

(5) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
1.Does the company establish a governance structure and an exclusively (or concurrently) dedicated unit for promoting sustainable development, and have management authorized by the Board of Directors to be in charge of, and have the Board of Directors to supervise, corporate social responsibility?	✓		<p>(1) Kedge Construction has established a "Sustainability Committee" under the Board of Directors, with the Chairman serving as its chief member, and over half of its members served by Independent Directors.</p> <p>(2) Five action groups, i.e. "Corporate Governance, Green and Low Carbon, Innovative Services, Sustainable Supply Chain, Employee Happiness and Social Inclusion", have been established under the Committee. The heads of the Company's corresponding departments with the highest level serve as the convener of these groups. The groups conduct risk evaluation and management and formulate relevant strategies within the scope that they are in charge of respectively. Planning Division serves as the secretary of the Committee to assist in convening and recording meetings, and tracking project progress, and reports to the Board of Directors once each year.</p> <p>(3) The Board of Directors can understand and master the Company's long-term sustainable acts concerning environment (E), social inclusion (S), and corporate governance (G) through various plans proposed by each action group, and provide suggestions and improvement measures.</p>	Compliance
2.Does the Company conduct risk evaluation on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		<p>(1) In accordance with the sustainability reporting standards and materiality principles, the merged company identifies major economic, environmental, and social issues on the major principles of identification, analysis, and confirmation, and the authorized and responsibility department will make various risk assessment, management and formulate related strategies for each issue.</p> <p>(2) Please refer to the description of "Interaction and</p>	Compliance

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereo
	Yes	No	Description	
			Significance of Stakeholders" in the CSR report.	
3.Environmental issues				
(1)Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		(1)The merged company has been committed to the introduction of various green engineering technologies for a long time, and providing owners with environmental protection and energy-saving solutions that reduce pollutions and the risk of affecting human health and environmental damage from the perspective of the whole life cycle. In addition, environmental protection measures shall be formulated in accordance with the local environment of the project, and the environmental management system shall be implemented in accordance with relevant environmental protection laws and regulations of the owners and government units.	Since the Company is not a manufacturing plant, it is not applicable to the payment of "using recycled materials".
(2)Does the company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	✓		(2)The merged company makes every effort to improve the utilization efficiency of various resources and energy conservation and carbon reduction. The Carbon Footprint Verification Statement has been obtained for the C4 Section Project in December 2020. The carbon emission of materials and transportation was effectively reduced by replacing the cement in concrete with the recycled fly ash furnace powder and by other methods. At the same time, various resource reuse projects were implemented at various construction sites. In terms of professional engineering, the merged company constantly pursues the development and application of new technologies, conducts local green procurement, uses energy-saving products to reduce energy consumption and prevent and control pollution, handles local and green purchases, and uses products with energy-saving labels to reduce energy consumption and prevent pollution. In daily affairs, the	Compliance

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereo
	Yes	No	Description	
(3) Does the Company evaluate the present and future potential risks and opportunities of climate change to the Company, and taken measures to respond to climate-related issues?	✓		merged company constantly advocates energy conservation, carries out e-document operation, and actively promotes the full use of recycled paper and the replacement of power-hungry lamps, so as to improve the utilization efficiency of various resources.  (3) The merged company regards mitigating climate change as one of its top priorities, is actively facing the impact of global climate change on its operations, integrates climate change into material environmental issues for risk and opportunity assessment, and adds buffer time, raises flood control standards, recruits younger staffs and provides more personal weather-resistant equipment when making the project plan, so as to avoid disasters or construction delays caused by climate change.	Compliance
(4) Does the Company calculate greenhouse gas emissions, water consumption and the total weight of waste over the past two years, and formulate policies for energy conservation and carbon emissions reduction, greenhouse gas emissions reduction, water consumption reduction or other waste management?	✓		(4) The merged company makes statistics on water and electricity consumption and the total weight of waste for more than 3 years, discloses them in the corporate social responsibility report, implement energy policies on a daily basis, as well as makes energy-saving plans and relevant management measures to reduce the energy consumption during the construction process and daily works. The merged company is committed to promoting energy conservation and carbon reduction, and was the first to introduce ISO 14064-1 greenhouse gas inventory and verification in projects C1 and C4. The head office regularly announces the use of photocopy paper and water and electricity to promote the concept of energy conservation and formulate a reduction plan. At present, the electronic mode has been adopted on asking for leave, working overtime, traveling on business and attendance, which have reduced the waste of paper and effectively achieved the target of energy saving and carbon reduction. Taking public transportation is promoted to reduce	Compliance

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereo
	Yes	No	Description	
			greenhouse gas emissions. Garbage classification and reducing volume and activity using disposable products have been conducted. Energy-saving measures have been implemented on power-consuming lighting and air conditioning projects in public space. The annual per capita water consumption and the carbon emission from electricity use were both reduced by more than 5% compared with the base year, and the target of 1% per capita emission reduction was achieved.	
4. Social issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1)The merged company supports and respects the spirit of the International Declaration of Human Rights and the Constitution, has formulated the basic code of conduct such as the "Code of Ethical Conduct" and the "Corporate Social Responsibility Best Practice Principles", as well as complied with the "Labor Standards Act" and related regulations. No violation of personal freedom, no forced labor, no discrimination, no use of child labor. And the merged company has formulated the "Prevention Measures, Complaints and Disciplinary Measures" for Sexual Harassment, and established a committee to investigate sexual harassment complaints and prevent inappropriate sexual harassment caused by the execution of official duties.	Compliance
(2) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	✓		(2)The merged company attaches great importance to the welfare and care of employees, analyzes and investigates the market salary, welfare situation and employment environment with a professional team, formulates a reasonable salary and remuneration policy and sets up a remuneration committee to regularly review the performance and remuneration standards of Directors and all senior executives, and carries on the compensation structure design for employees according to the evaluation of their functions and positions. "Evaluation Methods for Kedge Construction" and "Employee Reward and	Compliance

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereo
	Yes	No	Description	
(3) Does the company provide a healthy and safe work environment and organize health and safety training for its	✓		<p>"Punishment Method" have been formulated to regulate the daily operation of employees that employee should abide by the work ethics and environmental safety regulations. Employee ethics, department performance and job performance are all included in the promotion evaluation, of which the results will have impact on the proportion of year-end bonus payment, level promotion and salary adjustment. Where employees of the Company have obtained bidding projects which are special or have material contributions, colleagues who participated in the bidding will be rewarded for their credits in the bid in the current year. At the time of completion, the bonus budget will be appropriated from the profit to the project personnel and staff who are in charge of the site and have good performance.</p> <p>The merged company also provides a vacation system, employee benefits (birthday gift certificates, three-festival gift certificates, wedding gifts, birth certificates, occasional happy event gifts, employee house purchase discount, injury condolence subsidy, emergency assistance fund, annual health check, funeral subsidy, irregular staff dinners, year-end party) in accordance with laws and regulations, and an insurance system (labor insurance, national health insurance, provision for labor pension, group insurance), etc.</p> <p>(3)In accordance with the Occupational Safety and Health Act, the Occupational Safety Office of the merged company regularly organizes safety and health education and training, and some special occupational safety and security professional training is entrusted to the external professional institutions, enabling employees or suppliers to acquire the knowledge and skills necessary to perform their jobs, promoting the industrial safety and security concept of</p>	Compliance

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereo
	Yes	No	Description	
employees on a regular basis			employees or partner manufacturers by continuous training. In addition, in order to provide a safe, healthy and comfortable working environment, the merged company arranges health checks for employees every year. To create a friendly working environment, it also sets up a nursing room in the head office to encourage employees to settle down and have children, so as to maintain the right of postpartum female employees to breast-feed (group).	
(4) Does the company establish effective career development and training plans for its employees?	✓		(4)The Human Resources Department develops the coming annual education and training plan according to the business needs every year. Specific training is arranged for promoted officers, position changes and new colleagues. According to the business needs, each unit will put forward the training needs every year, and the Human Resources Department will coordinate the training, and engages colleagues in the field or outside the field to provide courses, thus all colleagues can exchange professional skills. Through continuous training, the merged company is able to promote the quality and professional work skills of manpower, to enhance the competitiveness of all colleagues, shaping a working environment of unlimited career and endless development.	Compliance
(5)Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	✓		(5)The merged company guards the health and safety of customers, does not use any hazardous substance in the construction process, and has obtained relevant inspection certificates provided by suppliers for the raw materials used, such as non-radioactive pollution certificate of steel bars, chloride content inspection certificate of concrete and no use of marine sand, etc., so as to guarantee the quality. And the CRM customer relationship management system was introduced for customer privacy, including software security management, peripheral device security management and file directory monitoring and management, so as to ensure that customer privacy and confidential information are not disclosed.	Compliance

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereo
	Yes	No	Description	
(6) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	✓		<p>The merged company has obtained the international standard certification of ISO 9001:2015, ISO 45001 and CSR, and established the quality management system and set up the quality management standard in each link of project management. The Company contracts projects by bidding or bargaining system, and most customers entrust professional supervision companies to monitor the construction on behalf, therefore, it will not mislead customers into buying products or services that do not meet their needs with unfair, incomplete or inaccurate marketing and information.</p> <p>What's more, the "Purchasing Department" and "Customer Service Department" also set up a complaint and customer service window. Purchasing Department is responsible for responding to any problems raised by suppliers, while a dedicated person of the "Customer Service Department" is managing systematically for any customer feedback about quality problems, responding within 24 hours, providing immediate after-sales service. There were not any violations of health and safety regulations or complaints of suspected personal information disclosure in 2021.</p> <p>(6) The merged company attaches great importance to environmental and social protection and is committed to ensuring the safety of the working environment, occupational safety and health of workers or labor human rights in the industrial supply chain. Therefore, it has formulated the Supplier Code of Conduct and management strategy, requiring the supplier to implement in accordance with the content of the code and comply with the laws and regulations of the country where the supplier is located. Moreover, the appraisal and evaluation system were carried out before the quotation and after the winning of the bid of suppliers, and the relevant evaluation system was also</p>	Compliance

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereo
	Yes	No	Description	
			adopted for the completion and acceptance inspection, which shall conform to the aspects of labor human rights and environmental protection measures, so as to serve as the basis for the subsequent contract awarding. The contracts signed by the merged company and the suppliers have clauses about "corporate social responsibility", and the "Ethical Agreement Statement" shall be signed separately, so as to achieve the purpose of promoting corporate social responsibility jointly by the merged company and the suppliers. In case that the supplier is involved in violating the Company's corporate social responsibility policy or has a significant impact on the environment and society, the contract may be terminated or dissolved at any time. The implementation rate of contracts signed with suppliers in 110 is 100%.	
5. Does the Company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility report and other reports that disclose non-financial information of the Company? Are the reports certified or assured by a third-party accreditation body?	✓		The merged company prepares the corporate social responsibility report by referring to the Global Reporting Initiative (GRI) Standards, the Sustainable Development Goals (SDGs) of United Nations, and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies promulgated by the Taiwan Stock Exchange/Taipei Exchange (TWSE/TPEX), and obtains the Assurance Statement from external unit BSI Taiwan in accordance with requirements of the international standard AA 1000 ASv3.	Compliance

Evaluation Item	Implementation Status			Any Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereo
	Yes	No	Description	
<p>6. Where the Company has formulated its own corporate social responsibilities principles according to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please state the variances between its implementation and the principles formulated:</p> <p>The Company has formulated its "Corporate Social Responsibility Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", stipulating that directors shall undertake the primary obligation of urging the Company to carry out its social responsibility and shall keep the implementation effectiveness under review and make continuous improvement at any time, and the Company shall actively practice corporate social responsibility (CSR) to ensure the implementation of CSR policies on "Corporate Governance, Sustainable Environment and Social Welfare" through corporate citizenship's undertaking of responsibilities. At the same time, the CSR report issued by the Company has been verified by an external unit to comply with the three basic principles of the international standard AA 1000: inclusiveness, materiality and responsiveness.</p>				
<p>7. Other key information useful for understanding the implementation status of corporate social responsibility practices:</p> <p>Please refer to the Company's website: CSR Zone and the Company's CSR Report for the corporate social responsibility operation of the merged company.  <a href="https://www.kedge.com.tw/wp-content/uploads/2021/01/2019KEDGECSRBOOK.pdf">https://www.kedge.com.tw/wp-content/uploads/2021/01/2019KEDGECSRBOOK.pdf</a></p>				

(6) Implementation Status of Ethical Corporate Management:

Evaluation Item	Implementation Status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
1.Establishment of ethical corporate management policies and programs				
(1)Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	✓		(1)In order to establish a corporate culture of ethical management and a reference framework for good business operation, the Company has formulated the "Corporate Governance Best Practice Principles", the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" to specify the ethical standards and code of conduct that the Company and its Directors, managerial officers, employees, appointees and substantial controllers shall comply with in performance of their duties.	Compliance
(2)Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(2)To ensure the implementation of ethical management, the merged company has established effective accounting and internal control systems, and its internal auditors regularly audit the compliance of the preceding systems. Select suitable candidates when selecting cooperative manufacturers, and state in the statement "do not exercise gifts, hospitality or give improper benefits".	Compliance
(3)Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	✓		(3)The merged company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" on March 26, 2021 and approved the Measures for Whistle-blowing against Violation of Ethical Corporate Management Best Practice Principles in October 2021, targeting the directors, supervisors, managerial officers, employees, assignees, and persons with substantial control capabilities of the Company and the Group's companies and organizations. It is forbidden to offer or accept bribes, provide illegal political contributions, improper charitable donations or sponsorships, provide or accept improper gifts, reception or other improper benefits, leak the Company's trade secrets, infringe on intellectual property rights, and engage in unfair competition behaviors and services	Compliance

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			dishonest acts that harm consumers or other interested parties. In addition to that the "Staff Working Rules" and other personnel policies have stipulated that employees shall not involve in unethical conduct, the merged company includes the prevention operational procedures in the training courses for new employees or other personnel education and training.	
2.Implementation of ethical corporate management				
(1)Does the Company evaluate the ethical record of its business partners and set ethical conduct policies in the terms and conditions of its contracts with the counterparties?	✓		(1)When selecting cooperative manufacturers, the merged company selects suitable candidates by means of credit investigation, and stipulates in the statement "do not exercise gifts, hospitality or give improper benefits".	Compliance
(2)Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	✓		(2)The Human Resources Department of the merged company is responsible for the formulation and promotion of business policies and rules, and the audit unit shall carry out the compliance audit and report to the Board of Directors.	Compliance
(3)Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(3)The merged company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" on March 26, 2021. The Auditing Office, the Administrative Management Division and the Finance Division jointly set up an ethical management team, and the Human Resources Department of the Administrative Management Division is the personnel statement window, submits the statements to the ethical management team for discussion and implementation, and reports work to the Board of Directors on a regular basis.	Compliance
(4)Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance	✓		(4)The audit unit of the merged company conducts regular or irregular audits on various operating activities to ensure the effective implementation of various systems.	Compliance

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
with the prevention programs, or engaging a certified public accountant to carry out the audit? (5) Does the company regularly hold internal and external training on ethical corporate management?	✓		(5) The merged company adheres to the business philosophy of ethical management and strengthens the publicity and guidance in the business meeting for implementation.	Compliance
3. Operation of the whistle-blowing system (1) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?  (2) Has the Company formulated the standard operating procedures for accepting the investigation, follow-up measures to be taken upon completion of the investigation and the relevant confidentiality mechanism?  (3) Does the company provide protection for whistle-blowers against receiving improper treatment?	✓		(1) The merged company has established a mailbox and hotline for whistle-blowing and complaints. The Human Resources Department is responsible for handling relevant affairs and handling complaints and penalties according to the Company's prescribed operating procedures.  (2) The Human Resources Department of the merged company shall be responsible for keeping confidential the information of the parties concerned when handling the whistle-blowing matters.  (3) The merged company has adopted a confidentiality system for the whistle-blowing process, thus the whistle-blower will not be punished for the whistle-blowing.	Compliance  Compliance  Compliance
4. Enhanced disclosure of information (1) Does the Company disclose the status of implementation and effectiveness of promotion of ethical corporate management on its website and the Market Observation Post System (MOPS)?	✓		(1) The Company has set up a website with a "CSR Section", which clearly reveals that "ethic" is the most fundamental business philosophy, and promotes the Company spirit as "emphasis on integrity, quality insistence, sincere service, innovation and progress, sustainable operation".	Compliance
5. Where the Company has formulated its own ethical corporate management best practices according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the variances between its implementation and the principles formulated: (1) In order to practice corporate social responsibility and promote the balance of economy, society and environment and sustainable development, the Board of Directors has approved the "Ethical Corporate Management Best Practice Principles" on March 24, 2016, and it regularly reviews the implementation status of the Principles in accordance with the Principles and makes improvements accordingly. There is no deviation since its implementation. (2) The Company attaches great importance to ethical corporate management, and has organized educational and training courses related to ethical corporate management (such as new employee education and training, with corporate culture and ethical management as the topic, etc.) in 2021, with 97 participants and a total of 619.5 hours.				

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>6. Any other important information to facilitate a better understanding of the Company's ethical corporate management (such as review on and amendment to the Company's Ethical Corporate Management Best Practice Principles):</p> <p>(1) The merged company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.</p> <p>(2) The merged company has specified, in the Rules of Procedures of Board of Directors, the provisions on recusal by Directors due to conflict of interests that if a Director or its legal representative is an interested party in relation to any proposal, and the relationship is likely to damage the interest of the Company, he/she/it shall state opinions and answer inquiries, and shall not participate in and shall recuse himself/herself/itself from the discussion or the voting on the proposal, and shall not exercise voting rights as a proxy for another Director.</p> <p>(3) The merged company has formulated the "Procedures for Handling Material Inside Information", specifying that no Director, Supervisor, Managerial Officer, or employee with knowledge of material inside information of the Company may divulge the information to others, nor may inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, or nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.</p> <p>(4) The merged company has formulated the "Ethical Corporate Management Best Practice Principles", which clearly stipulates that directors, managerial officers, employees, assignees or persons with substantial control capabilities, in the process of engaging in business activities related to the Company, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.</p>				

(7) If the Company has formulated Corporate Governance Best Practice Principles or related rules, their checking methods shall be specified: The merged company has formulated the "Corporate Governance Practice Principles" and disclosed it on the MOPS and the Company website.

(8) Any other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed: None.

(9) Implementation Status of Internal Control System

1. Statement on Internal Control

**Kedge Construction Co., Ltd.**  
**Statement on Internal Control System**

Date: March 25, 2022

According to the self-evaluation results of internal control system by the Company in 2021, we hereby state as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Regulations"). The Regulations are made to examine the following five factors during the management and control process: 1. control environment, 2. risk evaluation, 3. control activities, 4. information and communication, and 5. supervision. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the said evaluation results, the Company believes that its internal control system (including supervision and management on subsidiaries) as of December 31, 2021 has been designed and implemented effectively, including understanding of the effect of operating and the achievement degree of efficiency goals, reliable, timely and transparent reporting, as well as compliance with relevant laws, regulations and rules, and has reasonably ensured the achievement of the said goals.
- VI. This statement is an integral part of the Company's Annual Report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. It is hereby stated that this Statement has been approved at the Board of Directors' meeting on March 25, 2022. Among the 9 Directors present at the meeting, no one raised any objection, and all Directors approved the contents of this Statement.

Kedge Construction Co., Ltd.

Chairman (Signature): Ai-Wei Yuan

Yi-Fang, Huang

General Manager: Signature & Seal  
Shih-Hsuan, Chou

2. A CPA is entrusted to carry out a special audit of the internal control system: None.

(10) Any penalties Imposed upon the Company and the Company's Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status in the Most Recent Fiscal Year and in the Current Year as of the Publication Date of the Annual Report: None.

(11) Important Resolutions of Shareholders' Meeting and Board of Directors in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report:

1. Important resolutions made at annual Shareholders' Meeting:

Meeting Time	Important Resolution		Implementation Status
07.01.2021	Recognition	Approved and recognized the Company's 2020 Business Report and Financial Statements.	The resolution has been implemented
		Approved and recognized the Company's 2020 Earnings Distribution Proposal.	NT\$3.6 of cash dividend has been distributed on September 3, 2021.
	Discussion	Approved the proposal for amendment to the Company's "Articles of Incorporation".	The resolution has been implemented.
	Election	Approved the proposal for amendment to the Company's "Rules of Procedure of Shareholders' Meeting"	The resolution has been implemented.
	Other Proposals	Approved the proposal for releasing Directors from non-competition restrictions.	It has been published on the Market Observation Post System (MOPS).

2. Important resolutions made at the Board of Directors' meetings:

Meeting Date	Session	Important Resolution
03.26.2021	The 7th session of the 11th meeting	<ol style="list-style-type: none"> <li>1.The Remuneration Committee approved amendment to partial provisions of the Company's "Remuneration Committee Charter".</li> <li>2.The Remuneration Committee approved the Company's employees and directors compensation allocation and distribution plan for 2020.</li> <li>3.The Remuneration Committee approved the proposal for Chairman's performance bonus for 2020.</li> <li>4.The Remuneration Committee ratified and approved the proposal for promotion of and salary adjustment for the Company's managerial officers.</li> <li>5.The Audit Committee approved preparation of the Company's 2020 Statement on Internal Control System.</li> <li>6.The Audit Committee approved the proposal for preparation of the Company's 2020 Business Report and financial statements.</li> <li>7.The Audit Committee approved the Company's earnings distribution plan for 2020.</li> <li>8.The Audit Committee approved the proposal for subscription of NT\$127,000 thousand of ordinary shares in Dingtian Construction Co., Ltd. for its cash capital increase</li> <li>9.The Audit Committee approved formulation of the Company's "Procedures for Ethical Management and Guidelines for Conduct".</li> <li>10.The Audit Committee approved the amendment to partial provisions of the Company's "Articles of Incorporation" and "Rules of Procedures of Shareholders' Meetings".</li> <li>11.The Company's Directors were released from non-competition restrictions.</li> <li>12.The Company's managerial officers were released from non-competition restrictions.</li> </ol>

Meeting Date	Session	Important Resolution
		13. Agenda and other related matters for the Company's 2021 annual Shareholders Meeting were established. 14. The Company proposed to sign financing contracts with financial institutions due to business needs.
05.06.2021	The 8th session of the 11th meeting	1. Assumption of the office of General Manager by the Company's Chairman was recognized. 2. It was proposed that the Assistant General Manager Chin-Hua, Fan and the agent of Deputy Assistant General Manager Chun-Ming, Chen serve as the Company's spokesperson and deputy spokesperson respectively. 3. The Company proposed to ask "Wen-Chun, Chen Foreign Law Firm" to provide professional consulting services 4. for improvement of ethical corporate management.
05.31.2021	The 9th session of the 11th meeting	The date and place for holding the Company's deferred 2021 annual Shareholders' Meeting were established.
06.28.2021	The 10th session of the 11th meeting	1. The Audit Committee approved the Company to win the bid of the "Turnkey Project for Construction of Social Housing (Phase 1) in Zhongshan Section Taishan New Taipei City and National Army Dormitory" granted by National Housing and Urban Regeneration Center. 2. The Audit Committee approved and recognized the Company to win the bid of the "TSMC F18 P8 CUP Construction in Nanke Road" granted by Taiwan Semiconductor Manufacturing Company. 3. The Audit Committee approved and recognized the Company to win the bid of the "TSMC Zhongke Zero Waste Center" granted by Taiwan Semiconductor Manufacturing Company. 4. The Remuneration Committee approved revision to the Company's organization chart.
07.01.2021	The 11th session of the 11th meeting	The proposal for appointment of two General Managers was discussed in response to the change in the Company's organizational structure.
07.23.2021	The 12th session of the 11th meeting	The base date of the Company's cash dividend distribution for 2020 was established.
08.06.2021	The 13th session of the 11th meeting	1. The Audit Committee approved and recognized the Company to win the bid of the "TSMC Nanke F18 P7 office (Factory Reconstruction Project)" granted by Taiwan Semiconductor Manufacturing Co., Ltd. 2. The Remuneration Committee approved the standards for salary adjustment based on promotion for the Company's persons. 3. The Remuneration Committee approved the proposal for remuneration to the Company's senior management. 4. The Remuneration Committee approved and recognized the promotion of and salary adjustment for the Company's managerial officers.
10.29.2021	The 14th session of the 11th meeting	1. The Audit Committee approved the proposal for amendment to the partial procedures of the Company's internal control system. 2. The Audit Committee approved the proposal for formulation of the Measures for "Whistle-blowing against Violation of Ethical Corporate Management Best Practice Principles". 3. The Audit Committee approved the Company to win the bid of the "Construction Project of Taiwan 61 line Houlong Guanhai Bridge and Xihuxi Bridge" granted by the West Coast

Meeting Date	Session	Important Resolution
		<p>Expressway Northern Region Temporary Engineering Office, Directorate General of Highways, MOTC.</p> <p>4. The Remuneration Committee approved revision to the Company's organization chart.</p> <p>5. The Remuneration Committee approved the proposal for amendment to the Company's Measures for "Evaluation on the Board of Directors' Performance".</p>
12.27.2021	The 15th session of the 11th meeting	<p>1. The Company's 2022 Business Plan was established.</p> <p>2. The Audit Committee approved formulation of the Company's 2022 Audit Plan.</p> <p>3. The Audit Committee approved evaluation on the independence and competence of the CPAs appointed by the Company.</p> <p>4. The Audit Committee approved formulation of "Donation Management Measures".</p> <p>5. The Audit Committee approved the Company to win the bid of "Chiayi Urban Railway Elevated Project C612 Section Jiabei and Chiayi Railway Viaduct and Tropic of Cancer Station Projects" granted by the Northern Engineering Office of Railway Bureau, MOTC.</p> <p>6. The Audit Committee approved the Company to win the bid granted by Taiwan Semiconductor Manufacturing Co., Ltd.</p> <p>7. The Remuneration Committee approved payment of year-end and special performance bonuses to managerial officers by the Company in accordance with the Company's "Evaluation Methods".</p> <p>8. The Remuneration Committee approved the proposal for demotion of the agents of the Company's Assistant Vice Presidents.</p> <p>9. The Remuneration Committee approved the standards for salary adjustment based on promotion for the Company's managerial officers.</p> <p>10. The Remuneration Committee approved the proposal for adjustment to the meal allowances of 23 persons of Assistant Vice President level (inclusive).</p> <p>11. The Company proposed to donate NT\$9 million to Kindom Yu San Education Foundation in the coming year (2022).</p>
03.25.2022	The 16th session of the 11th meeting	<p>1. The Remuneration Committee approved the proposal for revision to the Company's organization.</p> <p>2. The Remuneration Committee approved the proposal for promotion of and salary adjustment for the Company's managerial officers in 2022.</p> <p>3. The Remuneration Committee approved the Company's employee remuneration and directors' remuneration allocation and distribution plan for 2021.</p> <p>4. The Audit Committee approved the Company to win the bid granted by Taiwan Semiconductor Manufacturing Co., Ltd.</p> <p>5. The Audit Committee approved formulation of the Company's 2021 Statement on "Internal Control System".</p> <p>6. The Audit Committee approved preparation of the Company's 2021 business report and financial statements.</p> <p>7. The Audit Committee approved the Company's earnings distribution plan for 2021.</p> <p>8. The Audit Committee approved the Company's plan to withdraw NT\$106,035,660 of shareholders' bonus from the distributable earning of 2021 for capital increase from retained earnings and issue 10,603,566 ordinary shares, in order to expand businesses and improve financial structure.</p> <p>9. The Audit Committee approved the proposal for amendment to the</p>

Meeting Date	Session	Important Resolution
		<p>partial provisions of the "Rules for Acquisition or Disposal of Assets" and the "Corporate Social Responsibility Best Practice Principles".</p> <p>10.The Audit Committee approved the proposal for amendment to the partial provisions of the Company's "Articles of Incorporation".</p> <p>11.The Audit Committee approved the proposal for amendment to the partial provisions of the Company's "Corporate Governance Best-Practice Principles", and Standard Procedures for Handling Director's Requirements.</p> <p>12.The Audit Committee approved the change to the CPAs Auditing the Company's Financial Statements into CPAs I-Lien, Han and Kuo-Yang, Tseng from the Q1 2022 in response to the internal adjustment of KPMG in Taiwan.</p> <p>13.The Audit Committee approved evaluation on the independence and competence of the CPAs appointed by the Company.</p> <p>14.Agenda and other related matters for the Company's 2022 annual Shareholders Meeting were established.</p> <p>15.The Company proposed to sign financing contracts with financial institutions due to business needs.</p>

(12) If there is any other recorded or written resolutions approved by the Board of Directors on which any Director or Supervisor has dissenting or qualified opinions in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report, their major contents shall be specified: None.

(13) Summary on Resignation and Dismissal of the Company's Chairman, General Manager, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer or R&D Officer in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report:

Title	Name	Office Assumption Date	Dismissal or Resignation Date	Reasons for Resignation or Dismissal
General Manager	Hui-Jen, Huang	01.07.2005	04.08.2021	Personal reasons

#### 4. Information on CPA Professional Fees:

(1) Information on CPA Professional Fees:

Name of CPA Firm	Name of CPA	Audit Fees (NT\$ thousand)	Non-audit Fee (NT\$ thousand)					Audit Period	Remark
			System Design	Registration with the administration of industry and commerce	Human Resources	Other	Subtotal		
KPMG in Taiwan	I-Lien, Han	2,950	0	0	30	0	30	01.01.2021 - 12.31.2021	The non-audit fee is the review fee for the Compensation Information Checklist for Full-time Employees who are not in Officer Positions.
	Ti-Nuan, Chien								

- (2) When non-audit fees paid to the CPA, to the accounting firm of the CPA, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto: None.
- (3) When the Company changes its accounting firm and the audit fees paid for the year in which such change took place are lower than those for the previous year: None.
- (4) Whether the audit fees paid for the current year are lower than those for the previous year by 15 percent or more: None.

5. Information on Change in CPAs:

- (1) About Former CPA: None.
- (2) About Successor CPA: None.
- (3) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: N/A.

6. Whether the Company's chairman, General Manager, or any Managerial Officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise of such accounting firm: None.

7. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder With a Stake of More than 10 % During the Most Recent Fiscal Year or During The Current Fiscal Year up to the Date of Publication of the Annual Report:

- (1) Any Change in Equity by a Director, Supervisor, Managerial Officer, or Shareholder With a Shareholding of More than 10%:

Title	Name	2021		Current Year (2022) as of April 17th	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Kindom Development Co., Ltd. Representative: Ai-Wei, Yuan	-	-	-	-
Director	Kindom Development Co., Ltd. Representative: Mike, Ma	-	-	-	-
Director	Kindom Development Co., Ltd. Representative: Ching-Sung, Tseng	-	-	-	-
Director	Kindom Development Co., Ltd. Representative: Mei-Chu, Liu	-	-	-	-
Director	Kindom Development Co., Ltd. Representative: Yi-Fang, Huang	-	-	-	-
Director	Kindom Development Co., Ltd. Representative: Shih-Hsuan, Chou	-	-	-	-

Title	Name	2021		Current Year (2022) as of April 17th	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Independent Director	Hung-Chin, Huang	-	-	-	-
Independent Director	Shen-Yu, Kung	-	-	-	-
Independent Director	Kuo-Feng, Lin	-	-	-	-
General Manager (Note 1)	Shih-Hsuan, Chou	-	-	-	-
General Manager (Note 1)	Yi-Fang, Huang	-	-	-	-
General Manager (Note 2)	Hui-Jen, Huang	(8,000)	-	-	-
Senior Assistant General Manager (Note 3)	Chin-Hua, Fan	(9,000)	-	-	-
Assistant General Managers (Note 4)	Chun-Ming, Chen	-	-	-	-
Senior Assistant Vice President, Finance and Accountant Officer and Corporate Governance Officer (Note 5)	Li-Ya, Chen	-	-	-	-
Assistant Vice President	Chao-Ming, Chen	-	-	-	-
Senior Assistant Vice President (Note 6)	Wen-Hsiung, Chou	-	-	-	-
Senior Assistant Vice President (Note 6)	Chih-Kuo, Tseng	-	-	-	-
Senior Assistant Vice President (Note 6)	Hsien-Chin, Chiu	-	-	-	-
Assistant Vice President	Chung-Te, Hsiao	-	-	-	-
Assistant Vice President (Note 7)	Hsiao-Ching, Ho	-	-	-	-
Assistant Vice President (Note 8)	Wen-Yen, Lin	-	-	-	-
Assistant Vice President	Wen-Chin, Li	-	-	-	-
Assistant Vice President	Ju-Ping, Chang	-	-	-	-
Assistant Vice President	Wen-Yao, Liu	-	-	-	-
Senior Assistant Vice President (Note 6)	Chun-Cheng, Liang	-	-	-	-

Title	Name	2021		Current Year (2022) as of April 17th	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Acting Assistant Vice President	Ming-Chung, Lin	-	-	-	-
Assistant Vice President (Note 9)	Chin-Chih, Hsu	-	-	-	-
Assistant Vice President (Note 9)	Hsu-Yuan, Yeh	-	-	-	-
Assistant Vice President (Note 9)	Chia-Hsing, Li	-	-	-	-
Acting Assistant Vice President	Chun-Jen, Huang	-	-	-	-
Assistant Vice President (Note 9)	Wei-Wen, Chen	-	-	-	-
Agent of Deputy Assistant General Manager	Ming-Hsiu, Li	-	-	-	-

Note 1: He/she was promoted from Executive Assistant General Manager to General Manager on July 1, 2021.

Note 2: He/she resigned on April 8, 2021.

Note 3: He/she was promoted from Assistant General Manager to Senior Assistant General Manager on January 12, 2022.

Note 4: He/she was demoted to Assistant General Manager on July 8, 2021.

Note 5: He/she was promoted on January 1, 2021.

Note 6: He/she was promoted from Assistant Vice President to Senior Assistant Vice President from July 2021 to January 2022.

Note 7: He/she resigned on April 9, 2021.

Note 8: He/she resigned on January 31, 2022.

Note 9: He/she was demoted to Assistant Vice President on January 12, 2022.

(2) Information on Transfer of Equity: None.

(3) Information on Pledge of Equity: None.

8. Relationship among the Company's Top Ten Shareholders in Shareholding Who are Related Parties, Spouses or Relatives within Second-Degree of Kinship:

Information on relationship among the Company's top 10 shareholders in shareholding

April 17, 2022 (Unit: shares)

Name	Current Shareholding of Shareholder		Spouse & Minor Child(ren) Shareholding		Total Shareholding by Nominees		Name and relationship of top ten shareholders in shareholding who are related parties, spouses or relatives within second-degree of kinship		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or Name)	Relationship	
Kindom Development Co., Ltd. Representative: Mike, Ma	36,247,768	34.18%	-	-	-	-	Yute Investment Co., Ltd.	This company's chairman is a relative within the first degree of kinship of the chairman of Yute Investment Co., Ltd.	
							Mike, Ma	The chairman of this company	
							Mei-Chu, Liu	A relative within the first degree of kinship of the chairman of this company	
Yute Investment Co., Ltd. Representative: Mei-Chu, Liu	8,785,536	8.29%	-	-	-	-	Kindom Development Co., Ltd.	This company's chairman is a relative within the first degree of kinship of the chairman of Kindom Development Co., Ltd.	
							Mike, Ma	A relative within the first degree of kinship of the chairman of this company	
							Mei-Chu, Liu	The chairman of this company	
							Miriam, Ma	A relative within the first degree of kinship of the chairman of this company	
Mei-Chu, Liu	2,824,973	2.66%	-	-	-	-	Kindom Development Co., Ltd.	Has a relative within the first degree of kinship of the chairman of Kindom Development Co., Ltd.	
							Yute Investment Co., Ltd.	The chairman of this company	
							Miriam, Ma	First degree of kinship	
							Shao-Ling, Ma	First degree of kinship	
Miriam, Ma	2,009,153	1.89%	-	-	-	-	Kindom Development Co., Ltd.	He/she is the relative within the second degree of kinship of the chairman of	

Name	Current Shareholding of Shareholder		Spouse & Minor Child(ren) Shareholding		Total Shareholding by Nominees		Name and relationship of top ten shareholders in shareholding who are related parties, spouses or relatives within second-degree of kinship		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or Name)	Relationship	
								Kindom Development Co., Ltd.	
							Yute Investment Co., Ltd.	He/she is the relative within the first degree of kinship of the chairman of Yude Investment Co., Ltd.	
							Mike, Ma	Second degree of kinship	
							Mei-Chu, Liu	First degree of kinship	
							Shao-Ling, Ma	Second degree of kinship	
Po-Wen, Chang	1,889,000	1.78%	-	-	-	-	-	-	
							Kindom Development Co., Ltd.	The chairman of this company	
							Yute Investment Co., Ltd.	Has a relative within the first degree of kinship of the chairman of Kindom Development Co., Ltd.	
							Mei-Chu, Liu	First degree of kinship	
							Shao-Ling, Ma	Second degree of kinship	
							Miriam, Ma	Second degree of kinship	
Mike, Ma	1,830,951	1.73%	-	-	-	-	-	-	
Mei-Chin, Wu	1,798,232	1.70%	-	-	-	-	-	-	

Information on relationship among the Company's top 10 shareholders in shareholding (continued)

April 17, 2021 (Unit: shares)

Name	Current Shareholding of Shareholder		Spouse & Minor Child(ren) Shareholding		Total Shareholding by Nominees		Name and relationship of top ten shareholders in shareholding who are related parties, spouses or relatives within second-degree of kinship		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or Name)	Relationship	
							Kindom Development Co., Ltd.	He/she is the relative within the second degree of kinship of the chairman of Kindom Development Co., Ltd.	
							Yute Investment Co., Ltd.	He/she is the relative within the first degree of kinship of the chairman of Yude	
Shao-Ling, Ma	1,315,069	1.24%	286,652	0.27%	-	-	-	-	

								Investment Co., Ltd.	
							Mike, Ma	Second degree of kinship	
							Mei-Chu, Liu	First degree of kinship	
							Miriam, Ma	Second degree of kinship	
Su-Yueh, Chuang	1,244,000	1.17%	-	-	-	-	-	-	
Yung-Hsin, Chang	1,161,000	1.09%	-	-	-	-	-	-	

Note: The above information shall subject to that specified in the Register of Shareholders as of April 17, 2022.

9. Number of Shares in the Same Investee and Total Shareholding Ratio Held by the Company, its Directors, Supervisors and Managerial Officers, and Any Companies Controlled either Directly or Indirectly by the Company:

Total Shareholding Ratio

Unit: Share; %

Investee (Note)	Investment by the Company		Investment by the Directors, Supervisors, managerial officer and any companies directly or indirectly controlled by the Company		Total Investment	
	Number of Shares	Shareholdi ng Ratio	Number of Shares	Shareholdi ng Ratio	Number of Shares	Shareholdi ng Ratio
Guanqing Electromechanical Co., Ltd.	7,747,000	99.96%	-	-	7,747,000	99.96%
Jiequn Investment Co., Ltd.	16,396,352	99.98%	-	-	16,396,352	99.98%

Note: It refers to the investment made by the company by using equity method.

## IV. Capital Overview

### 1. Capital and Shares:

#### (1) Source of Share Capital:

April 17, 2022; Unit: NT\$; Shares

Month/ Year	Issuance Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Share Capital	Capital increase by Assets Other Than Cash	Other
04.1982	-	300,000	3,000,000	300,000	3,000,000	Incorporation	-	-
10.1987	-	750,000	7,500,000	750,000	7,500,000	Capital increase in cash: 4,500,000	-	-
02.1990	-	2,250,000	22,500,000	2,250,000	22,500,000	Capital increase in cash: 15,000,000	-	-
08.1994	10	2,250,000	22,500,000	2,250,000	22,500,000	-	-	Note 1
12.1994	10	19,000,000	190,000,000	19,000,000	190,000,000	Capital increase in cash: 167,500,000	-	-
09.1996	10	90,000,000	900,000,000	36,850,000	368,500,000	Capital increase from retained earnings: 28,500,000 Capital increase in cash: 150,000,000	-	Note 2
06.1997	10	90,000,000	900,000,000	46,117,500	461,175,000	Capital increase from retained earnings: 55,275,000 Capital increase in cash: 37,400,000	-	Note 3
08.1998	10	90,000,000	900,000,000	53,035,125	530,351,250	Capital increase from retained earnings: 69,176,250	-	Note 4
06.1999	10	90,000,000	900,000,000	60,990,393	609,903,930	Capital increase from retained earnings: 79,552,680	-	Note 5
06.2000	10	90,000,000	900,000,000	67,699,336	676,993,360	Capital increase from retained earnings: 67,089,430	-	-
05.2001	10	90,000,000	900,000,000	67,106,336	671,063,360	Capital reduction: 5,930,000	-	-
10.2001	10	90,000,000	900,000,000	66,106,336	661,063,360	Capital reduction: 10,000,000	-	-
11. 2009 - 07.2010	10	90,000,000	900,000,000	67,847,858	678,478,580	Conversion of corporate bonds: 17,415,220	-	Note 6
10.2010	10	120,000,000	1,200,000,000	95,047,858	950,478,580	Capital increase in cash: 272,000,000	-	Note 7
10.2010 - 07.2011	10	120,000,000	1,200,000,000	107,949,660	1,079,496,600	Conversion of corporate bonds: 129,018,020	-	Note 6
11.2012	10	120,000,000	1,200,000,000	106,035,660	1,060,356,600	Cancellation of treasury shares: 19,140,000	-	Note 8

Note 1: It was changed from a limited company into a company limited by shares.

Note 2: Public offering was approved by (1996) Tai Cai Zheng (I) No. 41457 Document issued by the Securities &

Futures Commission, the Ministry of Finance on July 4, 1996.

Note 3: Public offering was approved by (1997) Tai Cai Zheng (I) No. 37370 Document issued by the Securities & Futures Commission, the Ministry of Finance on May 10, 1997.

Note 4: Public offering was approved by (1998) Tai Cai Zheng (I) No. 45573 Document issued by the Securities & Futures Commission, the Ministry of Finance on May 22, 1998.

Note 5: Public offering was approved by (1999) Tai Cai Zheng (I) No. 38317 Document issued by the Securities & Futures Commission, the Ministry of Finance on April 30, 1999.

Note 6: It was approved by Jin Guan Zheng Fa Zi No. 0980031018 Document issued by the Financial Supervisory Commission, the Executive Yuan.

Note 7: Public offering was approved by Jin Guan Zheng Fa Zi No. 0990041384 Document issued by the Financial Supervisory Commission, the Executive Yuan.

Note 8: It was approved by Jin Guan Zheng Jiao Zi No. 0980060602 Document issued by the Financial Supervisory Commission, the Executive Yuan.

April 17, 2022; Unit: Shares

Type of Share	Authorized Capital			Remark
	Outstanding shares	Unissued shares	Total	
Ordinary shares	106,035,660	13,964,340	120,000,000	Listed stocks

## (2) Shareholder Structure:

April 17, 2022

Shareholder Structure Item	Government Agencies	Financial Institutions	Other Corporate Shareholders	Individual	Foreign Institutions and Natural Persons	Total
Number of shareholders	-	2	207	24,850	85	25,144
Number of Shares Held	-	1,206,000	47,695,479	52,471,989	4,662,192	106,035,660
Shareholding Ratio	-	1.14%	44.98%	49.48%	4.40%	100.00%

## (3) Shareholding Distribution Status:

April 17, 2022

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1-999	18,695	259,982	0.25%
1,000-5,000	5,205	10,026,279	9.46%
5,001-10,000	609	4,858,594	4.58%
10,001-15,000	198	2,556,271	2.41%
15,001-20,000	109	2,066,379	1.95%
20,001-30,000	93	2,399,796	2.26%
30,001-40,000	46	1,672,923	1.58%
40,001-50,000	40	1,830,981	1.73%
50,001-100,000	79	5,747,686	5.42%
100,001-200,000	31	4,158,917	3.92%
200,001-400,000	19	5,295,494	4.99%
400,001-600,000	6	2,702,365	2.55%
600,001-800,000	2	1,418,000	1.34%
800,001-1,000,000	1	936,000	0.88%
More than 1,000,001 shares	11	60,105,993	56.68%
Total	25,144	106,035,660	100.00%

Note: No preferred stocks were issued by the Company.

## (4) List of Major Shareholders:

April 17, 2022

Shareholding Name of Major Shareholders	Number of Shares Held	Shareholding Ratio
Kindom Development Co., Ltd.	36,247,768	34.18%
Yute Investment Co., Ltd.	8,785,536	8.29%
Mei-Chu, Liu	2,824,973	2.66%
Miriam, Ma	2,009,153	1.89%
Po-Wen, Chang	1,889,000	1.78%
Mike, Ma	1,830,951	1.73%
Mei-Chin, Wu	1,798,232	1.70%
Shao-Ling, Ma	1,315,069	1.24%
Su-Yueh, Chuang	1,244,000	1.17%
Yung-Hsin, Chang	1,161,000	1.09%

## (5) Market Price, Net Worth, Earnings and Dividends Per Share and Other Information in the Most Recent Two Years:

Unit: NT\$

Item		Year	2020	2021	Current Year (2022) as of March 31 (Note 5)
Market Price Per Share (Note 1)	The Highest		53.80	54.00	58.50
	The Lowest		30.50	44.20	49.25
	Average		42.96	48.83	52.64
Net Worth per Share	Before distribution		28.95	33.11	34.30
	After Distribution		25.35	(Note 6)	-
Earnings per Share	Weighted average shares		106,035,660	106,035,660	106,035,660
	Earnings per share		5.91	6.98	1.37
Dividends per share	Cash dividends		3.60	2.60 (Note 6)	-
	Stock dividen ds	Stock dividends appropriated from earnings	-	1.00 (Note 6)	-
		Stock dividends appropriated from capital reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Analysis on return on investment	Price-to-dividends ratio (Note 2)		7.20	6.90	-
	Price-to-earnings ratio (Note 3)		11.83	13.15 (Note 6)	-
	Cash dividend yield (Note 4)		8.45%	5.40% (Note 6)	-

Note 1: Please specify the highest and lowest market price of ordinary shares in each year and calculate the average market price in each year based on the trading value and volume in each year.

Note 2: Price-to-earnings ratio = Average closing price per share in current year/Earnings per share.

Note 3: Price-to-dividend ratio = Average closing price per share in current year/Cash dividends per share.

Note 4: Cash dividend yield = Cash dividends per share/Average closing price per share in current year.

Note 5: In terms of net worth per share and earnings per share, the data of the most recent quarter as of the publication date of this Annual Report audited by CPAs shall be filled. For other fields in this column, data of current year as of the publication date of this Annual Report shall be filled.

Note 6: It shall subject to the resolution of the Shareholders' Meeting.

(6) The Company's Dividend Policy and Its Implementation Status:

1. Dividend policy specified in the Company's Articles of Incorporation:

The Company will develop toward undertaking large-scale projects and strive for growth and innovation, continue to expand the appropriate amount of capital to meet the needs of the business and the shareholders' demand for cash. The articles of Incorporation of the Company stipulate that the future cash dividend ratio shall be 20% or more of the total cash and stock dividends paid in the current year. In recent years, the dividend distribution ratio has exceeded 70% of the distributable earnings of the current year. In the future, the most appropriate distribution ratio will be determined depending on the operating conditions of the current year and the capital budget planning of the following year.

2. The dividend distributions proposed at the current Shareholders' Meeting:

The Company has established, at the Board of Directors' meeting on March 25, 2022 distribution of NT\$2.6 per share of cash dividends and NT\$1 per share of stock dividends for 2021, which will be implemented in accordance with relevant provisions after it is approved at the annual Shareholders' Meeting on June 15, 2022.

3. Any expected material changes in the dividend policy: None.

(7) Impact of Stock Dividend Distribution Proposed at this Shareholders' Meeting on the Company's Operating Performance and Earnings per Share: None.

(8) Remuneration to Employees, Directors, and Supervisors:

1. The percentages or ranges with respect to the remuneration of the employee, Directors, and Supervisors, as set forth in the Company's Articles of Incorporation:

Subject to the Company's Articles of Incorporation, if the Company has profits in the year, it shall withdraw no less than 0.5% as employee compensation, and no more than 2% as Director's compensation. However, in case of the accumulated losses, certain profits shall first be reserved to cover them.

2. The basis for estimating the amount of employee, Director, and Supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company's Board of Directors resolved, on March 25, 2022, to allocate and distribute employee compensation and director's remuneration for 2021, which comply with the Company's Articles of Incorporation. If the actual distributed amount resolved by the shareholders meeting is different from the estimated amount, it shall be regarded as the change of accounting estimate and shall be classified as the profit and loss for the year the distribution is made.

3. Information on distribution of employees' compensation approved by the Board of Directors:

	Resolved at the Board of Directors' Meeting on March 25, 2022
Employee Compensation (Cash)	49,810,374
Remuneration to Directors and Supervisors (Cash)	19,602,280
Total	69,412,654

4. The actual distribution remuneration of employees, Directors, and Supervisors for the previous year (including the distributed number, amount, and shares price), and where is any discrepancy between the actual distribution and the recognized remunerations for employees, Directors, and Supervisors, the discrepancy, cause, and how it is treated shall be stated:

Unit: NT\$

	Reported at the Shareholders' Meeting on July 1, 2021	Actual Amount Distributed
Employee Compensation (Cash)	33,222,673	33,222,673
Remuneration to Directors and Supervisors (Cash)	16,611,337	16,611,337
Total	49,834,010	49,834,010

(9) The Company's Shares Bought Back by the Company: None.

2. Issuance of Corporate Bonds: None.
3. Issuance of Preferred Shares: None.
4. Issuance of Global Depository Receipts: None.
5. Issuance of Employee Warrants and New Shares with Restricted Employee's

Rights: None.

6. Issuance of New Shares due to Acquisition or Acceptance of Transfer of Shares in Other Company: None.

7. Implementation Status of Funds Use Plan:

(1) Contents of plan:

For the period as of the quarter preceding the date of publication of the Annual Report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

(2) Status of Implementation:

With respect to funds usage under the plans referred to in the preceding subparagraph, the Annual Report shall (for the period as of the quarter preceding the date of publication of the Annual Report) analyze the status of implementation and compare actual benefits with expected benefits: None.

## V. Operational Highlights

The core business of the merged company is the integrated construction industry, and the operations of the merged company are summarized as follows:

1. Business Activities:

(I) Scope of Business:

1. Major Business Activities:

(1) Construction engineering: government public projects, government index-based construction projects, government's social housing, high-tech and civilian factories, corporate headquarter office buildings, collective residential building projects, etc.

(2) Civil engineering: government transportation construction, roads, bridges, stations, etc.

(3) Other engineering: government public projects for rezoning, park base development, urban renewal business, collective residential building projects, etc.

2. Business Ratio:

The ratio of operating revenue of the merged company in 2021 is as follows:

Engineering	Relative Weight of Business
Residential Engineering	26.76%
Civil Engineering	14.10%
Other Engineering	59.14%

3. Current Products (Services), and New Products (Services) Planned for Development:

The purpose of the project contracted by the merged company is as follows. In the future, except for the projects of residential buildings, factory buildings and commercial office buildings, the Company will actively participate in the bidding of public construction to select the most favorable bidding, turnkey projects and other projects with high technology and high added value according to the nature of the projects.

- (1) Residential engineering: civil construction and development to meet the needs of housing.
- (2) Civil engineering: government transport construction to provide convenient transportation for people.
- (3) Other engineering: government public works, factory buildings, office buildings, and other constructional engineering.

## (II) Industrial Overview:

### 1. Current Status and Development of the Industry:

Continued emergence of post-COVID-19 new variants continues to significantly damage global economic system, and disrupts industrial chain, international exchanges and economic activities, resulting in a significant decrease in consumption, impacting service industry and global trade, and affecting the development of various industries, as a result, increase in the costs of raw materials, fluctuation of oil price, continued rise in steel price, shortage of supply of building materials and concrete, significant increase in domestic and overseas transportation costs etc. will inevitably cause increase in construction costs. At present, the governments of various countries continue to offer difficulty- alleviation subsidies and propose various plans for recovery of economy, which causes significant changes in the industrial chain, and causes diversification and diversity-oriented adjustment, and thus promotes acceleration of transformation of the industry. Construction industry will transform from "digitalization" to "digital optimization" and to true "digital transformation", and its value in engineering will be displayed in the difficult time by mainly taking advantage of AI, machine learning, big data, 5G, cloud and other related technologies.

In the transformation of construction industry, digital application will be adopted to promote the transformation and upgrading of construction industry, including five technical orientations, i.e. building data center, building information modeling (BIM), smart management cloud platform, smart construction, and smart building materials. The whole service life cycle of buildings may be fully upgraded by virtue of maintenance and management of planning, design, construction and use through information management.

Now, as impacted by US-China trade war and COVID-19, a large number of Taiwanese merchants return to Taiwan for investment since 2019, and the government also promotes the "Three Major Programs for Investment in Taiwan". At present, there are 1,144 companies having registered investment programs, with a total investment amount of NT\$1.6 trillion. There is a shortage of building construction and land due to large demands, and shortage of land, water, electricity, talents, and labor are also caused. The Ministry of Economic Affairs offers land by release of idle lands and three-dimensionalization of industrial zones.

In terms of water and electricity shortage, "open source, water and power saving, dispatching, and backup" and "coal reduction, gas increase, development of green, and non-nuclear" and other measures are taken to ensure sufficient water and power.

For talent plan, the idea of "talents attraction, keeping and cultivation" is proposed, and the Ministry of Labor improves the low-wage environment and develops labor to

make supplement to the labor market in Taiwan, and proposes to amend the regulation governing labor in construction industry, including deletion of the NT\$10 billion of threshold for plan, reduction of individual threshold for contracts from NT\$1 billion to NT\$100 million, and inclusion of social housing projects; For major civil construction projects, the threshold of NT\$10 billion is also deleted, and individual threshold for contracts reduces from NT\$1 billion to NT\$200 million, and applicable types are added; at present, foreign migrant workers shall be applied for to increase labor to meet the demands for labor for private investment in construction of public utilities, private schools, social welfare institutions, medical institutions, significant investment in building factories for manufacturing industry, and for the rewards for private investment in transportation construction, tourism and recreation, sports facilities, urban renewal, re-construction of dangerous and old buildings, etc.

At present, in view of the increase in vaccine coverage and gradual control over local epidemic in domestic, the government gradually loosens strict control measures, and the intention of the public to go out to spend money is expected to be recovered gradually, and there are strong demands for expansion of and investment in semiconductor factories, etc., the performance of external demands are better than that expected, which is expected to activate the momentum of economic growth in our country.

#### A. Residential Engineering

According to the statistics data on the sale and transfer of buildings issued by the Ministry of the Interior, the number of buildings sold and transferred in the six cities from January to November 2021 increased by 7.1%, including 0.4% of annual increase in Taipei City, 7.8% of annual increase in New Taipei City, 2.0% of annual increase in Taoyuan City, 2.2% of annual increase in Taichung City, 17.2% of annual increase in Tainan City, and 18.0% of annual increase in Kaohsiung City. It was impacted by the epidemic in the first half of 2021, but after the epidemic was stably controlled in the second half of the year in domestic, housing market was recovered rapidly as driven by adequate capital balance and low interest environment, and transactions in the second half of the year was active. There was a three-level of control period for more than two months since the persons in Taiwan cooperated with government in the three-level epidemic prevention policy from May 2021, which caused reduction of overall trading volume. Cumulative annual growth rate gradually declined from 24.6% during the period from January to June to only 7.1% during the period from January to September. However, after the epidemic was stably controlled and there was a significant increase in various economic data, housing market gradually recovered, and the trading volume in the market during the period from January to November this year increased by 7.1%, with a stable growth rate, and there was no continued decrease, which indicate that the impact of the epidemic on housing market slowed down, and housing market gradually recovered. By observing the past years, the transaction volume during the period from January to November in 2021 reached 239,949 buildings, which is the highest in the eight years, which indicates that the housing market is still active. In addition, it can be seen that the cumulative number of buildings sold and transferred in New Taipei City exceeded 60,000 in the 11th months of 2021, which created a new high record in the past eight years. And that in Tainan City and Kaohsiung City also reached 24,373 and 40,096

respectively, both of which created a new high record in the same period since the merger of the counties.

#### B. Public Construction

NT\$146.6 billion was included in the total budget for public construction projects in 2022, and NT\$85.7 billion was included in the special budget for forward-looking infrastructure plan (the third phase), thus, the total budget is NT\$232.3 billion, with a slight increase of NT\$4.6 billion and a rise of about 2% as compared with the same period in 2021. In addition, NT\$227.3 billion was included in operating and non-operating special fund, a total amount of NT\$459.6 billion. In the overall budget arrangement, priority is given to current major projects. The domestic public construction investment will continue to be supported, and the regional infrastructure needs will be balanced to accumulate the national economic strength, strengthen key infrastructure, improve national economic potential, and improve Taiwan's competitiveness in the world.

Project Committee has put forward various countermeasures in response to the increase in price. First of all, in terms of price, Project Committee continues to trace the reason for increase in the price of steel in recent period to avoid unreasonable price increase or reluctance to sell, and requires the agency to prepare price adjustment at planning and budgeting stage to manage any price fluctuations during the period from the base year for estimation on construction costs to completion of the construction, in addition to establishment of a mechanism to mark the fixed price of the important raw materials of concrete, i.e. sand and gravel, to stabilize the price at the source; In addition, Project Committee adopts a three-level material adjustment mechanism in the project procurement sample contract to adjust contract price based on individual projects, middle-class projects (including materials and wages) and overall index fluctuations to reduce the risks of price fluctuation to be suffered in the performance stage.

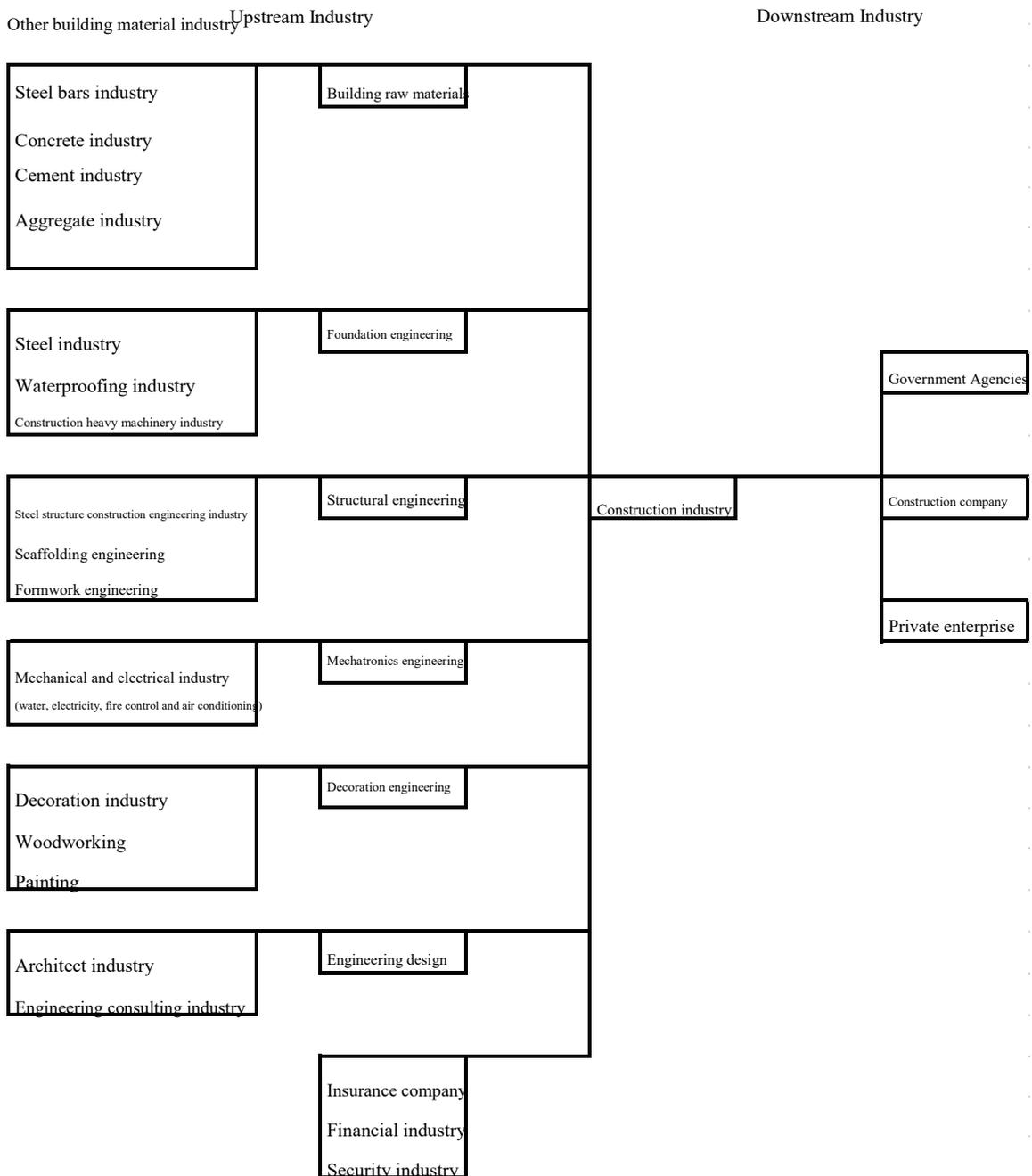
#### C. Commercial Offices and Factories

As impacted by COVID-19 and ongoing trade disputes between China and the United States, global economic activities promotes restructuring of the market, drives continued capital flow of Taiwanese back into Taiwan, and drives growth of properties and land demands. The accumulative trading amount of commercial properties in 2021 reached NT\$148 billion, and the total trading amount of land reached NT\$292.4 billion, both of which created a new high record in the past 5 years, and exceeds NT\$400 billion for two consecutive years.

Commercial leasing market continued to grow steadily, and the trend of rising rent and reducing vacancy rate were maintained. Based on the condition in the whole year, it is expected to newly release 29,000 square meters in total this year. With use by the enterprises and rent by pre-tenants fully, the annual net area will reach 40,000 square meters. The vacancy rate of buildings will reduce, and rent will rise.

## 2. The Relevance between the Upstream, Midstream, and Downstream of the Industry:

Construction is one of the links of the construction industry. The links between the upstream, midstream, and downstream segments of the industry supply chain are shown below.



(1) Links with the upstream industries: The fluctuation of the price of building materials, the increase of the cost of professional contractors, the increase of the labor cost resulting from the labor shortage, the increase of the machine and tools cost due to the price fluctuation are all related to the construction cost of the construction industry. And the development and prosperity of the upstream industries are deeply affected by the

boom of the construction industry. Therefore, the construction industry is closely related to the upstream industries.

(2)Links with the downstream industries: According to business source, the downstream includes the government units, public and private institutions, private construction companies and other owners, who obtain business mainly through public bidding or price comparison and bargaining, in which the main business sources are public works subject to public bidding by government agencies and construction commissioned by private construction companies. Therefore, the industry boom mainly depends on the government's promotion of public works policies and the impact of the prosperity of the construction industry.

### 3. Development Trends and Competition of Products:

As the construction industry continues to move towards large-scale, sophisticated design and high technical standards, large construction plants will be more competitive in terms of their bidding qualifications and conditions. According to the statistics made by the Construction and Planning Agency Ministry of the Interior, the total capital of construction industry in Taiwan was about NT\$911.5 billion in 2021, with an increase of about NT\$35 billion as compared with 2020. The annual average capital of manufacturers in 2021 was NT\$47.31 million.

the Company's capital has reached NT\$1.06 billion. Since its establishment, the Company has accumulated various engineering achievements in the industry, including residential commercial offices, civil bridges, public buildings, medical buildings and science and technology factories, etc., which have been highly recognized by the owners in terms of quality and schedule control. With sound financial health, and profitability above the average level of the industry, the Company retains a strong competitive advantage.

### (III) Overview of Technology and R&D:

#### 1. Overview

The merged company is a comprehensive construction industry, and the research and development content is mainly aimed at research and improvement of the construction technology, the working process of information hardware and software, and the working method of innovative technology, to achieve "improve quality, enhance efficiency, reduce costs, promote image" and other targets.

The Technical Research and Development Division and Information Division as the leader, cooperate with the construction department and related staff units to independently research and develop or cooperate with the manufacturers to introduce technology.

In recent years, in addition to the research and improvement of construction technology, ERP system has been built for the management and integration of the Company's core business processes and resources. The construction management system was introduced to improve the efficiency of project site works management. The aforementioned is the information engineering conducted to improve the Company's

competitiveness, and cloud services have been introduced to various departments and sites.

The Company has been committed to the development of BIM (International Building Information Modeling) and the promotion of CIM (Civil Information Modeling). In the process of BIM development, all kinds of software and hardware will be attached to BIM, and various possibilities and solutions will be offered based on the core idea of "digital", such as AR, VR, MR, Drone, image processing, IoT... etc., in order to provide information to BIM model or extract information from BIM model for utilization. BIM provides a platform for participants to create many possibilities which will be converted into execution plans to improve corporate technical basis.

Kedge Construction is a comprehensive construction enterprise, and its R&D mainly focus on shortening construction period, improving construction methods, reducing pollution and improving efficiency. New technologies are developed by its Technical Research and Development Division, IT Division and various business division or jointly introduced with third parties. In recent years, the Company has introduced works management system for management and cloud purpose, in addition to strengthening comprehensive computerization. Currently, the Company focuses on projects and accounting, and will expand to other related management items in the future. In the following several years, the Company will be committed to corporate carbon and wastes reduction and energy-saving, based on the ESG idea promoted by the Group as well as BIM database and technologies, by combining implementation of circular economy.

## 2. R&D Plans as well as Technologies and/or Products Successfully Developed in the Most Recent Year:

Item No.	2020 Research Plan	2021 Research Plan	Implementation Results and Description
1	ERP system innovation plan-1	ERP system innovation plan-1	1. Works management system - Cloud ERP 2. Construction works management, finance and accounting
Item No.	2020 Research Plan	2021 Research Plan	Implementation Results and Description
2	ERP system innovation plan-2	ERP system innovation plan-2	1. Team cloud collaborative system - communication platform (MS TEAMS) 2. Team cloud collaborative system - operating platform (MS OFFICE 365)
3	Mobilization of construction management system APP	Mobilization of construction management system APP	1. Self-inspection on quality 2. Quality control and audit system 3. Occupational safety and health system
4	Face recognition access control system	Face recognition access control system	Introduce face recognition system to the construction site access control
5	AI-assisted occupational safety management system	AI-assisted occupational safety management system	AI-assisted occupational safety high-risk engineering projects (steel hoisting).
6	Research on the quantitative output of BIM auxiliary engineering - tekla software system	Research on the quantitative output of BIM auxiliary engineering - tekla software system	Use structural software Tekla to quickly check the settlement amount of steel structure proposed by the manufacturer.

7	Research and development of the quantitative output of BIM auxiliary engineering - revit software system	Research and development of the quantitative output of BIM auxiliary engineering - revit software system	Self-developed BIM structure quantity calculation APP, which can capture the amount of formwork concrete in the model.
8	Graphing output of construction drawing of BIM general modeling software Revit	Graphing output of construction drawing of BIM general modeling software Revit	Continued to develop and promote the key function of graphing of BIM construction drawings - automatic labeling.
9	Research on the introduction of UAV aerial photography image converted into numerical terrain data into BIM drawing information	Research on the introduction of UAV aerial photography image converted into numerical terrain data into BIM drawing information	The 3D image of UAV Drone is transformed into the CIM software by the image post-processing software, which can generate 3D topographic map quickly, to carry out construction planning and calculate the quantity of earthwork.
10	Research and introduction of FIM maintenance platform	Research and introduction of FIM maintenance platform	1. Export parameters conforming to international maintenance standards (COBie), which can be used by back-end maintenance management platform. 2. Continuously import the execution of project site.
11	Introduction of BIM collaborative operation platform	Introduction of BIM collaborative operation platform	1. BIM 360 collaborative platform for 2D/3D image management of projects. 2. Continuously import the execution of project site.
12	BIM projects comply with the certification of international standard BSI-BIM		Enter the application phase of the project in 2020
13	Introduction of CIM (Civil Information Modeling)	Introduction of CIM (Civil Information Modeling)	Actual implementation of CIM project
17		BIM, game engine, MR glasses	Evaluation on and feasibility of introducing BIM into game engine

#### (IV) Long-term and Short-term Business Development Plans:

##### 1. Short-term Plans:

- (1) Cooperate with domestic excellent construction owners to build high-quality exquisite houses and establish the corporate image of excellent construction manufacturers.
- (2) Actively participate in the government's most favorable bidding projects and turnkey projects, get rid of the low-price bidding mode, to obtain the best profit.
- (3) Strive for targeted public works, construction engineering to maintain competitive advantage, road and bridge engineering to continue business growth, rail engineering to expand the business field, hidden shield and tunnel engineering to create emerging performance.
- (4) Combine with the Japanese construction team to enhance the construction strength.
- (5) Participate in the competition for special targeted projects.
- (6) Actively strive for urban renewal projects.
- (7) Actively participate in green energy construction projects.

##### 2. Long-term Plans:

- (1) Integrate architectural design, mechanical and electrical planning, raw material production and supply, engineering consulting and other relevant industries to form a strong bidding team.
- (2) Cooperate with foreign well-known manufacturers on technology to enhance technical capabilities and move toward internationalization.
- (3) Long-term investment in research and development.
- (4) Cultivate design talents, combine with domestic famous design team to provide overall customer service.
- (5) Actively strive for large and most favorable bidding projects, turnkey projects and other policy plans to improve the technical capacity of construction engineering.
- (6) Participate in land development and create company performance growth.
- (7) Become one of the top five construction enterprises in Taiwan.
- (8) Tap into overseas market.
- (9) Establish brand image.

## 2. Market, Production and Marketing Overview:

### (I) Market Analysis:

#### 1. Geographic Areas where Major Products and Services are Provided and Supplied:

- (1) The main business of the merged company is contracting for residential construction projects, civil bridge projects and hospital plant projects in Taiwan.
- (2) Future planned services:

Item	Short-term Objective	Long-term Objective
Business Scope	<ol style="list-style-type: none"> <li>1. Domestic large-scale construction engineering business</li> <li>2. Domestic civil engineering business</li> <li>3. Domestic large-scale factory construction engineering business</li> <li>4. Domestic turnkey engineering business</li> </ol>	<ol style="list-style-type: none"> <li>1. Large-scale construction engineering business at home and abroad</li> <li>2. Civil engineering business at home and abroad</li> <li>3. Factory construction engineering business at home and abroad</li> <li>4. Turnkey engineering business at home and abroad</li> <li>5. Participation in domestic land development</li> </ol>

## 2. Market Share:

Unit: NT\$

hundred million

Year	Turnover of the Merged Company	Turnover of the Construction Industry	Market Share
2017	84	21,465	0.39%
2018	114	23,301	0.49%
2019	115	24,806	0.46%
2020	141	26,829	0.53%
2021	108	30,732	0.35%

Data source: monthly financial statistics report Department of Statistics of the Ministry of Finance.

## 3. Demand and Supply Conditions of the Market in the Future, and the Market's Growth Potential:

### (1) Supply Conditions:

According to the statistics conducted by the Construction and Planning Agency under the Ministry of the Interior, there were 19,266 construction enterprises at all levels in Taiwan, including 3,051 class-A construction enterprises as of December 2021. According to the statistical results, the number of construction enterprises at all levels in Taiwan increased by 238, and the number of class-A comprehensive construction enterprises increased by 95, as compared with 2020.

### (2) Demand Conditions:

The estimated government investment in public works in 2021 is NT\$608 billion, with an increase of 14% as compared with previous year, which exceeds NT\$600 billion for the first time. In order to build and improve infrastructure, maintain the momentum of economic growth and expand domestic demands, the government will continue to implement the "forward-looking infrastructure plan"(phase III). In addition, industrial innovation plan, railway, highway and bridge, and other new construction projects, urban renewal facilities, and long-term care service facilities will also continue to be promoted, which will increase business opportunities concerning construction projects.

## 4. Competitive Niche:

- (1) The Company has won numerous awards from government units over the years and has a competitive advantage in the selection process of the most advantageous public works.
- (2) Sound financial structure, sufficient working capital, and good corporate image are of great benefit to business contract.
- (3) The Company has obtained ISO 9001 certification, improved the quality management system to a perfect level, and obtained the construction industry's first ISO 45001 certification in 2019.
- (4) The Company publishes CSR report every year, carries out the first type, medium guarantee grade verification according to AA1000 standard, and become the first listed construction company in Taiwan that passed the certification by a third-party (BSI Taiwan) and meet sustainability reporting GRI Standards, and continuously win the TCSA sustainability award.

- (5) The Company is the first enterprise in Taiwan to pass the certification of the international BIM standard (PAS 1192 - 2:2013) in 2018, and the first enterprise in Taiwan to obtain the certification of ISO 19650 of the international BIM standard in 2019.
- (6) The Company is the first construction plant in Taiwan to pass the highest level certificate of circular economy standard verified by British Standard Institution (BSI) in 2019.
- (7) With the continued accumulation of the performance in index-based turnkey projects, including convention and exhibition centers, large commercial and market buildings, sports centers, hospitals, social housing, etc., the Company is able to effectively integrate internal and external professional teams to create the maximum benefits of projects.
- (8) The Company has professional managers with rich experience and quality supported by a complete consulting team (land, structure, materials, productivity, legal consultants); and employees are of younger tendency and specialization, in which 22.14% have a master degree or above, and 76.34% have a junior college degree or above in 2021, with an average age of 39.88 years old and average seniority of 5.58 years. There are total of more than 427 persons with licenses of architect, structure technician, civil engineer, site Director, quality control, safety and health, and so on. The Company is able to enhance its industrial competitiveness.

5. Positive and Negative Factors for Future Development, and the Company's Measures to Such Factors:

(1) Positive Factors:

- a. Contract various kinds of domestic projects for many years, constantly won the owner's praise, have rich engineering experience and good corporate image.
- b. With a complete construction supply chain system, the Company is able to timely grasp the price fluctuation of building materials and create profits.
- c. Outstanding professional and technical personnel in engineering, finance, legal and management.
- d. The Company constructs networked information system to comprehensively improve work efficiency and promote e-construction. The Company has obtained the British Standards Institute (BSI) PAS 1192-2 standard certification and international standard ISO 19650 Building Information Modeling (BIM) certification, and become the first enterprise in Taiwan which has obtained BIM dual certification. The Company comprehensively strengthens interface integration and reduces management costs.
- e. Introduce the concept of circular economy into projects, change the traditional linear thinking, and become the first construction company in Taiwan to obtain BS 8001 certification, which is conducive to enhancing the competitiveness of the Company.
- f. Standardized (ISO) operations and comprehensive digitization, institutionalized project management, cooperative vendor management, and bulk material procurement, significantly reduce construction mobilization costs, effectively control the impact of price fluctuations, and being the first construction plant in

Taiwan to obtain the BIM international standard certification, which is of great help to competitiveness.

- g. Has introduced and obtained the ISO 45001 Certification of Taiwan Occupational Safety and Health Management System Standard, to reduce occupational safety management risks, and establish a quality health and safety working environment.
- h. Implement the construction management system (Q.C.D.S.E), and aim at high quality, low cost, fast construction and zero disaster.
- i. Promote total quality management (TQM) activities, participate in all aspects, and make continuous improvement and innovation breakthroughs.
- j. The government implements the most advantageous bidding, turnkey projects and BOT projects which has driven the economic recovery, and continuously improves the performance benefit of projects, in which the large-scale construction plants with scale and actual achievements will have a higher competitive advantage.
- k. The government's efforts to promote innovative industrial models and technologies for green energy and carbon reduction will facilitate the implementation and application of public construction projects such as smart green buildings.

(2) Negative Factors:

- a. The situation of cut-price bidding still exists.
- b. The price of steel bar, ready-mixed concrete, aggregate and metal building materials are vulnerable to the international raw material market and transportation costs, profits are easy to be compressed.
- c. With the joining of international construction factories in the domestic market, the construction market is more competitive.
- d. Due to severe climate, the construction period is difficult to grasp, which increases the difficulty of contract performance and the risk of labor's life safety.
- e. The serious shortage of human resources arising from an aging population poses a cost risk.
- f. The lack of aggregate materials brings the risk of instability of concrete supply, cost and uncontrollability of construction period. In addition, the impact of COVID-19 makes the aggregate shortage more extensive and the price more difficult to control.
- g. The trade war between China and the United States and the fluctuation of the decision made by the leaders of the United States cause confusion in the market, which affects the business strategy and increases the uncertainty of the bidding risk.

(3) Response Strategies:

- a. Strengthen the long-term cooperative relationship with domestic excellent construction companies.
- b. Actively cultivate talents and improve the management ability of the most favorable bidding projects and turnkey projects, get rid of the low-price bidding mode, to obtain the best profit.
- c. Build up excellent cooperative team, strengthen supply chain relationship and management.

- d. Master the fluctuation trend of bulk materials and formulate countermeasures for risk control.
- e. Learn the advantages of international construction plants and strengthen the Company's international outlook.
- f. Introduce of foreign labor for significant projects to increase labor and human resources.

(II) Use and Manufacturing Processes for Major Products:

1. Use of Major Products:

(1) Construction engineering:

In view of the development of domestic buildings towards refinement and traffic characteristics, the Company integrates various types of professional contractors and technicians, properly plan and prepare various types of building materials, and construct various types of building structures and decoration works for residential and office buildings by the construction management methods on time, cost and quality. At present, the constructions contracted by the Company includes Kindom Sanchong, Kindom Sanchong and Erchong Pu, Kindom Bei'an Section Public Office Urban Renewal, Kindom Rui'an Section Public Office Urban Renewal, Kindom Wanda Line LG08, and other projects, all of which showing the responsibility of Kedge Construction to the society.

(2) Public Construction:

The Company cooperated with the government in its major construction and private investment and development plans, properly planned the implementation of the overall project, given priority to public interests, effectively integrated professional contractors and other skilled workers through construction management methods, prepared various construction materials, completed various major public projects by using professional technology, drove the overall domestic economic development, and undertook civil engineering, such as C212 Tainan Station Underground Project, C611 Chiayi Railway Elevated Project, C612 Section Jiabei and Chiayi Railway Viaduct, Tropic of Cancer Station Projects, C61 Houlong Guanhai Bridge and Xihuxi Bridge Re-construction projects, etc.

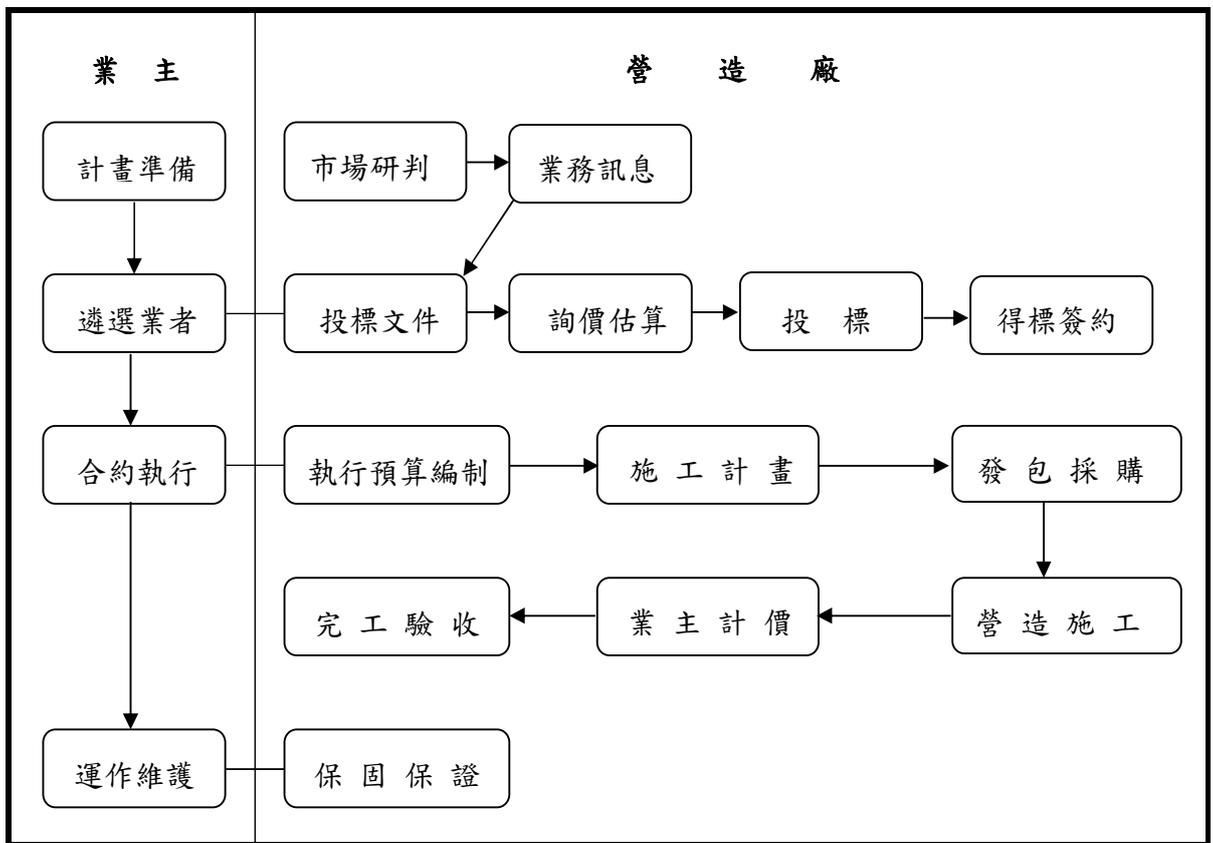
Turnkey projects are carried out to reduce engineering disputes and any waste of manpower caused by coordination and deal with disputes, since they may develop special expertise, improve construction efficiency, reduce interface integration, stimulate introduction of new technologies, new construction methods and new materials, and accelerate the construction progress of projects, and improve construction competitiveness. At present, the turnkey projects in the projects contracted by the Company include Nan Man Building and Market Re-construction Turnkey Project, Taoyuan Convention and Exhibition Center Turnkey Project, and Turnkey Project for Construction of Social Housing (Phase 1) in Zhongshan Section Taishan New Taipei City and National Army Dormitory, etc.

(3) Factory construction project:

In line with the development trend of science and technologies, and the domestic demands for 5G, IOT, and construction of high-tech plants, and the trend of Taiwanese businessmen returning to Taiwan, the Company integrates professional contractors and material suppliers to build professional plants in the most efficient construction period. Suppliers and contractors can also boost the domestic economy

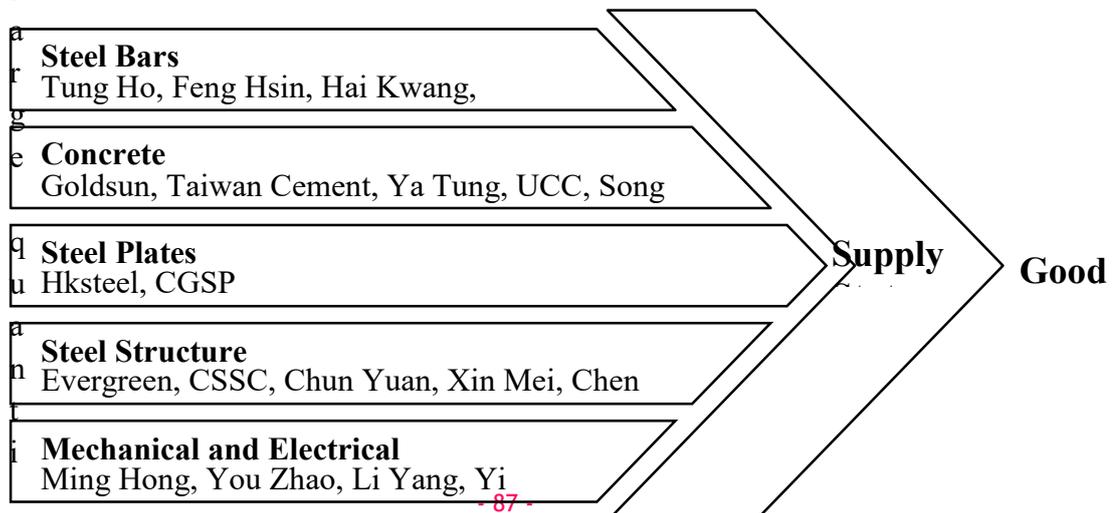
by investing in various industries. The engineering projects contracted include TSMC F18 P8 CUP Construction in Nanke Road, TSMC AP6B CUP and Civil Engineering for Zhunan Plant, and TSMC AP6B FAB Structure and Decoration Project for Zhunan Plant.

2. Manufacturing Processes of Major Products:



3. Supply Situation of Major Raw Materials:

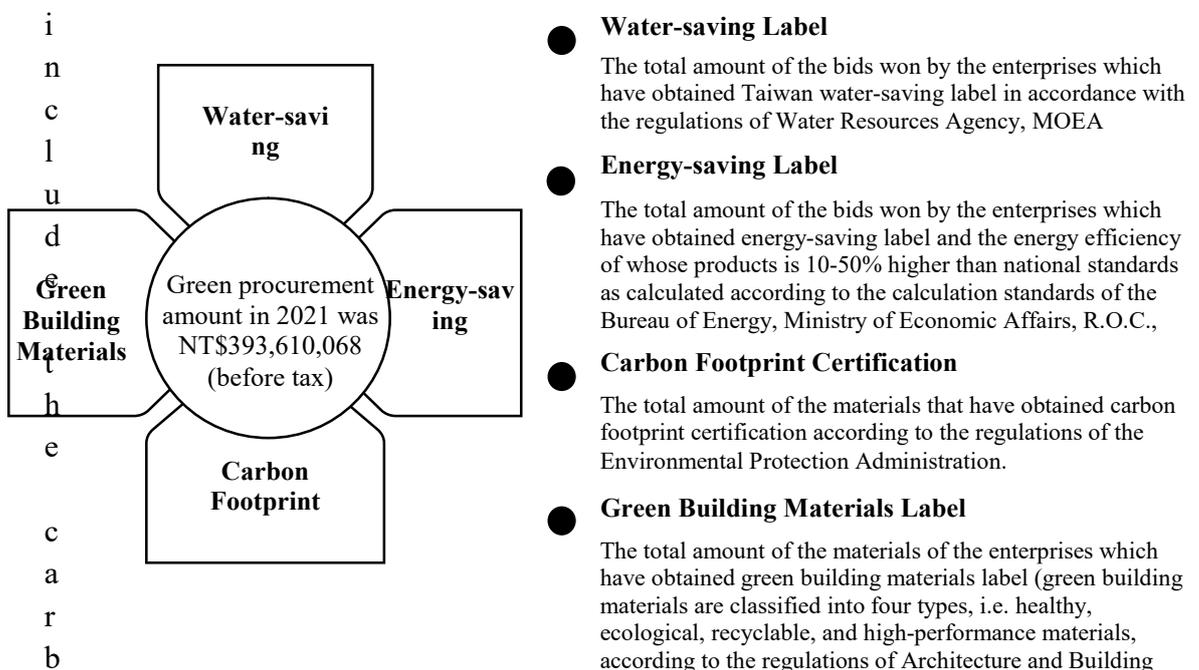
The main raw materials required by the merged company include steel bar, cement, premixed concrete, tile, aluminum window, steel structure, etc., which are purchased by the merged company itself except those supplied by the owner as stipulated in the contract. According to the actual material requirements of each construction project, the Company signs contracts with each supplier to clarify the engineering requirements and responsibilities before the commencement of construction, so as to master the source of goods; When purchasing steel bars, steel plate, and other key materials, the Company will first compare the price with that of the domestic market, and purchase in



ties at an appropriate time; otherwise, purchase in small quantities. When awarding contract, one of the measures adopted for the fluctuation of raw materials is to get the price by quantity to ensure the excellent quality and reasonable price of raw materials. The purchase of other raw materials is all based on the international economic trends and fluctuations, and the bulk materials and manpower market forecast in the second half of the year is put forward every six months as the reference for new project bidding and cost control. The current situation is as follows:

In order to achieve excellent engineering quality, the Company carefully selects material suppliers and construction partner manufacturers, and attaches importance to their engineering experience and professional quality. Before the materials and tools enter the site, the Company always plans and fully communicates with the relevant cooperation partners in advance to cultivate a good cooperative relationship and take ethical management as the principle, regularly evaluates and manages suppliers according to ISO procedures, and guides and replaces suppliers according to the scoring results. The Company has effectively established a complete, high-quality, and stable supply chain to facilitate construction period and cost control through good supplier management and evaluation system.

In response to the issues such as green energy, environmental protection and circular economy, the Company selects the equipment with water-saving or energy-saving labels according to owner's rules or recommendations upon purchase, and includes the building materials with green building materials label and carbon footprint certification into statistics, which indicate that the Company continues to expand its adherence to green environment and sustainability, and the company will



on-reducing recyclable materials purchased in green procurement amount in the future, and actively search for, visit and use relevant manufacturers, or introduce them to the Company's construction sites in a cooperative manner to save labor, increase productivity and reduce costs.

In order to prevent the impact of shortages of labor and materials due to the COVID-19 pandemic, a work shift database is established to understand work shift dynamics, so as to quickly support construction sites and cooperate with foreign workers to reduce the impact of manufacturers' lack of labor. For contracted materials or work shifts, the Company regularly contacts the supplier to confirm the stability of the supply. Suppliers must report immediately if they are affected by the COVID-19 pandemic, and determine the status of the imported materials affected by the COVID-19 pandemic as a countermeasure.

(IV) A List of Any Suppliers and Clients Accounting for 10% or More of the Total Amount of Goods Purchased (Sold) in Either of the Most Recent Two Years and the Amount and Proportion of the Goods Purchased (Sold), and State the Reasons for the Increase or Decrease:

1. List of Major Suppliers:

Unit: NT\$ thousand; %

Item	2020				2021				2022 Q1			
	Name (Note)	Amount	Ratio to Annual Net Purchase Amount (%)	Relationship with the Issuer	Name (Note)	Amount	Ratio to Annual Net Purchase Amount (%)	Relationship with the Issuer	Name (Note)	Amount	Ratio to Annual Net Purchase Amount (%)	Relationship with the Issuer
1	Other	13,082,780	100.00	None	Other	9,216,530	100.00	None	Other	4,943,933	100.00	None
	Net purchase amount	13,082,780	100.00		Net purchase amount	9,216,530	100.00		Net purchase amount	1,773,417	100.00	

Note: There is no single supplier with more than 10% of the total purchase amount in each period.

2. List of Major Clients:

Unit: NT\$ thousand; %

Item	2020				2021				2022 Q1			
	Name (Note)	Amount	Ratio to Annual Net Sales Amount (%)	Relationship with the Issuer	Name (Note)	Amount	Ratio to Annual Net Sales Amount (%)	Relationship with the Issuer	Name	Amount	Ratio to Annual Net Sales Amount (%)	Relationship with the Issuer
1	Kindom Development Co., Ltd.	5,304,012	37.54	An investment company which evaluates the Company by using equity method	Kindom Development Co., Ltd.	2,833,231	26.30	An investment company which evaluates the Company by using equity method	Taiwan Semiconductor Manufacturing Co., Ltd.	1,096,222	49.97	None
2	Taiwan Semiconductor Manufacturing Co., Ltd.	3,450,023	24.43	None	Taiwan Semiconductor Manufacturing Co., Ltd.	2,778,712	25.79	None	Kindom Development Co., Ltd.	388,767	17.72	An investment company which evaluates the Company by using equity method

3	Economic Development Department of New Taipei City Government	1,419,594	10.05	None	Railway Reconstruction Bureau, MOTC	1,518,831	14.10	None	Railway Reconstruction Bureau, MOTC	267,173	12.18	None
4	Other	3,956,083	27.98	None	Other	3,641,548	33.81	None	Other	441,725	20.13	None
	Net sales amount	14,129,712	100.00		Net sales amount	10,772,322	100.00		Net sales amount	2,193,887	100.00	

Description of increase or decrease:

Due to the large amount of money involved in the contracted works and the construction period of 1 to 3 years, the construction industry is characterized by the fact that the construction will be concentrated on certain customers during a certain period when the total contract amount of some projects is large and the completion ratio is used to calculate the sales volume. However, all the projects of the merged company are obtained through bidding or negotiation, and the major customers change with the construction and completion of the project. Therefore, in the medium to long term, the merged company shall be free from the risk of concentrated sales in the general manufacturing industry.

(V) Table of Production Volume and Value in the Most Recent Two Years:

Unit: NT\$ thousand; %

Item \ Year	2020		2021	
	Production Value	%	Production Value	%
Residential Engineering	5,030,713	38.45	2,748,406	29.82
Civil Engineering	1,230,886	9.41	1,339,342	14.53
Other Engineering	6,821,181	52.14	5,128,782	55.65
Total	13,082,780	100.00	9,216,530	100.00

Note: Production volume is not applicable due to the characteristics of construction industry.

(VI) Table of Sales Volume and Value in the Most Recent Two Years:

Unit: NT\$ thousand; %

Item \ Year	2020		2021	
	Sales Value	%	Sales Value	%
Residential Engineering	5,304,012	37.54	2,828,862	26.26
Civil Engineering	1,321,386	9.35	1,518,831	14.10
Other Engineering	7,504,314	53.11	6,424,630	59.64
Total	14,129,712	100.00	10,772,323	100.00

Note: Sales volume is not applicable due to the characteristics of construction industry.

### 3. Information on Employees in The Most Recent Two Years and in the Current Year as of the Publication Date of the Annual Report:

Year		2020	2021	Current Year (2022) as of March 31
Number of Employees	Engineering Personnel	407	410	422
	Administrative Personnel	117	118	119
	Total	524	528	541
Average Age		39.37	39.95	40.01
Average Service Year		5.44	5.61	5.38
Educational Distribution Ratio	PhD	0.00%	0.00%	0.00%
	Master's	23.66%	22.16%	21.07%
	Bachelor's	74.43%	76.14%	76.34%
	High school	1.91%	1.70%	2.59%
	Below Senior High School	-	-	-

#### 4. Disbursements for Environmental Protection:

- (1) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:
  1. The merged company has set up an Occupational Safety Office, which is responsible for supervision matters relating to the environmental protection of construction projects, and appoints environmental protection personnel to be responsible for each construction project according to the provisions of the law, who shall be a person that has participated in the periodic/irregular environmental publicity or educational training organized by the local government environmental protection authority under the jurisdiction of the construction project. During the process of the construction project, the project bulletin board set up in accordance with the law shall specify the collection control number of the air pollution control fees for the construction project, the name and telephone number of the person in charge of the construction site and the telephone number of the local environmental protection authority for public nuisance whistle-blowing. The owner shall bear the air pollution control fees, and no additional expenses shall be incurred by the Company.
  2. The investment of the merged company in major anti-pollution facilities for construction project, the use purpose of such facilities, and the key points of anti-pollution that may produce possible effects:
    - (1) Handle according to the provisions of each county and city construction management and environmental protection authority or unit.
    - (2) Select low-pollution construction methods, low-noise machines and tools, and establish noise prevention and control measures in the planning stage.
    - (3) Adopt anti-pollution facilities during construction.

Subcontractors and professional contractors legally handle anti-pollution facilities for construction projects, such as site fence (full barrier fence, semi barrier fence or simple fence), spill-proof base, dust-proof cloth, dust-proof net, renting the road cleaning water wheel, car wash, high-pressure car washing machine, intercepting ditch, water-collecting well, sedimentation tank, temporary toilet, high-rise waste pipe, waste dumps and other facilities, and take facility measures for bare earthwork and vehicle paths in accordance with the Regulations Governing Air Pollution Control Facilities in Construction Projects, such as related dust suppression, and contractors are responsible for and perform their relevant work. For the merged company, Occupational Safety Office dispatches persons to regularly or irregularly review construction projects, and it will require rectification and confirm the effectiveness of the rectification in case of any defect found by it. Adequate budgets are prepared for environmental protection-related measures for construction projects, so that each construction-in-progress can be duly performed in accordance with laws and regulations and there are sufficient resources for protection of environment during construction period. The budget for environmental protection and disbursement already occurred for the construction-in-progress as of December 2021 (Sanchong F, Zhonghe LG08, Erchong Pu, Nanmen Market, Taoyuan Convention and Exhibition Centre, Chiayi C611 bid, Tainan C212 bid, etc.) are as follows:

Items of Disbursements for Environmental Protection	Budget (NT\$ thousand)	Disbursement (NT\$ thousand)	Execution Ratio
Fence	80,387.51	31,543.71	39.23%
Air pollution control	42,377.13	7,126.98	16.82%
Water pollution control	48,074.46	10,338.28	21.50%
Waste removal	33,481.67	5,700.45	17.03%
Earthwork Handling	288,111.34	175,408.89	60.88%
Noise/Vibration monitoring	8,644.15	301.00	3.48%

3. With the rising awareness of environmental protection, the merged company also realizes the importance of anti-pollution, does its utmost to improve anti-pollution. Although the transient pollution caused by construction projects is a stationary pollution source, it is not an emission source for specific industries, and will disappear with the completion of construction, to maintain the living quality of the residents and clean environment around the construction site, the merged company provides environmental protection improvement measures and preventive measures according to the construction characteristics of various projects as follows:

(1) Disposal of wastes (including waste soil):

- a. The Purchasing Department shall entrust a professional contractor recognized by the owner and sign the contract for excavation, sludge disposal, and backfilling works, which shall be transported to the legally established waste disposal site or the earthwork resource storage yard according to the provisions of the construction management unit.
- b. If vehicles are carrying loose particulate pollutants, closed containers shall be used or the containers shall be covered tightly. If the dust cloth or dust-proof net is used for the cover, it shall be firmly tied and the edge shall be extended to cover at least 15cm below the upper edge of the container to avoid scattering and polluting the site area and the surrounding environment.
- c. For each construction project, car washing equipment (e.g. car wash, high-pressure washing machine, intercepting ditch) is provided at the vehicle access control gate. The body and wheels of all vehicles (machines) driving out of the site should be cleaned. In case of any road pollution, the rented road cleaning water wheel will be used to clean the road at any time.
- d. Set up collecting well and sedimentation tank to collect the mud and sand produced by washing and clean it regularly to make full use of them.

(2) Noise control:

- a. Continue to handle noise reduction at construction sites, and adopt management measures and control facilities for construction planning, manage and control construction personnel, period, methods, machinery, tools and facilities in accordance with the "Operational Guidelines for Determining Noise Control Areas" and the Technical Guidelines for Noise Control at Construction Sites issued by the Environmental Protection Administration.
- b. Install noise-proof canvases on the 2.4m-high construction fence on the first-class construction site in the city to block construction noise, and verify the effectiveness of noise control, and regularly conduct noise test during construction period to strengthen the effectiveness of self-control.
- c. According to the construction stage of land preparation, excavation, transportation, foundation, construction and decoration, the noise control measures have been

formulated: Electric power generation instead of diesel, electrification of engine, use construction methods such as hydraulic crane, full casing, reverse circulation and other cast-in-place pile or pre-cast pile, use hydraulic or cutting demolition method, and try to avoid high-noise machinery work at the same time. Handle construction control coordination and prevent high-noise machinery from working at the same time.

- d. Noise control and regular maintenance of machines and tools: The exhaust outlet of the construction machine is equipped with a muffler; the noise-prone parts (e.g. engines) is equipped with a soundproof enclosure; install a vibration cushion or a spring (such as a rubber cushion) at the bottom of the base of the construction machines and tools which is liable to produce vibration and noise.
  - e. Carry out the construction in accordance with the time stipulated in the statutory noise control area, reduce night construction and shorten the operation time.
- (3) Air pollution control:
- a. Set up fences of appropriate height around the construction site according to law, install a dust-proof net to reduce dust dispersal during land preparation, excavation, transportation, foundation, construction, and decoration.
  - b. Spray water regularly/ irregularly on the exposed surface of the site, cover with dust-proof cloth or dust-proof net or pave with concrete and gravel to reduce dust raising.
  - c. Lay steel plates, or concrete, or asphalt concrete, or coarse gradation, or other particles of the same function on the vehicle path within the site, so as to effectively control dust dispersal.
  - d. Personal protective equipment such as goggles, masks and gloves are provided to protect workers from health hazards caused by pollution.
  - e. Specify that the speed of vehicles driving in and out of the site shall be lower than 20 km/h, the body and wheels of machine and tool vehicles left from the site shall be cleaned, and closed containers shall be used or containers shall be covered tightly for the vehicles carrying loose particulate pollutants and, if dust cloth or dust-proof net is used as cover, it shall be firmly tied and the edge shall be extended to cover at least 15cm below the upper edge of the container.
- (4) Water pollution and soil pollution control:
- a. Enter into a contract with a professional environmental protection testing company recognized by the Environmental Protection Administration to carry out tests on domestic waste water, construction waste water, vehicle cleaning waste water, waste mud liquid, waste stabilizing solution and chemical grouting on specific sites.
  - b. The washing water of concrete work and the mud water stabilizing solution of foundation excavation work shall be filtered by sedimentation tank before being discharged into the sewer or river.
  - c. The construction liaison road is provided with suitable covering and drainage facilities to avoid erosion.
  - d. When working in the vicinity of a river course, the water and soil conservation shall be carried out according to the law, the owners and other authorities, and the low-pollution construction methods shall be selected and the relatively adequate water pollution control facilities shall be equipped to reduce the pollution to the river.
  - e. Maintain the construction vehicles and tools regularly to avoid oil leakage. It is forbidden to replace oil, lubricating oil and other liquid oil in the site area. All the maintenance and repair shall be carried out in the vehicle warranty center outside the site area.
  - f. Select low sulfur oils for fuel oil machinery of construction and cooperate with environmental inspection and testing.
- (5) Supervision on, improvement of and training about environmental protection:

- a. The merged company has set up an Occupational Safety Office, which is responsible for supervision matters relating to the environmental protection of construction projects, and appoints environmental protection personnel to be responsible for each construction project according to the provisions of the law, who shall participate in the periodic/irregular environmental publicity or educational training organized by the local government environmental protection authority under the jurisdiction of the construction project.
  - b. All environmental protection processes, including equipment and measures, are subject to environmental regulations (e.g., Waste Disposal Act, Water Pollution Control Act, Air Pollution Control Act) and the owner's special provisions. In case of any defects, immediate improvement will be requested.
  - c. Organize environmental protection training and workshops for various construction projects from time to time, and regularly send staff to participate in environmental protection workshops organized by government units to enhance the environmental awareness of employees and workers of vendors and implement the environmental protection work.
  - d. Actively invite and arrange nearby residents and government inspection units to participate in the briefing of the project, so as to conduct good neighborliness, coordination and communication.
4. Protection Measures for Work Environment and Employees' Personal Safety:

The merged company has established an Occupational Safety Office, which is the dedicated primary management unit managing occupational safety and health directly affiliated to the employer in accordance with Article 6-2 of the Occupational Safety and Health Act. The Occupational Safety Office is equipped with 1 business executive for class A construction business, 1 class A occupational safety (health) manager, and 1 class B occupational safety and health manager. An exclusive occupational safety and health management team is established for each construction project according to law, including 1 business executive for class A construction business and at least 1 class B occupational safety and health manager, who is responsible for the occupational safety and health management of construction projects. In accordance with the regulations of labor health protection rules, the Occupational Safety Office has added nurse practitioners and other medical staff, who are responsible for statutory on-site services related matters, and legally identifying and evaluating the workplace environment, operations, and internal hazards that affect the physical and mental health of workers, proposing suggestions for improvement measures, making suggestions for improvement plans for work environment safety and sanitation facilities, investigating the relevance of labor health conditions and operations, taking necessary preventive and health promotion measures, and providing consultation and suggestions for functional evaluation, job redesign or adjustment for returning workers.

The Company was certified by the ISO45001 occupational safety and health management system in 2018, and continues to handle the system tracking verification every year (2019 to 2022), all of which have passed the verification. In addition, the Company clearly stipulates a comprehensive inspection, review and amendment of ISO45001 occupational safety and health management system procedures, standards and other documents of various departments before the third quarter of each year. The Company has completed annual inspection and review on and amendment to ISO45001 occupational safety and health management system procedures and standards before the end of October 2021, and these procedures and standards will be implemented after the amendment.

The Company has set up an "Occupational Safety and Health Committee" in accordance with the law, with the General Manager as the chairman, the Company's representatives as the executive secretary, and the supervisors of projects under construction and the occupational safety personnel as the committee members. The Occupational Safety and Health Committee shall hold meetings at least once every three months. There were a total of

13 members of the Occupational Safety and Health Committee in 2021. Related businesses of the Occupational Safety and Health Committee include making recommendations for the formulation of occupational safety and health policies, coordinating and suggesting occupational safety and health management plans, reviewing safety and health education and training implementation plans, reviewing work environment monitoring plans, monitoring results and measures taken, reviewing health management, occupational disease prevention and health promotion matters, reviewing various safety and health proposals, reviewing automatic inspections and safety and health audits of public institutions, reviewing preventive measures against machinery, equipment, raw materials, and materials, reviewing occupational disaster investigation reports, assessing on-site safety and health management performance, and reviewing the safety and health management issues of contracted operations. The Occupational Safety and Health Committee held 4 meetings in 2021, and the meeting minutes have been submitted for reference.

the Company handles relevant occupational safety and health education and trainings, in an effort to enhance the occupational safety and health concept of all employees and promote professional and effective on-site practice of safety and health management. The results are presented together with the human resources department education and training results, and are not shown here.

In accordance with the "Technical Guidelines for Risk Evaluation of Construction Projects" promulgated by the Occupational Safety and Health Administration of the Ministry of Labor and the spirit of hazard prevention of the ISO45001 occupational safety and health management system, the Occupational Safety Office takes charge of the "Construction Risk Evaluation Education and Training" course, assists and guides various departments in compiling their evaluation forms, conducts regular evaluations once a year, proposes improvement control measures for the high-risk projects listed and controlled by various departments, and proposes possible display plans for opportunities. If there are new types of construction methods or changes in equipment or operating procedures, or abnormal incidents in the construction project, corrective countermeasures such as hazard risk identification and reevaluation, etc. shall be proposed and included in the meeting agenda of the Occupational Safety and Health Committee for discussion.

Subject to the "Implementation Plan for 2021 National Workplace Safety and Health Week Activity" formulated by the Ministry of Labor, the Chairman leads staff to advocate workplace health, prevention of betel nuts, and oral cancer inspection, establishes corporate rapid inspection station, provides rapid inspection reagents, establishes EAP program, offers afternoon tea for employees, engages professional massage therapists, carries out public welfare activities, etc. to care about the physical and mental balance of employees and further create a healthy and safe workplace to achieve the purpose of safe and healthy workplace, and reports results for check by the Ministry of Labor.

The Company actively participates in construction industry-related occupational safety and health organizations, such as the Construction Industry North District Occupational Safety and Health Promotion Association, Construction Industry Central District Occupational Safety and Health Promotion Association, Construction Industry South District Occupational Safety and Health Promotion Association, Taipei City Construction Site Independent Management Strategy Alliance, New Taipei City Labor Inspection Office Construction Industry Work Safety Family, Tainan City Construction Industry Work Safety Family, etc. For the construction projects, owners and the Southern District Occupational Safety and Health Center of the Ministry of Labor signed a safety partnership to promote the implementation and implementation of occupational safety and health in construction and construction, in an effort to ensure the safety and health of participating workers.

(1) Self-management:

- a. Occupational safety and health management plans are formulated for each construction project, and the personnel of the occupational safety and health management team are

responsible for the formulation, planning, supervision and promotion of various occupational safety and health standards and activities.

- b. Implement access control over personnel, machinery and materials: All personnel entering the site shall obtain a Taiwan occupational safety card issued by the Occupational Safety and Health Administration of the Ministry of Labor, or a 6-hour education and training record in construction industry. All personnel is required to sign a labor safety and health discipline commitment when entering the site, and receive the notice of specific hazards and at least one hour of labor safety and health education and training. For statutory hazardous machinery (such as mobile cranes), application shall be made before entering the site, and the operator's license, commander's or hanging hand's license and vehicle certificate shall be checked when entering the site. The operators of other vehicles shall legally obtain related operating licenses before they may operate such vehicles for construction in the site. The equipment must be inspected and comply with regulations, and such vehicles may enter the site for construction if their relevant machinery and vehicle qualification certificates are valid. The materials to be taken into and out of the site shall subject to access control of the construction project in process, and a material allocation form or a material control form, etc. shall be signed for the materials to be taken out of the site, and the same can be done after it has been signed and approved by the persons of the project management unit.
  - c. All construction operations, machinery and equipment shall be automatically inspected according to the regulations and frequency, and the inspection records shall be kept on site for future reference.
  - d. Construction drawings, calculations, etc. are properly designed and signed by professional technicians before they will be issued for implementation.
  - e. It is clearly stated that the third-party manufacturers of each subdivisional work must assign relevant trained and qualified construction industry C-level business supervisors or higher qualifications to supervise and direct the operation on the spot.
  - f. If subdivisional work includes soil retaining support operation, formwork support operation, scaffold assembly operation, steel structure assembly operation, open-air excavation work, roof works, and tunnel mining operation, tunnel lining operation, operations of organic solvents or lead, specific chemicals or dust, anoxic operations or high-pressure indoor operation, the affiliated legal operation executive shall be present to direct and supervise the operation.
  - g. The operation executive shall handle the following (at least) matters on site according to law: decide on operation methods and direct labor operations; conduct inspection, check materials, tools, appliances, etc., and replace defective products; monitor the use of personal protective equipment; verify the effectiveness of safety and sanitation equipment and measures and other equipment and measures necessary to maintain the safety and sanitation of workers in operation.
  - h. The construction projects shall be provided with qualified and adequate first aid personnel (at least one person per shift, and one additional person for each additional 50 workers) in accordance with Article 15 of the Occupational Safety and Health Education and Training Rules. When handling the injured who suffer from accidental injury or sudden illness according to law, immediate rescue shall be given before the emergency medical personnel arrive at the scene or before sending to the hospital for treatment.
  - i. In the occupational safety and health plan of each construction project, the medical rescue units around the construction site shall be investigated and the emergency response plan shall be prepared, including at least the notification process and route map to hospital.
- (2) Noise operation:

- a. If personnel need to work in a construction area of more than 90dBA, earplugs or earmuffs will be provided for workers.
  - b. For vibratory hand tools used, purchase anti-vibration gloves for workers, and control the working schedule to avoid the occurrence of occupational injuries (such as white hand disease).
  - c. In response to the construction noise control of the construction projects, purchasing of noise detectors separately, and conduct regular or irregular inspections (monitoring) during the construction period to reduce the impact of noise around the construction.
- (3) High-altitude operation:
- a. The construction and dismantling of construction platform, suspended scaffold, cantilever scaffold, scaffolds with a height of more than 7 meters and a facade area reaching 330 square meters, materials lifting platform with a height of more than 7 meters, vertical well workbench of lift, workbench under steel structure bridge deck, or other similar workbenches shall be properly designed according to the principles of structural mechanics. The construction drawings as well as the strength calculation and construction drawings which are signed and confirmed by the engaged dedicated engineer shall be prepared. And the inspection mechanism shall be established according to the construction drawing.
  - b. In addition to the installation of crossing bars on the inside and outside of the scaffold with a height of more than 2 meters, a guardrail shall be installed on the lower link and the two ends of the scaffold as well as on the corner. A proper guardrail shall be installed on the top of the crossing bar of the upper and lower equipment.
  - c. For a scaffold with a height of more than 2 meters, the working table shall be covered with tightly jointed pedals, and the gap between the working sheet materials between the pedals shall not be more than 3 cm, to avoid the risk of dropping or falling down.
  - d. When the width of the opening between the working table of a scaffold with a height of more than 2 meters and the structure is more than 20 cm, before the removal of the inside crossing bar and the lower link, the supporting pedals can be installed between the scaffold and the structure at every interval of one layer (with the height difference of no more than 2 meters as the principle) of the position to be removed, or a long anti-falling net can be installed between each layer of scaffold to be dismantled and the structure, so that the width reserved between the scaffold and the structure will be less than 20 cm based on the need of the operation. However, the dismantled crossing bar and the lower link shall be restored when the operation is completed.
  - e. Use of high-altitude work vehicles for elevated operation at a height of more than 2 meters shall be in compliance with Article 128-1 to 128-8 of the Regulations for Occupational Safety and Health Equipments.
  - f. If a crane cage is used for high-altitude operation at a height of more than 2 meters, it shall comply with Articles 97 to 105 of the Lifting Rules for Lifting Equipment.
  - g. Workers conduct high-altitude operation (conform to the construction height of more than 2 meters) are required to wear hard hats and safety belts conforming to CSN14253-1 personal escapement system at all times. Provide hooks of safety ropes for workers.
- (4) Electric welding and gas welding during fire operation: provide workers with personal protective equipment, such as protective masks, reinforced glass lenses, rigid plastic lenses and safety face shield, which conform to the regulations of CNS 7175Z2032, CNS 7176Z2033, CNS 7177Z2034, and CNS 3504Z2019.
- (5) Dust operation
- a. Priority should be given to the planning of appropriate local ventilation facilities. Calculate adequate ventilation and select proper ventilation pumps for confined space operation.

- b. Use a dust mask that conforms to CNS14755. If the solvent is needed for the construction, use a respirator with proper barrier and effective filtering function, airline respirator, a self-contained compressed air breathing apparatus (SCBA), and wear appropriate protective clothing.
- (6) Electrical operation:
- a. Electrical professionals not designated for construction projects shall not engage in electrical operations. Electrical construction shall be carried out in accordance with approved drawings.
  - b. Protective insulating equipment shall be used when laying, inspecting, repairing, painting, and other operations, and their affiliated operations are carried out close to circuits or circuit supports. Personnel engaged in live wire operation of high voltage circuit shall wear protective insulating equipment and live wire operation appliances.
  - c. Implement electricity management, including locking the distributor, posting the name and contact number of the person in charge, indicating electricity usage precautions; if an abnormal situation is found during the operation of electrical machinery, the management personnel shall be notified to replace and repair it immediately.
  - d. It is forbidden to install excessively extended electric appliances, equipment, and extension cords on a single electrical circuit; any objects and materials that are not related to the circuit shall not be hung or placed on wires or electrical appliances.
  - e. Do not use unknown or unclear specifications, unqualified electrical tools, equipment, etc. to avoid electrocution and affect the power supply; when unplugging the electrical plug, pull it out from the plug, and install the electrical circuit of the leakage circuit breaker according to the regulations. Do not arbitrarily remove the leakage circuit breaker or jumper on the primary side.
  - f. The frame of the distribution box and the frame supporting the fixed switchgear shall be grounded with copper rods, copper plates, and ground grids. The grounding device shall be checked regularly/irregularly; the fuse in the switch socket, etc. shall be installed according to the specified capacity, and do not use copper wire instead or use an oversized fuse.
  - g. If the electrical equipment is abnormal, it shall be notified immediately. If the abnormality continues to expand, the power supply shall be cut off; if the abnormality is preliminary judged and controllable, if the electrical equipment or circuit initially catches fire, non-conductive fire extinguishing equipment, such as carbon dioxide, dry powder fire extinguisher, etc. shall be used for extinguishing.
  - h. The scope of power failure management should be clearly defined, warning sign "No Operation under Power Failure" should be hung, the power supply should be cut off and safety measures such as switch and lock should be applied.
  - i. Prevent personnel from inducing electric shock due to factors such as deterioration and damage of electrical equipment or line insulation; in case of electrical injury, the insulator shall be used as soon as possible to remove the person being shocked or the electrified objects the person comes into contact with, or the power supply shall be turned off.
- (7) Operation in restricted space:
- Before entering the confined space for operation, workers should first confirm that there are no hazards in the space that can cause hypoxia, poisoning, electric shock, collapse, being trapped, being rolled, fire and explosion. Where there is a danger, a hazard prevention plan shall be drawn up and submitted to the authority for approval before implementation. A confined space hazard prevention plan shall cover:
- a. Confirmation of hazards, sources of hazards, or machinery and appliances that may cause hazardous operations.
  - b. Determination of the concentration of oxygen, dangerous substances, harmful substances, etc. in the space.

- c. Calculation of ventilation volume, selection, installation and implementation of ventilation and ventilation equipment.
  - d. Isolation measures for electric energy, high temperature, low temperature and hazardous substances, and prevention measures for hazards such as hypoxia, poisoning, electric shock, collapse, being trapped and being rolled.
  - e. Operating methods and safety control methods.
  - f. Entering and working permit procedures.
  - g. Inspection on and maintenance of the protective equipment provided.
  - h. Operation control facilities and operation safety check methods.
  - i. Emergency response measures.
5. Review on and improvement preventive measures for the merged company's occupational safety accidents in 2021:
- (1) A traffic accident occurred, on a general road, to an employee (\*- Che, Li) from the Erchong Pu project site of Kedge due to business trip on October 3, 2021, and the accident was reported legally, and the employee was sent to hospital and needed wound stitching and public injury leave as evaluated by doctor.
  - (2) A third-party worker (\*- Jen, Kuan) for C611 Chiayi project accidentally fell from the bridge pier and suffered death while repairing support pad on the bridge pier on October 13, 2021 (reconciliation with his family has been completed). After the reasons were reviewed and relevant improvement measures and results were reported, on November 15, 2021, the merged company resumed work as approved by the Southern Occupational Safety and Health Center, Occupational Safety and Health Administration, the Ministry of Labor.
  - (3) A third-party worker (\*-Chin, You) for TSMC F18 P6 FAB suffered cutting on his left ledge above knee due to lose of tool caused by vibration of the tool whiling cutting steel bars by using an electric hand tool on October 22, 2021 (reconciliation with the injured person has been completed), and the employee needed wound stitching, hospitalization and leave as evaluated by doctor.
  - (4) A third-party worker (\*- Chang, Huang) for Taoyuan Convention and Exhibition Center accidentally fell from a framework and suffered death while working on the framework on December 4, 2021 (reconciliation with his family has been completed). After the reasons were reviewed and relevant improvement measures and results were reported, the merged company resumed work from January 13, 2022 as approved by the Office of Labor Inspection, Taoyuan.

There were two third-party worker death accidents occurred in 2021. As reviewed the reasons, the accidents were caused by "falling" hazard. As reviewed by Occupational Safety Office and the site party in accordance with "K02-2-HS05-Accident Report, Investigation and Management Procedures", the merged company proposed the following management measures, in addition to the improvement results approved by the labor authorities:

- A form is established for expressly defining the responsibilities of engineers on construction site to implement the responsibility for management of occupational safety on site
- (1)Overhead operation with falling hazard is inspected and supervised by designated engineers or operation supervisors
  - (2)The mechanism of sign-in at occupational safety examination points and QR code patrol inspection are promoted in construction areas
  - (3)Assistance is pro-actively provided to workers who will enter construction site, for them to obtain Taiwan occupational safety card or education and training

- (4) Rewards are offered to third-party and occupational engineers who jointly promote management of on-site occupational safety
- (5) Frequency of patrol inspection by Occupational Safety Office is increased based on construction progress and risks of projects
- (6) Engineering Division's monthly occupational safety meeting is held and presided over by General Manager each month to review occupational safety-related issues
- (7) General Manager and Occupational Safety Office meet together as presided over by Chairman each month to discuss occupational safety risks and countermeasures

Year	2019	2020	2021
Number of work-related death accidents	0	0	2
Number of injury accidents occurred to 3 persons	0	0	0
Number of injury accidents requiring hospitalization occurred to more than 1 persons	1	11	1

6. Total Loss and Disposition due to Environmental Pollution Incidents in the Most Recent 2 Fiscal Year and up to the Date of Publication of the Annual Report:

Unit: NT\$ thousand

Year	2020	2021	Current Year (2022) As of March 31
Pollution	Violation of Waste Disposal Act and Air Pollution Control Act	Violation of Waste Disposal Act and Air Pollution Control Act	Violation of Waste Disposal Act and Air Pollution Control Act
Disposition Amount	4	-	-

The merged company attaches great importance to environmental protection and environmental sustainability. In addition to using low-noise machines and equipment to carry out work and implementing anti-pollution measures in accordance with the law, to maintain the construction environment in the work area and prevent pollution from spilling out of the work area, it also employs personnel on the site to strengthen cleaning and maintaining environmental tidiness and cleanliness, and implements the 5S system. Pollution penalties were mostly caused by dust from excavation works and pollution of roads near the construction site by sand and gravel vehicles in the most recent two years. However, most of the above fines were paid on behalf of the contractors, and can be recovered from the contractors after the payments. Therefore, no other major environmental disputes or losses occurred.

(2) Future Countermeasures and Possible Expenditures:

1. Future countermeasures:

Based on the recent general promotion of environmental awareness and the concept of sustainable environmental management, the merger company regards the prevention and control of pollution and environmental protection as the responsibility of its business operation. The construction process of each project is in accordance with the relevant laws and regulations on environmental protection, and contractors are strictly required to do a

good job in environmental protection, so as to reduce the pollution penalty. In order to ensure the environmental quality of the project and maintain public health, in addition to adding pollution control equipment, the following specific measures are also taken:

- (1) Implement environmental protection facilities for construction projects, such as construction site fences, soundproof canvases, dust-proof nets, canvases, diagonal fences, and garbage pipes to prevent dust spillage and entrust waste to legal environmental protection transportation companies for removal.
- (2) Regularly and irregularly maintain the existing drainage system around the construction project to dredge, and actively consult the environmental protection agency to adopt and maintain the surrounding roads of the construction project.
- (3) Actively select and introduce low-noise, low-pollution machinery and construction methods to reduce the impact on the surrounding environment, neighboring houses and other residents of the construction in progress. Control the construction hours of vehicles and heavy machinery, so as to reduce the noise and avoid disturbing the residents nearby.
- (4) Stipulate the requirements for noise and waste, the control clauses for waste water in the contracts with professional manufacturers.
- (5) Establish specific measures for environmental protection on construction site and assign personnel to be responsible for the environmental protection business.
- (6) To meet the needs of the project organizers/owners, with environmental sustainability goals, the building planning and construction period can meet the green quantity indicators, base water retention indicators, water resource indicators, daily energy saving indicators, carbon dioxide reduction indicators, waste reduction indicators, sewage and garbage improvement indicators, biodiversity indicators, and indoor environment indicators, ensure the constructed towards "ecology, energy conservation, waste reduction, and health".
- (7) According to the needs of the project organizers/owners, priority shall be given to products with less impact on the environment, so that the materials used in the construction shall meet the recyclable, low-polluting, and resource-saving products as much as possible.
- (8) In line with the government's new energy policy "Energy Transformation and Electricity Reform", promote energy conservation maximization, improve energy efficiency, and gradually replace old traditional lamps and fluorescent tubes. Although the cost of procurement and construction is relatively high, durable and energy-saving LED lamps and tubes are planned for the area lighting in the aisle area, and the office areas (desks) shall be properly and adequately illuminated. Divide subject to the actual needs of the area and lighting, in order to achieve energy-saving purposes.
- (9) In line with the government's "National Action Program for Climate Change" policy to respond to climate change, in the future, it is planned to include in the calculation and evaluation of the carbon footprint of the building the carbon dioxide emissions generated during the five stages of the life cycle of building materials production and transportation, construction, construction, building use, repair and renewal, and demolition and abandonment of the construction life cycle. Towards carbon labeling, carbon emission hot spot diagnosis, and coordinate with the output of new building materials, the research and creation of new construction methods, and the reduction of transportation and consumption to achieve the goal of "carbon reduction".
- (10) The ESG targets set by the various departments of the merged company will promote paperless system and building information models in an effort to reduce carbon emissions. the Company develops and prioritizes the use of supply chain vendors that participate in ESG, incorporates electrical and mechanical planning and training courses into green energy analysis courses or seminars, continues to promote the face recognition access control management system to ensure the qualification and safety of personnel entering the site, actively promotes the health of the workplace, and employs nursing

staff and special professional physicians for providing the health care to the Company's employees.

2. Possible future expenditures:

During the construction of each project, the merged company complies with relevant laws and regulations on environmental protection, and strictly requires contractors to do a good job in environmental protection, so as to reduce the pollution penalty. The environmental protection work on the existing site has been implemented.

3. The impacts of current pollution and related improvements on the Company's earnings, competitive position and capital expenditure and the material environmental protection capital expenditure expected in the coming two years: None.

4. The Labor Occupational Accident Insurance and Protection Act was approved by the Legislative Yuan on April 23, 2021, which provides protection for workers who have not experienced work-related accidents in workplace, but the company's contracts for awarding work to third parties shall specify that worker insurance shall be effected for the workers of third parties and NT\$5 million of collective insurance shall be effected. There is no impact on the expected major occupational safety insurance expenditures in the next two years in terms of the parts provided with legal insurance with insurance.

5. Disabling Frequency Rate (FR), Disabling Severity Rate (SR) and Frequency-Severity Indicator (FSI) Table for 2021

Type	Number of Disabled Persons	Total Days Lost	Experienced Working Hours	Disabling Frequency Rate (FR)	Disabling Severity Rate (SR)	Frequency-Severity Indicator (FSI)
Kedge's employee	1	4	1,086,592	0.92	3.70	0.06
Foreign worker	0	0	226,704	0	0	-
Dispatch employee	0	0	435,592	0	0	-
Third-party worker	3	12,004	2,306,696	1.30	5203.98	2.60
Total	4	12,008	4,055,584	0.99	2960.86	1.71

4 days lost due to work-related injury occurred to Kedge's employee (October 3, 2021); 4 days lost due to work-related injury occurred to third-party worker (October 22, 2021); 6000 days lost due to death occurred to third-party worker (October 13 and December 4, 2021) \* 2=12,000 days

Disabling Frequency Rate (FR) = Number of Disabled Persons / Experienced Working Hours \* 1,000,000

Disabling Severity Rate (SR) = Total Days Lost / Experienced Working Hours \* 1,000,000

Frequency-Severity Indicator (FSI) = (Disabling Frequency Rate (FR) X Disabling Severity Rate (SR) / 1,000) ^ 0.5

(V) Labor Relations:

(1) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Protecting Employees' Rights and Interests:

1. Employee benefit plans:

The merged company has established an Employee Welfare Committee which is responsible for the planning and implementation of various employee benefit plans. The main benefit plans and implementation status are as follows:

- (1) Giving gifts for the Dragon Boat Festival, Mid-Autumn festival, birthday, wedding, and childbirth, etc. NT\$3,000 for Dragon Boat Festival and Mid-Autumn Festival respectively, NT\$5,000 for birthday, NT\$20,000 of wedding gift, and NT\$10,000 of gift for giving birth to the first child and NT\$20,000 for the second and subsequent child.
- (2) Grant hospitalization allowance for bereavement, injuries, and sickness. Bereavement allowances range from NT\$6,000 to NT\$20,000, depending on kinship, and NT\$4,000 for hospitalization of the employee and his/her relatives.
- (3) Provide health checks, group insurance, house purchase discount, and other benefits. The medical examination subsidy will be NT\$5,000 for each full year of service in June every year.
- (4) Organize sports meetings and other activities.
- (5) Provide tourism subsidies from time to time.
- (6) Allocate and distribute Employee Compensation in accordance with the Company's Articles of Incorporation.

2. Continuing education and training on employee:

The Company continued to provide education and training centralized in talent development in 2021, actively created a learning environment, and combined off-line and on-line trainings to make it easier for employees to quickly learn new knowledge and use new training methods. Kedge provides a more complete training method, keep potential talents and cultivate future talents for the Company through a complete talent development system. The Human Resources Department plans relevant training courses according to the job requirements of all levels/functions, improves the professional skills of colleagues and develops the functions required by various positions, and formulates education and training plans. The main implementation status is as follows:

- (1) Each person shall independently participate in 20 hours of education and training per year:
  - a. Internal instructor courses: In order to enable colleagues to learn and pass on their professional skills through the Company's internal instructor courses, nearly 92 internal instructor courses have been held in 2021, allowing colleagues to acquire knowledge through the courses to achieve inheritance and resource sharing. The number of participants reached 1,422.
  - b. External education and training: In order to continue the founder's learning philosophy, we hope that our colleagues will not forget to improve themselves in their spare time. Subsidy of NT\$5,000 per person is provided for external training every year, and the Company encourages employees to accumulate their own strength through external training institutions. The total number of participants in 2021 is 222.
  - c. Core competence course plan: the Company provided 3 courses this year, including "Presentation Skills", "Problem Analysis and Resolution" and "Win through Communication" to improve the core competence of employees.
  - d. E-learning: Due to COVID-19 pandemic in 2021, both of internal or external courses were converted into on-line courses, and external on-line resources were searched and provided for employees to participate in the training related thereto, so as to encourage employees to learn with zero time difference. A total of 47 on-line courses were established in 2021, with a total of 1,958 participants.

(2) Management training:

- a. Training plan for basic heads: In order to popularize management functions, 2 courses were offered for basic heads to study in 2021, a total of 18 heads received the continuing education, with a satisfaction score of 92.
- b. Training plan for reserved heads: In order to cultivate new generation of young talents to act as reserved heads, core courses were designed for the basic reserved heads, including establishment of leadership mentality, efficient work management and comprehensive communication skills. 3 physical courses and 3 on-line courses were offered. 33 trainees were trained, and 27 trainees completed the training, in total, with a satisfaction score reaching 92. 10 persons were promoted during the training period in total.

(3) Lifelong learning plan:

- a. Graduation subsidy: In order to strengthen the employees' learning ability, encourage them on continuing education, and establish a perfect system of academic continuing education, with 14 colleagues have acquired master degree and doctoral degree, and 4 colleagues are currently in advanced study.
- b. Special study subsidy: In order to encourage colleagues to improve their majors and obtain relevant certificates (licenses), as long as they are willing and perform well, Kedge Construction subsidizes colleagues to participate in the course training. 26 participants have been subsidized in 2021, with an average amount of subsidy of NT\$16,000 per person.

(4) Overview of annual education and training in 2021:

		Type	Hours of Course	Costs	Cost Ratio	Number of Participant	Participant ratio
Type of Training	Internal Training	Internal Instructor Course	92	86,950	4%	1,422	35%
		External Instructor Course	12	267,800	12%	358	8.8%
	Middle-level Executive Training Program		5	420,000	19%	76	1.9%
	Lifelong Learning	Professional Study Subsidy (License/Certificate Subsidy)	26	469,820	21%	26	0.6%
		Graduation Subsidy (Continuing Education of Master)	-	426,547	19%	Learning: 4 Graduated: 3	0%
	General external training subsidy		196	582,499	26%	305	5.5%
	Online session		47	0	0%	1,660	48.2%

	Total	378	2,253,616	100%	4,856	100%
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3. Code of conduct and ethics for employees:

All employees of the Company shall abide by laws and regulations and the Company's internal control system when dealing with the Company's affairs, and adhere to personal integrity and social ethics standards in order to protect the Company's assets, rights and interests and image, which shall include:

- (1) Protection of confidential information: The basic information form of employees filled in by each colleague during job hunting with a consent form signed shall only be used for collection, disposal, and utilization within the Company. At the time of employment, a "Statement of Employee Confidentiality" shall also be signed, promising that one shall not disclose any business secrets of the Company during the period of employment or after dismissal.
- (2) Prohibition on seeking personal gain: Each colleague shall not use the Company's property, information or position for personal gain, and shall not run the same business for himself or for others.
- (3) Non-solicit of improper interests: Each colleague shall not claim a gift, kickback, entertainment or other improper interests from the Company's vendors. The executives shall not accept any form of financial gift from his/her subordinates.
- (4) Rules of fair trade: Each colleague shall treat the Company's supplier (clients) of goods purchased (sold), competitors and employees fairly.
- (5) Prohibition on insider trading: Each colleague shall not use the insider information obtained from the execution of the business for the interests of others or for personal gain. The financial business information of the Company shall not be published arbitrarily without permission or before disclosure, so as not to affect the rights and interests of other shareholders.

4. Retirement system:

The Company has formulated a retirement policy for the formally employed employees, and the retirement conditions, pension payment, and calculation method of employees shall be handled in accordance with the Labor Standards Act, the Labor Pension Act, and the relevant laws and regulations.

The new pension system under the "Labor Pension Act" is a defined-contribution system. The merged company contributes labor pension funds on a monthly basis at a rate not less than 6% of the employee's monthly salary and to the individual labor pension accounts at the Bureau of Labor Insurance.

The old pension system under the "Labor Standards Act" is a defined-benefit system. Upon approval of retirement, the pension will be paid for two bases for each full year of seniority, one base for each full year of seniority for those with seniority exceeding fifteen years, up to a maximum of 45 months. The pension payment is calculated by multiplying the aforementioned base standard by the average monthly salary of the six months prior to the date of approval of retirement. At present, the merged company sets aside a pension reserve of 3% of the total monthly salary of the employees and supplements the pension reserve according to Article 56, paragraph 2 of the Labor Standards Act. The pension account is with the Bank of Taiwan.

5. Promotion of workplace safety, sanitation, and health:

The Company has been in line with the advanced countries in the world and obtained the certification of "ISO 45001 Occupational Safety and Health Management System" on December 2, 2018, which is the first TAF certificate in domestic construction industry. In addition, the Company is committed to providing employees with a safe, healthy, healthy and comfortable working environment. In addition to planning and continuing to provide various safety and health education and training, publicity, competitions and drills, the Company also insures group insurance for all employees. the Company has formulated the

annual employee health promotion plan and subsidized health check-ups in accordance with the law, and the implementation results are as follows:

- (1) Follow relevant laws and regulations and actively participate in relevant organizations:  
Comply with relevant laws and regulations on occupational safety and health, and implement adjustments and responses in accordance with laws and regulations. Actively participate in the relevant activities of the Occupational Safety and Health Administration and the Ministry of Labor; participated in the "Construction Industry Site Independent Management Strategic Alliance" convened by the Taipei City Labor Inspection Office where the Company located, participated in the Construction Industry Occupational Safety and Health Promotion Association of the Occupational Safety and Health Administration of the Ministry of Labor in the Northern, Central and Southern districts. Chih-Kuo, Tseng, Assistant Vice President of the Company's Operation Planning Division serves as the chairman of the North District, and the Southern District Executive Planning Group is executed by the Company. In addition, the Company also participated in the regular meetings of work safety family meetings and the safety & health observation itinerary in New Taipei City, Taoyuan City, Taichung City, and Tainan City.
- (2) Formulation of occupational safety and health management related plan:  
Formulate occupational safety and health management plans for each project in accordance with the law, set up occupational safety and health management units and full-time occupational safety and health management personnel, formulate, plan, supervise and promote the implementation of various occupational safety and health in accordance with the law; set up facilities and equipment that comply with laws and standards, conduct regular inspection and maintenance of facilities and equipment, conduct a comprehensive review and improvement of employees' personal protective equipment in order to improve the safety of employees on the site.
- (3) Provide staff with safety and health education and training, promotion, competition and disaster prevention drill on an irregular basis:  
Encourage employees to obtain occupational safety and health-related professional licenses, such as occupational safety and health administrators, construction industry Class A occupational safety and health business supervisors, etc.; conduct various occupational safety-related competitions, such as construction site high-risk safety and health project review performance rewards and similar Safety award competitions, especially for the construction of high-risk safety and health project inspection performance rewards on construction sites, the proportion of participations in the construction site was as high as 60%; hold relevant education and training from time to time, such as Taipei occupational safety cards.
- (4) Comply with the requirements and optimization of the "Labor Health Protection Rules", provide employees with health check-ups every year at the Company's expense, and continue to promote employees' workplace health promotion.
- (5) Formulate health service plan, prevention plan for diseases triggered by abnormal workload, human hazards prevention plan, thermal hazards prevention plan, unlawful infringement prevention plan, and maternal employee health protection plan, etc. in accordance with the law, which are superior to other construction companies.
- (6) Offer labor health education courses, such as free construction sites, high and low temperature prevention, prevention of human-caused injury, prevention of violence in workplace, etc., to improve health knowledge and promote health in workplace.
- (7) COVID-19 prevention and care:  
Facing COVID-19 epidemic and the impacts on many industries, Kedge Construction took staff health as its top priority and provided a variety of epidemic prevention and care measures in 2021 in response to COVID-19 epidemic prevention, including free rapid inspection in hospitals for staff, issuance of quick inspection

reagents for use at home, payment for employees over 48 years old to administer vaccines, work from home during the epidemic period, and work in return, and the Company encouraged staff to administer vaccines, provided fully-paid leave for employees to administer vaccines, and effected anti-epidemic insurance, vaccine insurance, etc. to protect their health in an all-round way, so that employees can work and start a family and business without worry and make arrangement in advance to minimize risks.

(2) Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Labor Disputes, and Disclosing an Estimate of Possible Expenses that could be Incurred Currently and in the Future and Measures Being or to be Taken: None.

1. As the Company has always attached great importance to labor relations, there is no loss caused by labor disputes at present, so no loss is expected to be incurred at present and in the future.

2. The estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

(1) Establish interactive communication and appeal channels. In order to protect all employees from physical or mental unlawful infringement when performing their duties, the Company provides the complaint channels of the Occupational Safety Office and the Human Resources Department, encourages colleagues to adopt the established internal complaint handling system for such disputes, and will make every effort to provide additional assistance if required.

(2) Comply with relevant labor laws and regulations and strengthen welfare measures. In view of the improvement of labor welfare in recent years, the Company has set up and improved the mechanism to protect the physical and mental health of employees in accordance with relevant labor laws and regulations.

IV. Important Contract:

April 17, 2022

Nature of Contract	Party	Contract Duration	Contract Content
Construction Contract	Kindom Development Co., Ltd.	Estimated completion year: 2022	New construction of Sanchong Section, Sanchong District, New Taipei City
Construction Contract	Kindom Development Co., Ltd.	Estimated completion year: 2022	New construction of the urban renewal project for Bei'an Section, Zhongshan District, Taipei City
Construction Contract	Kindom Development Co., Ltd.	Estimated completion year: 2024	New construction of Zhongxing Section, Sanchong District, New Taipei City
Construction Contract	Kindom Development Co., Ltd.	Estimated completion year: 2023	New construction of the urban renewal project for Ruian Section, Da'an District, Taipei City
Construction Contract	Kindom Development Co., Ltd.	Estimated completion year: 2024	New construction of the National Highway Section, Zhonghe District, New Taipei City
Construction Contract	Kindom Development Co., Ltd.	Estimated completion year: 2026	Investment in development of land for Xiulang Bridge Station of Ring Line in New Taipei City
Construction Contract	Kindom Development Co., Ltd.	Estimated completion year: 2026	Construction of new office buildings on three lands, such as the land located at No. 363-1, the 4th Section, Dunhua Road, Songshan District, Taipei City, etc.
Construction Contract	New Construction Office, Public Works Department, Taipei City Government	Estimated completion year: 2023	Turnkey project of South Gate Market and Nanhu Elementary School Sports Center
Construction Contract	Central Engineering Office of Railway Bureau, MOTC	Estimated completion year: 2025	Undergrounding project of the Tainan Station of the C212 Section
Construction Contract	Office of Public Construction, Taoyuan City	Estimated completion year: 2023	Turnkey project of Taoyuan Convention and Exhibition Center

Construction Contract	Northern Engineering Office of Railway Bureau, MOTC	Estimated completion year: 2026	C611 Standard Chiayi Project Railway Viaduct and Under-bridge Plane Road Engineering
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Estimated completion year: 2022	New construction of TSMC F18P6 FAB shell structure
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Estimated completion year: 2022	Supporting for new construction of TSMC F18P4 Office building
Construction Contract	National housing and urban regeneration	Estimated completion year: 2025	Turnkey Project for Construction of Social Housing (Phase 1) in Zhongshan Section Taishan New Taipei City and National Army Dormitory
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Estimated completion year: 2022	New construction of TSMC Zhongke Zero Waste Center
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Estimated completion year: 2022	New construction of TSMC F18P8 CUP
Nature of Contract	Party	Contract Duration	Contract Content
Construction Contract	Directorate General of Highways, MOTC	Estimated completion year: 2025	C61 Houlong Guanhai Bridge and Xihuxi Bridge re-construction project
Construction Contract	Central Engineering Office of Railway Bureau, MOTC	Estimated completion year: 2027	Chiayi Urban Railway Elevated Project C612 Section Jiabei and Chiayi Railway Viaduct and Tropic of Cancer Station projects
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Estimated completion year: 2022	New Construction of Phase II of TSMC Zhunan Advanced Packaging and Testing Plant 6 (FAB)
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Estimated completion year: 2022	New Construction of Phase II of TSMC Zhunan Advanced Packaging and Testing Plant 6 (CUP)

## IV. Financial Information

### (I) Condensed Balance Sheet and Statement of Comprehensive Income of the Most Recent Five Years and CPA's Audit Opinions:

#### (1) Condensed Balance Sheet

##### 1. Consolidated Financial Statements:

Unit: NT\$ thousand

Item	Year	Financial Information of the Most Recent Five Years					Financial Information of Current Year (2022) as of March 31 (Note 2)
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	
Current Assets		6,206,612	6,544,742	7,708,041	8,752,989	8,531,294	9,324,135
Property, Plant, and Equipment		63,800	63,438	63,116	133,739	102,647	152,195
Intangible Assets		-	-	-	-	-	-
Other Assets		329,812	375,603	505,691	546,928	643,802	563,898
Total Assets		6,600,224	6,983,783	8,276,848	9,433,656	9,277,743	10,040,228
Current Liabilities	Before Distribution	4,183,820	4,368,826	5,427,525	6,202,049	5,576,580	6,217,630
	After Distribution	4,412,857	4,686,933	5,745,632	6,583,777	(Note 3)	-
Non-current Liabilities		61,809	82,035	108,201	162,329	190,024	185,686
Total Liabilities	Before Distribution	4,245,629	4,450,861	5,535,726	6,364,378	5,766,604	6,403,316
	After Distribution	4,474,666	4,768,968	5,853,833	6,746,106	(Note 3)	-
Equity Attributable to the Owners of Parent Company		2,354,478	2,532,798	2,740,961	3,069,109	3,510,933	3,636,711
Share Capital		1,060,357	1,060,357	1,060,357	1,060,357	1,060,357	1,060,357
Capital Reserve		518,031	518,208	518,241	518,294	518,401	518,540

Retained Earnings	Before Distribution	764,380	951,056	1,036,204	1,345,805	1,702,978	1,847,769
	After Distribution	535,343	632,949	718,097	964,077	(Note 3)	-
Other Equity		11,710	3,177	126,159	144,653	229,197	210,045
Treasury Stocks		-	-	-	-	-	-
Non-controlling Equity		117	124	161	169	206	201
Total Equity	Before Distribution	2,354,595	2,532,922	2,741,122	3,069,278	3,511,139	3,636,912
	After Distribution	2,125,558	2,214,815	2,423,015	2,687,550	(Note 3)	-

Note 1: The financial data from 2017 to 2021 has been audited by CPAs.

Note 2: The financial data as of March 31, 2022 has been reviewed by CPAs.

Note 3: 2021 earnings distribution plan has not been resolved and approved by the Shareholders' Meeting.

## 2. Individual Financial Statements:

Unit: NT\$ thousand

Year Item		Financial Information of the Most Recent Five Years					Financial Information of Current Year (2022) as of March 31 (Note 2)
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	
Current Assets		5,878,977	6,242,028	7,368,798	8,385,273	8,167,811	-
Property, Plant, and Equipment		53,789	53,501	53,254	123,952	92,934	-
Intangible Assets		-	-	-	-	-	-
Other Assets		544,756	575,373	724,629	780,664	940,653	-
Total Assets		6,477,522	6,870,902	8,146,681	9,289,889	9,201,398	-
Current Liabilities	Before Distribution	4,062,761	4,257,290	5,302,984	6,063,626	5,505,421	-
	After Distribution	4,291,798	4,575,397	5,621,091	6,445,354	(Note 3)	-
Non-current Liabilities		60,283	80,814	102,736	157,154	185,044	-
Total Liabilities	Before Distribution	4,123,044	4,338,104	5,405,720	6,220,780	5,690,465	-
	After Distribution	4,352,081	4,656,211	5,723,827	6,602,508	(Note 3)	-
Share Capital		1,060,357	1,060,357	1,060,357	1,060,357	1,060,357	-
Capital Reserve		518,031	518,208	518,241	518,294	518,401	-
Retained Earnings	Before Distribution	764,380	951,056	1,036,204	1,345,805	1,702,978	-
	After Distribution	535,343	632,949	718,097	964,077	(Note 3)	-
Other Equity		11,710	3,177	126,159	144,653	229,197	-
Treasury Stocks		-	-	-	-	-	-

Total Equity	Before Distributi on	2,354,478	2,532,798	2,740,961	3,069,109	3,510,933	-
	After Distributi on	2,125,441	2,214,691	2,422,854	2,687,381	(Note 3)	-

Note 1: The financial data from 2017 to 2021 has been audited by CPAs.

Note 2: No Individual Financial Statements have been issued as of March 31, 2022.

Note 3: 2021 earnings distribution plan has not been resolved and approved by the Shareholders' Meeting.

## (2) Condensed Statement of Comprehensive Income

## 1. Consolidated Financial Statements:

Unit: NT\$ thousand

Item	Year	Financial Information of the Most Recent Five Years					Current Year (2022) as of March 31 Financial Information (Note 2)
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	
Operating Revenue		8,369,078	11,429,192	11,462,442	14,130,629	10,772,322	2,193,887
Gross Operating Profit		557,131	728,873	718,161	1,058,311	1,191,353	235,691
Net Operating Income		311,492	502,819	470,381	769,772	875,665	169,690
Non-operating Income and Expenses		47,631	14,380	29,533	12,420	47,382	9,658
Net Income before Tax		359,123	517,199	499,914	782,192	923,047	179,348
Current Net Income from Continued Operating		359,123	517,199	499,914	782,192	923,047	179,348
Loss from Discontinued Operating		-	-	-	-	-	-
Current Net Income		295,327	407,513	402,356	626,444	740,492	144,791
Current Other Comprehensive Income (net amount after tax)		4,426	(326)	123,918	19,766	82,990	(19,157)
Total Current Comprehensive Income		299,753	407,187	526,274	646,210	823,482	125,634
Net Profit Attributable to the Owners of Parent Company		295,323	407,506	402,348	626,440	740,476	144,791
Net Profit Attributable to Non-controlling Equity		4	7	8	4	16	-
Total Comprehensive Income Attributable to the Owners of Parent Company		299,747	407,180	526,237	646,202	823,445	125,639
Total Comprehensive Income Attributable to Non-controlling Equity		6	7	37	8	37	(5)
Earnings Per Share (NT\$)		2.79	3.84	3.79	5.91	6.98	1.37

Note 1: The financial data from 2017 to 2021 has been audited by CPAs.

Note 2: The financial data as of March 31, 2022 has been reviewed by CPAs.

2. Individual Financial Statements:

Unit: NTS thousand

Item	Year	Financial Information of the Most Recent Five Years					Current Year (2022) as of March 31 Financial Information (Note 2)
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	
Operating Revenue		8,359,822	11,318,212	11,362,618	14,103,408	10,720,013	-
Gross Operating Profit		546,871	695,070	694,751	1,045,153	1,176,489	-
Net Operating Income		311,592	483,211	460,038	770,471	872,150	-
Non-operating Income and Expenses		44,030	28,153	35,105	10,043	49,211	-
Net Income before Tax		355,622	511,364	495,143	780,514	921,361	-
Current Net Income from Continued Operating		355,622	511,364	495,143	780,514	921,361	-
Loss from Discontinued Operating		-	-	-	-	-	-
Current Net Income		295,323	407,506	402,348	626,440	740,476	-
Current Other Comprehensive Income (net amount after tax)		4,424	(326)	123,889	19,762	82,969	-
Total Current Comprehensive Income		299,747	407,180	526,237	646,202	823,445	-
Earnings Per Share (NT\$)		2.79	3.84	3.79	5.91	6.98	-

Note 1: The financial data from 2017 to 2021 has been audited by CPAs.

Note 2: No Individual Financial Statements have been issued as of March 31, 2022.

(3) Name of CPAs and Their Audit Opinions in the Most Recent Five Years:

Year	CPA	Audit Opinion
2017	Ti-Nuan, Chien, Shu-Ying, Chang	Unqualified opinion
2018	Ti-Nuan, Chien, Shu-Ying, Chang	Unqualified opinion
2019	Ti-Nuan, Chien, Shu-Ying, Chang	Unqualified opinion
2020	I-Lien Han, Ti-Nuan. Chien	Unqualified opinion
2021	I-Lien Han, Ti-Nuan. Chien	Unqualified opinion

## (II) Financial Analyses for the Most Recent Five Years:

### (1) Consolidated Financial Statements:

Year Analysis Item		Financial analysis for the most recent five years					Current year (2022) as of March 31 (Note 2)
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	
Financial structure	Debt-to-asset ratio (%)	64.33	63.73	66.88	67.46	62.16	63.78
	Ratio of long-term capital to property, plant, and equipment (%)	3,787.47	4,122.07	4,514.42	2,416.35	3,605.72	2,511.64
Solvency	Current ratio (%)	148.35	149.81	142.02	141.13	152.98	149.96
	Quick ratio (%)	127.75	118.03	108.85	116.38	112.74	116.20
	Interest coverage ratio (times)	1,085.96	259.34	235.70	260.95	634.53	341.32
Operating ability	Accounts receivable turnover rate (times)	3.27	3.59	3.56	4.82	4.63	5.31
	Average days for cash receipts	112	101.67	102.52	75.72	78.83	68.73
	Inventory turnover rate (times)	0.71	0.82	0.79	0.84	0.71	0.86
	Accounts payable turnover rate (times)	2.93	3.69	3.06	3.25	2.25	1.88
	Average days for sale of goods	514	445	462	434.52	514.08	424
	Property, plant, and equipment turnover rate (times)	130.80	179.65	181.15	143.56	91.14	68.87
	Total assets turnover rate (times)	1.39	1.68	1.50	1.60	1.15	0.91
Profitability	Return on assets (%)	4.91	6.02	5.30	7.10	7.93	6.01
	Return on equity (%)	12.93	16.68	15.26	21.56	22.51	16.20
	Ratio of income before tax to paid-in capital (%)	33.87	48.78	47.15	73.77	87.05	67.66
	Net profit margin (%)	3.53	3.57	3.51	4.43	6.87	6.60
	Earnings per share (NT\$)	2.79	3.84	3.79	5.91	6.98	1.18
Cash flows	Cash flow ratio (%)	7.62	(Note 3)	25.06	32.02	4.79	24.23
	Cash flow adequacy ratio (%)	111.41	114.23	161.03	294.85	88.21	449.50
	Cash reinvestment ratio (%)	6.57	(Note 3)	36.37	51.20	(Note 3)	38.90
Leverage	Operating leverage	1.79	1.45	1.53	1.37	1.36	1.39
	Financial leverage	1.00	1.00	1.00	1.00	1.00	1.00

Reasons for changes over 20% in financial ratios in the most recent two years:

1. Ratio of long-term capital to property, plant and equipment, and property, plant and equipment turnover rate: are mainly caused by increased shareholders' equity and removal of transportation equipment due to expiration of its service life resulting from increased overall profits in 2021.
2. Interest coverage ratio: is mainly caused by the decreased interest expenses occurred based on operating needs resulting from increased overall profits in 2021 and accounts payable recovered and settled pro-actively.
3. Accounts payable turnover rate: is mainly caused by the overall investment in projects as impacted by the epidemic during the period from May to July 2021, decreased operating costs as compared with last year, and concentrated settlement at the end of the year.
4. Total assets turnover rate: is mainly caused by the decreased operating revenue and costs as compared with last year due to the impacts of the epidemic during the period from May to July, and caused by the total asset scale affected by the completed project volume equaling to two times of that of last year which is converted into contract assets.
5. Net profit margin: is mainly caused by the increased overall profits in 2021 and increased net income after tax as compared with last year.
6. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: are mainly caused by the significant decrease in net cash flow from operating activities due to liabilities under contracts resulting from project investment and offsetting advance project payment in 2021.

## (II) Individual Financial Statements:

Analysis Item		Year	Financial analysis for the most recent five years					Current year (2022) as of March 31 (Note 2)
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)		
Financial structure	Debt-to-asset ratio (%)	63.65	63.14	66.35	66.96	61.84	-	
	Ratio of long-term capital to property, plant, and equipment (%)	4,489.32	4,885.16	5,339.87	2,602.83	3,976.99	-	
Solvency	Current ratio (%)	144.70	146.62	138.96	138.29	148.36	-	
	Quick ratio (%)	124.42	114.44	105.81	113.37	107.95	-	
	Interest coverage ratio (times)	1,075.39	256.43	242.18	267.02	666.72	-	
Operating ability	Accounts receivable turnover rate (times)	3.31	3.59	3.55	4.81	4.62	-	
	Average days for cash receipts	110	101.67	102.81	75.88	79.00	-	
	Inventory turnover rate (times)	0.71	0.82	0.79	0.85	0.71	-	
	Accounts payable turnover rate (times)	3.07	3.83	3.15	3.33	2.29	-	
	Average days for sale of goods	514	445	462	429.41	514.08	-	
	Property, plant, and equipment turnover rate (times)	155.00	210.98	212.87	159.18	98.85	-	
	Total assets turnover rate (times)	1.42	1.70	1.51	1.62	1.16	-	
Profitability	Return on assets (%)	5.01	6.13	5.38	7.21	8.02	-	
	Return on equity (%)	12.93	16.68	15.26	21.56	22.51	-	
	Ratio of income before tax to paid-in capital (%)	33.54	48.23	46.70	73.61	86.89	-	
	Net profit margin (%)	3.53	3.60	3.54	4.44	6.91	-	
	Earnings per share (NT\$)	2.79	3.84	3.79	5.91	6.98	-	
Cash flows	Cash flow ratio (%)	7.90	(Note 3)	24.98	31.75	5.69	-	
	Cash flow adequacy ratio (%)	101.74	107.93	161.03	437.88	133.87	-	
	Cash reinvestment ratio (%)	6.66	(Note 3)	35.22	49.44	(Note 3)	-	
Leverage	Operating leverage	1.76	1.44	1.51	1.36	1.35	-	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	-	

Reasons for changes over 20% in financial ratios in the most recent two years:

1. Ratio of long-term capital to property, plant and equipment, and property, plant and equipment turnover rate: are mainly caused by increased shareholders' equity and removal of transportation equipment due to expiration of its service life resulting from increased overall profits in 2021.
2. Interest coverage ratio: is mainly caused by the decreased interest expenses occurred based on operating needs resulting from increased overall profits in 2021 and accounts payable recovered and settled pro-actively.
3. Accounts payable turnover rate: is mainly caused by the overall investment in projects as impacted by the epidemic during the period from May to July 2021, decreased operating costs as compared with last year, and concentrated settlement at the end of the year.
4. Average days for sale of goods and total assets turnover rate: are mainly caused by the decreased operating revenue and costs as compared with last year due to the impacts of the epidemic during the period from May to July, and caused by the total asset scale affected by the completed project volume equaling to two times of that of last year which is converted into contract assets.
5. Net profit margin: is mainly caused by the increased overall profits in 2021 and increased net income after tax as compared with last year.
6. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: are mainly caused by the significant decrease in net cash flow from operating activities due to liabilities under contracts resulting from project investment and offsetting advance project payment in 2021.

Note 1: The financial data from 2017 to 2021 has been audited by CPAs.

Note 2: The financial data as of March 31, 2022 has been reviewed by CPAs, but no individual financial statements have been issued.

Note 3: Operating activities generate net cash outflows, thus the relevant ratios are not calculated.

Note 4: Calculation formulas are as follows:

1. Financial structure

(1) Debt-to-asset ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.

2. Solvency

(1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.

(3) Interest coverage ratio = Income before income tax and interest expenses/Current interest expenses.

3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable generated from operating) turnover rate = Net sales amount/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operating) of various periods.

(2) Average days for cash receipts = 365/Accounts receivable turnover rate.

(3) Inventory turnover rate = Cost of goods sold/Average inventories.

(4) Accounts payable (including accounts payable and notes payable generated from operating) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operating) of various periods.

(5) Average days for sale of goods = 365/Inventory turnover rate.

(6) Property, plant, and equipment turnover rate = Net sales amount/Average net value of property, plant, and equipment.

(7) Total assets turnover rate = Net sales amount/Average total assets.

4. Profitability

(1) Return on assets = [Income after tax + Interest expenses x (1 - Tax rate)]/Average total assets.

(2) Return on equity = Income after tax/Average total equity.

(3) Net profit margin = Income after tax/Net sales amount.

(4) Earnings per share = (income attributable to the owners of parent company (presented as "net profit after tax" in individual financial statements) - preferred stock dividends) / weighted average number of shares outstanding. (Note 6)

5. Cash flows

(1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.

(2) Cash flow adequacy ratio = Net cash flow from operating activities of the most recent five years / (capital expenditure + increase in inventory + cash dividends) of the most recent five years /.

(3) Cash re-investment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 7)

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income.

(2) Financial leverage = Operating income/(Operating income - Interest expenses).

(III) Audit Committee's 2021 Audit Report

Audit Report issued by Audit Committee of Kedge Construction Co., Ltd.

It is hereby reported.

The Company's 2021 Financial Statements submitted by the Board of Directors have been reviewed and audited by the CPAs I-Lien, Han and Ti-Nuan, Chien from KPMG in Taiwan. The Company's 2021 Financial Statements together with the Business Report and the Statement of Earnings Distribution have been audited by us, i.e. the Audit Committee, and we believe that there is no discrepancy. Therefore, we issue the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for check

Sincerely

2022 Annual Shareholders' Meeting of Kedge Construction Co., Ltd.

Convener of the Audit Committee: Hung-Chin  
Huang

March 25, 2022

(IV) 2021 Consolidated Financial Statements Audited by CPAs

## **Statement**

The companies which shall be included by the Company in the preparation of the Consolidated Financial Statements of affiliates in 2021 (from January 1, to December 31, 2021) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as the companies which shall be included in the preparation of the Consolidated Financial Statements of parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10 recognized by Financial Supervisory Commission, and the relevant information which shall be disclosed in the Consolidated Financial Statements of affiliates have been disclosed in the said Consolidated Financial Statements of parent company and subsidiaries, therefore Consolidated Financial Statements of affiliates are not prepared separately.

It is hereby certified.

Company Name: Kedge Construction Co., Ltd.,

Chairman: Ai-Wei, Yuan

Date: March 25, 2022

(V) 2021 Individual Financial Statements Audited by CPAs

(VI) If the Company or its Affiliates have Experienced Financial Difficulties in the Most Recent Year or in the Current Year as of the Publication Date of the Annual Report, the Difficulties and the Effects thereof:

None.

## VII. Review and Analysis on the Company's Financial Position and Financial Performance, and Risks

### (I) Financial Position:

#### Comparative Analysis Statement of Financial Position

Unit: NT\$ thousand; %

Item \ Year	2021	2020	Difference	
			Amount	%
Current Assets	8,531,294	8,752,989	(221,695)	(2.53)
Property, Plant, and Equipment	102,647	133,739	(31,092)	(23.24)
Other Assets	643,802	546,928	96,874	17.71
Total Assets	9,277,743	9,433,656	(155,913)	(1.65)
Current Liabilities	5,576,580	6,202,049	(625,469)	(10.08)
Non-current Liabilities	190,024	162,329	27,695	17.06
Total Liabilities	5,766,604	6,364,378	(597,774)	(9.39)
Equity Attributable to the Owners of Parent Company	3,510,933	3,069,109	441,824	14.40
Share Capital	1,060,357	1,060,357	-	-
Capital Reserve	518,401	518,294	107	0.02
Retained Earnings	1,702,978	1,345,805	357,173	26.54
Other Equity	229,197	144,653	84,544	58.45
Non-controlling Equity	206	169	37	21.89
Total Equity	3,511,139	3,069,278	441,861	14.40
Reasons for changes over 20% in ratios:				
1. Decrease in property, plant and equipment: is mainly caused by removal of transportation equipment in current period due to expiration of its service life.				
2. Increase in retained earnings and non-controlling equity: is mainly caused by increased overall profits and increased net current profits.				
3. Increase in other equity: is mainly caused by the recognition of increased unrealized income due to the increased market price of financial assets measured at fair value through other comprehensive income in current period.				

## (II) Financial Performance:

(1) Main Reasons for Any Material Change in Operating revenue, Operating Profit, or Income before Tax during the Most Recent Two Fiscal Years:

Unit: NT\$ thousand; %

Item	Year	2021	2020	Increase (Decrease)	Change Ratio
				Amount	(%)
Operating Revenue		10,772,322	14,130,629	(3,358,307)	(23.77)
Operating Costs		9,580,969	13,072,318	(3,491,349)	(26.71)
Gross Operating Profit		1,191,353	1,058,311	133,042	12.57
Operating Expenses		315,688	288,539	27,149	9.41
Net Operating Income		875,665	769,772	105,893	13.76
Non-operating Income and Expenses		47,382	12,420	34,962	281.50
Net income before tax from continuing operating department		923,047	782,192	140,855	18.01
Less: Income tax expenses		182,555	155,748	26,807	17.21
Current Net Income		740,492	626,444	114,048	18.21
Other Comprehensive Income (Net of Tax)		82,990	19,766	63,224	319.86
Total Current Comprehensive Income		823,482	646,210	177,272	27.43
Reasons for changes over 20% in ratios:					
1. Decrease in operating revenue and operating costs: are mainly caused by the decreased operating revenue and costs as compared with last year due to the impacts of the epidemic during the period from May to July.					
2. Increase in non-operating income and expenses: is mainly caused by the recognition of increased unrealized income due to the increased market price of financial assets measured at fair value through income in current period.					
3. Decrease in other comprehensive income (net amount after tax): is mainly caused by the recognition of increased unrealized income due to the increased market price of financial assets measured at fair value through other comprehensive income in current period.					
4. Increase in total current comprehensive income: is mainly caused by the increased current gross profit from operating in current period.					

(2) Sales Volume Forecast and the Basis thereof, and the Effect upon the Company's Financial Operations As Well As Measures to be Taken in Response: Not applicable.

### (III) Cash Flow:

#### (1) Liquidity Analysis for the Most Recent Two Years:

Item	Year	2021	2020	Increase (decrease) Ratio (%)
	Cash flow ratio (%)		4.79	32.02
Cash flow adequacy ratio (%)		88.21	294.85	(70.08)
Cash reinvestment ratio (%)		(1.35)	51.20	(102.64)

Reasons for material changes in ratios:

It is mainly caused by NT\$23.43 billion of increase and NT\$20.95 of completed projects in 2021 as compared with the end of 2020, net cash outflow from contract assets and contract liabilities in 2021, and decreased net cash inflow from operating activities in 2021 as compared with 2020.

#### (2) Analysis on Changes in Cash Flow in the Most Recent Year (2021):

Unit: NT\$ thousand

Cash balance amount at the beginning of the year (1)	Net Cash Flow From Operating Activities Throughout the Year (2)	Net Cash Flow From Investment and Financing Activities Throughout the Year (3)	Ending Cash Surplus (Deficit) (1)+(2)+(3)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
4,108,192	267,343	(350,623)	4,024,912	-	-

##### 1. Analysis on changes in cash flow in the most recent year:

(1) Operating activities: NT\$267,343 thousand of current cash inflow is mainly caused by liabilities under contracts resulting from project investment and offsetting advance project payment in 2021.

(2) Investing activities and financing activities: NT\$350,623 thousand of current cash outflow is mainly caused by cash dividends paid in the current period.

##### 2. Improvement Plans for Insufficient Liquidity: None.

(3) Cash Liquidity Analysis for the Following One Year:

Unit: NT\$ thousand

Cash balance amount at the beginning of the year (1)	Expected Net Cash Inflow from Business Activities for the Year (2)	Expected Cash Outflow for the Year (3)	Expected Cash Surplus (Deficit) (1)+(2)+(3)	Remedial Measures for Expected Cash Deficit	
				Investment Plan	Financial Plan
4,024,912	1,074,561	(1,255,899)	3,843,574	-	-

1. Analysis of changes in cash flow in the coming year:

(1) Operating activities: Taken into consideration the impact of project volume at hand and recovery of the accounts of the ended projects.

(2) Cash outflows for the year: Taken into consideration the impact of investment activities and financing activities, including the payment of cash dividends.

2. Corrective measures to be taken in response to expected illiquidity: None.

(IV) Impact of Significant Capital Expenditures in the Most Recent Year on Finance and Business:

(1)The Use and Sources of Major Capital Expenditures: None.

(2)Expected Potential Benefits: None.

(V) Reinvestment Policy for the Most Recent Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year:

At present, the Company's reinvestment strategy is mainly to meet the needs of business expansion, in which, Guanqing Electromechanical Co., Ltd. actively invested according to the overall operation in 2021, resulting in a decrease in overall profit, and the investment income of NT\$20,856 thousand is recognized according to the shareholding ratio. In addition, the increase in the market price of financial assets held by Jiequn Investment Co., Ltd. in 2021 is recognized as unrealized profits, resulting in an increase in profits, so the Company recognized the investment gains of NT\$38,050 thousand according to the shareholding ratio. the Company has no material investment plans for the coming year.

(VI) The Risks and Analysis and Assessment during the Most Recent Year or During the Current Year as of the Date of Publication of the Annual Report:

(1)The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

The main source of working capital raised by the merged company is from the operation. The interest expense for 2021 of NT\$1,457 thousand is mainly from the bank guarantee loans. At present, the interest rate fluctuation of the central bank is small and the change of the benchmark interest rate of financial institutions is limited, thus the merged company is able to maintain an appropriate portfolio of fixed and floating interest rates, and adopts a cost-effective strategy to avoid the occurrence of material interest rate movements that would have a material impact on profits and losses.

The merged company is a comprehensive construction enterprise, of which the contracted projects are domestic public works and civil construction projects, the raw materials are mainly obtained in the domestic market, hence the impact of exchange rate fluctuations on it is minimal. In addition, the rise and fall of raw materials purchased in Taiwan in recent years can be offset by each other and the Taiwan inflation is still mild. Therefore, the short-term profit and loss of the merged company is not significantly affected.

(2)The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The merged company is committed to the development of its own industry and does not engage in high-risk and highly leveraged investments, capital lending to others or derivative trading. Endorsement/guarantee are mainly provided for the project contracting business

needs and is in accordance with the Operational Procedures for Endorsements and Guarantees and the relevant provisions of the competent authority, the object of which is mainly affiliated enterprises and companies with business transactions, whose operation and financial conditions are normal, performance and solvency are not in danger, and no loss is incurred by endorsement and guarantee.

(3) Research and Development Work to be Carried out in the Future, and Further Expenditures Expected for Research and Development Work:

The merged company is a comprehensive construction enterprise, and the research and development is mainly focused on shortening the construction period, improving the construction method, reducing pollution and improving efficiency. The improvement of the construction method and production technology is independently developed by the Technical Research and Development Division or introduced from the cooperative manufacturers. In recent years, in addition to strengthening the comprehensive computerization, the Company introduces the public works management system for management, which have been fully introduced to all sites at present; the Company will also actively implement the following plans in the future with an estimated input of manpower and resources of NT\$5 million approximately.

Item No.	Research Project in Most Recent Year
1	Application development and equipment for project information system integration
2	AI-assisted occupational safety high-risk engineering projects
3	Mobilization of construction management system APP
4	Development of the IoT control system for construction personnel positioning
5	Research and development of the quantitative output of BIM auxiliary engineering
6	Introduction of civil engineering CIM (Civil 3D / Infraworks)
7	Research on the introduction of UAV aerial photography image converted into numerical terrain data into BIM drawing information
8	Research and introduction of FIM maintenance platform
9	Research on the application platform of IoT technology introduced into BIM drawing
10	Evaluation on and feasibility of MR and game engines introduced into BIM

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The merged company has always paid close attention to the development of domestic and foreign political and economic situations and legal changes and has the ability to cope with them properly. It has always complied with relevant laws and regulations and adhered to the principle of prudent operation to maintain sustainable development. Changes in domestic and foreign important policies and laws in the most recent year do not have a material impact on the financial operation.

(5) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

In response to the technological and industrial changes, the merged company keeps abreast of market changes and actively obtains industrial information through various means

to expand its business. At present, there is no material impact on the Company's financial operation caused by changes in technology or industry in the merged company.

- (6)Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response:

Adhering to the business philosophy of "integrity, quality, service, innovation and sustainability," the merged company insists on providing high-quality construction projects to make owners at ease, make customers at ease, make employees feel warm, and does its best to fulfill its corporate social responsibility to enhance corporate value and build a high-quality corporate image without any change in corporate image.

- (7)Expected Benefits and Possible Risks Associated with Any Merger and Acquisitions, and Mitigation Measures being or to be Taken: None.

- (8)Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Mitigation Measures being or to be Taken: None.

- (9)Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures being or to be Taken:

The main raw materials of the merged company are steel bar, concrete, cement, sand, red brick and other bulk building materials, which can be purchased through negotiation in the Taiwan market except for some materials supplied by the owner. Therefore, there is no consolidation of purchase. The merged company has established interaction with major manufacturers for many years; it also carefully evaluates the quality, technical and operating financial status of each supplier to each subcontractor and material supplier before transactions and distributes the specific works to several subcontractors as required by the construction of the works to ensure the smooth implementation of the construction project and avoid the consolidation of contractors.

The merged company mainly contracts domestic public works and civil construction projects, and its main business includes public construction, high-level residential buildings, technology plants, and other building projects. There is no consolidation of sales. With the exception of public works carried out by government agencies, all projects undertaken by ordinary private owners are subject to owner's credit investigation before bidding, thereby the credit risk has been minimized.

- (10)Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company has been Transferred or has otherwise Changed Hands, and Mitigation Measures being or to be Taken:

As of the date of publication of the Annual Report, there is no substantial transfer or change hands of equity by Directors, Supervisors or major shareholders holding more than 10 percent of the shares of the merged company.

- (11)Effect upon and Risk to Company Associated with Any Change in Governance Personnel or top Management, and Mitigation Measures being or to be Taken: None.

- (12)Litigious and Non-Litigious Matters. List Major Litigious, Non-Litigious or Administrative Disputes That: Involve the Company and/or Any Company Director, Any Company Supervisor, the General Manager, Any Person with Actual Responsibility for the Firm, Any

Major Shareholder Holding a Stake of Greater than 10 Percent, and/or Any Company or Companies Controlled by the Company; and have been concluded by Means of a Final and Unappealable Judgment, or are still under Litigation. Where Such a Dispute Could Materially Affect Shareholders' Equity or the Prices of the Company's Securities, the Annual Report Shall Disclose the Facts of the Dispute, Amount of Money at Stake in the Dispute, the Date of Litigation Commencement, the Main Parties to the Dispute, and the Status of the Dispute as of the Date of Publication of the Annual Report:

1. Material litigation, non-litigation or administrative litigation in which the Company is currently involved in:

Case No.	Cause of Occurrence and Status	Impact on the Company's Financial Operation
041A	Due to the fact that the neighboring house manufacturer claimed that the structure and floor of the plant were damaged due to the improper construction by the Company. The two parties failed to coordinate, so the neighboring house manufacturer sued the court for the Company's joint compensation of NT\$15,665 thousand. the Company has filed a lawsuit against the relevant monitoring data and will continue to deal with it according to the judgment result.	No material impact

2. Major Litigious, Non-Litigious or Administrative Disputes That: Involve the Company and/or Any Company Director, Any Company Supervisor, the General Manager, Any Person with Actual Responsibility for the Firm, Any Major Shareholder Holding a Stake of Greater than 10 Percent, and/or Any Company or Companies Controlled by the Company; and have been concluded by Means of a Final and Unappealable Judgment, or are still under Litigation. Where Such a Dispute Could Materially Affect Shareholders' Equity or the Prices of the Company's Securities, the Annual Report Shall Disclose the Facts of the Dispute, Amount of Money at Stake in the Dispute, the Date of Litigation Commencement, the Main Parties to the Dispute, and the Status of the Dispute as of the Date of Publication of the Annual Report: None.

(13) Other Important Risks, and Mitigation Measures being or to be Taken:

1. Risk management policy:

In the process of operation, enterprises often encounter many uncertain factors that may threaten their operations. In order to perceive and control them as early as possible and reduce the losses caused by the occurrence of risks, a good risk management policy is essential. The Board of Directors of the merged company shall, in accordance with the operation strategy, operation environment and department plan, formulate the overall risk management policy, including the environment, internal and external operation process and strategic decision, and conduct a drill to deal with and control potential unknown risks and risks of financial loss, so as to ensure that most potential known risks can be effectively controlled.

In addition, if there is a material potential operating risk that may affect the performance of the financial or business contracts or the Company fails to comply with laws and regulations, the Company shall promptly take appropriate countermeasures and report to the Board of Directors. The Auditing Office will monitor and track the implementation of the improvement plan on the issues and management decisions delivered by the Board of Directors and will submit the project report in due time. The Board of Directors shall submit risk management reports on the resolutions, deliverables, supervision and subsequent implementation of risk management. In the future, when the business management is faced with similar or similar problems, it can refer to the past experience and put forward a better solution.

2. Organizational structure of risk management:

Each level or division of the merged company is liable for risk. Once a risk situation is identified, it should be notified promptly to the Auditing Office or senior management and solutions should be sought early. Decision-makers should also take action in the shortest possible time. The organizational structure of risk management of the merged company is as follows:

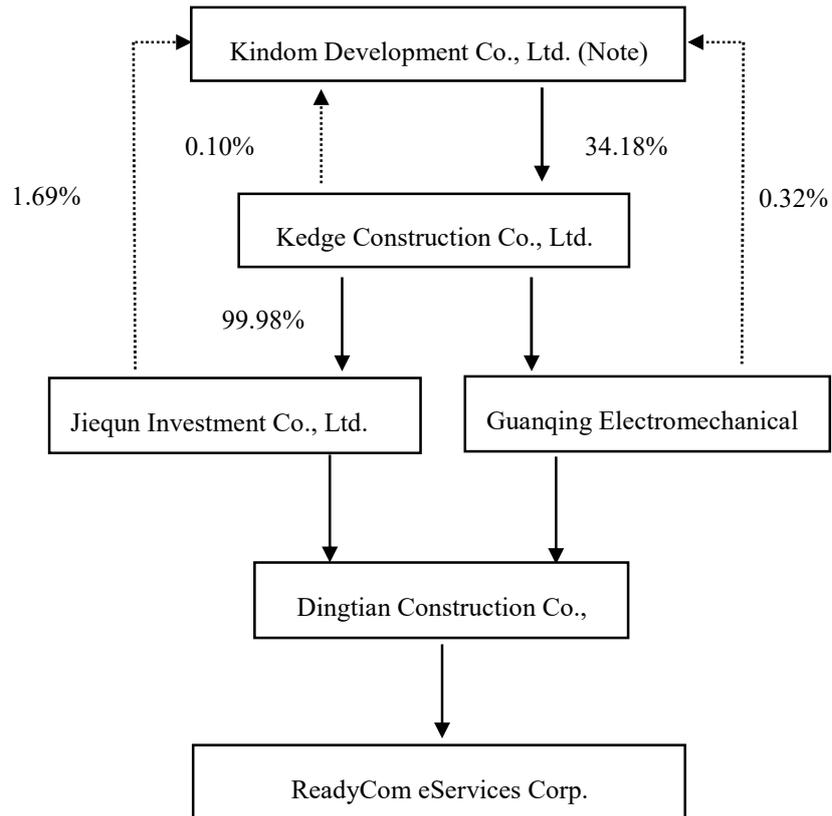
Name of Organization	Scope of Responsibilities
Board of Directors	Establish risk management policies and ensure the effective operation and resource allocation of risk management mechanism
Senior Management	Implement the risk management decisions of the Board of Directors and coordinate the risk management affairs between different departments
Auditing Office	Carry out daily risk management audit, supervise risk management activities, and report the implementation status to the Board of Directors and Supervisors
Other Departments	Summarize the implementation results of risk management activities, carry out daily risk management operations, adjust the risk categories according to the environment and draw up the commitment plan

(VIII) Other Important Matters: None.

## VIII. Special Disclosure

### (I) Affiliates Information:

#### (1) Organizational Structure of Affiliates:



Note: It is a controlling company that directly holds 34.18% of the common stock of Kedge Construction Co., Ltd., and holds more than half of the seats on the Board of Directors.

(2) Basic Information on Affiliates:

December 31, 2021; Unit: NT\$ thousand

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Kindom Development Co., Ltd.	11.1979	2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	5,037,910	1. Development, rental and sale of residential housing and building. 2. Investment in public works. 3. Acting expropriation of districts and redistricting of municipal land. 4. Properties trading business. 5. Properties leasing business.
Guanqing Electromechanical Co., Ltd.	12.1997	3F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	77,500	Installation engineering of electrical equipment and fire safety equipment.
Jiequn Investment Co., Ltd.	01.1998	3F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	164,000	General investment.
Dingtian Construction Co., Ltd.	07.1983	3F., No. 131, Sec. 8, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	23,000	Comprehensive construction industry, etc.
ReadyCom eServices Corp.	05.2008	Rm. 1, 6F., No. 207, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	30,000	Information software services and management consultants.

(3) The Shareholders in Common of Companies Presumed to have a Relationship of Control and Subordination: None.

(4) Overall Business Scope of Affiliates:

1. Overall business of the affiliates mainly focuses on the construction of residential buildings, buildings and related civil engineering, mechanical and electrical construction, etc.
2. The Company and Dingtian Co., Ltd. contract the projects of Kindom Development Co., Ltd.; And part of the Company's projects are contracted by Dingtian Co., Ltd. and Guanqing Electromechanical Co., Ltd.

## (5) Information on directors, supervisors, and general managers of affiliates:

December 31, 2021; Unit: thousands shares; NT\$ thousand; %

Name of Affiliate	Title	Name or Representative	Number of Shares Held/Capital Contribution	
			Number of Shares/Capital Contribution	Shareholding/Contribution Ratio
Kindom Development Co., Ltd.	Chairman	Yute Investment Co., Ltd. Legal representative: Mike, Ma	96,305 9,000	19.12% 1.79%
	Director Representative/Deputy General Manager	Yute Investment Co., Ltd. Legal representative: Ching-Chin, Hung	96,305 -	19.12% -
	Director	Yute Investment Co., Ltd. Legal representative: Mei-Chu, Liu	96,305 61,105	19.12% 12.13%
	Director	Yute Investment Co., Ltd. Legal representative: Ming, Chen	96,305 2,494	19.12% 0.50%
	Director	Yute Investment Co., Ltd. Legal representative: Sheng-An, Chang	96,305 8	19.12% -
	Director	Yute Investment Co., Ltd. Legal representative: Ching-Fen, Chang	96,305 31	19.12% 0.01%
	Independent Director	Shen-Yu, Kung	-	-
	Independent Director	Hung-Chin, Huang	-	-
	Independent Director	Kuo-Feng, Lin	-	-
Guanqing Electromechanical Co., Ltd.	Chairman	Kedge Construction Co., Ltd. Legal representative: Chin-Hua, Fan	7,747 -	99.96% -
	Director	Kedge Construction Co., Ltd. Legal representative: Jung-Tai, Chen	7,747 -	99.96% -
	Director	Kedge Construction Co., Ltd. Legal representative: Mike, Ma	7,747 -	99.96% -
	Director	Kedge Construction Co., Ltd. Legal representative: Chien-Fang, Huang	7,747 -	99.96% -

	Director	Kedge Construction Co., Ltd. Legal representative: Shu-Lien, Chang	7,747 -	99.96% -
	Supervisor	Miriam, Ma	-	-
Jiequn Investment Co., Ltd.	Chairman	Kedge Construction Co., Ltd. Legal representative: Shu-Yuan, Lin	16,396 -	99.98% 0.01%
	Director	Kedge Construction Co., Ltd. Legal representative: Miriam, Ma	16,396 -	99.98% -
	Director	Kedge Construction Co., Ltd. Legal representative: Mike, Ma	16,396 -	99.98% -
	Director	Kedge Construction Co., Ltd. Legal representative: Chun-Ming, Chen	16,396 -	99.98% -
	Director	Kedge Construction Co., Ltd. Legal representative: Wen-Yen, Lin	16,396 -	99.98% -
	Supervisor	Ko-Hou, Kuo	-	-
	Supervisor	Wen-Hsiung, Chou	-	-
Dingtian Construction Co., Ltd.	Chairman	Guanqing Electromechanical Co., Ltd. Legal representative: Shih-Hsuan, Chou	1,610 -	70.00% -
ReadyCom eServices Corp.	Chairman	Yu-Chang, Li	-	-
	Director	Miriam, Ma	-	-
	Director	Ta-Lung, Ho	-	-
	Supervisor	Dingtian Construction Co., Ltd. Legal representative: Shao-Ling, Ma	1,400 -	46.67% -

(6) Operating Overview of Affiliates:

December 31, 2021; Unit: NT\$ thousand (except for earnings per share)

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Net Operating Income (Loss)	Current Net Income for the Current Period (after Tax)	Earnings per share (NT\$)(after Tax)
Kindom Development Co., Ltd.	5,541,701	39,053,427	21,490,666	17,562,761	16,105,554	3,949,085	3,508,103	6.47
Guanqing Electromechanical Co., Ltd.	77,500	329,280	84,870	244,410	211,894	4,945	20,864	2.69
Jiequn Investment Co., Ltd.	164,000	501,386	831	500,555	39,138	38,533	38,059	2.32
Dingtian Construction Co., Ltd.	23,000	107,651	59,578	48,073	99,744	(825)	(6,114)	(Note)
ReadyCom eServices Corp.	30,000	57,971	25,572	32,399	52,676	(11,090)	-	-

Note: It is a limited company, no earnings per share.

(7) Consolidated Financial Statements of Affiliates:

In 2021, the companies required to be included in the consolidated financial statements of affiliates under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Accounting Standards No. 27 (IAS 27) approved by the Financial Supervisory Commission (FSC), and relevant information that should be disclosed in the consolidated financial statements of affiliates have all been disclosed in the proceeding consolidated financial statements of parent and subsidiary companies, thus the Company is not required to prepare separate consolidated financial statements of affiliates.

(8) Affiliation Report:

## **Statement**

The Company's Affiliation Report for the year of 2021 (from January 1, 2021 to December 31, 2021) was prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and there is no significant discrepancy between the disclosed information and the information disclosed in the notes to the financial statements of the above-mentioned period.

It is hereby certified.

Company Name: Kedge Construction Co., Ltd.,

Chairman: Ai-Wei, Yuan

Date: March 25, 2022

## CPA's Review Opinion on the Affiliation Report

To: Kedge Construction Co., Ltd.

The 2021 Affiliation Report of Kedge Construction Co., Ltd. has been reviewed by me, i.e. the CPA, in accordance with Tai Cai Zheng (VI) No. 04448 Document issued by the Securities & Futures Commission, the Ministry of Finance on November 30, 1999. This review work is based on whether the Affiliation Report for 2021 of Kedge Construction Co., Ltd. is prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and whether the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements of the period audited by the accountant on March 25, 2022, with the review opinions issued.

According to the review result of the accountant, no violation has been found in the preparation of the above affiliation report to the provisions of the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and no material discrepancy has been found between the information disclosed in the foregoing affiliation report and the information disclosed in the notes to the financial statements of the same period.

KPMG in Taiwan

CPA :

The original Ministry of : (88) Tai Cai Zheng (VI) No. 18311

Finance Securities & : Jin Guan Zheng Liu Zi No. 1090332798

Futures Commission

Letter No. Certified No.

March 25, 2022

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1. Overview of the Relationship Between the Subordinate Company and the Controlling Company:

Unit: Share; %

Name of the Controlling Company	Reasons for the Control	Details of Shareholding and Pledges			Directors, Supervisors or managerial officers appointed to the subordinate company by the controlling company	
		Number of Shares Held	Shareholding Ratio	The Number of Shares Under Pledge	Title	Name
Kindom Development Co., Ltd.	Those who have obtained more than half of the seats on the Board of Directors of Kedge Construction Co., Ltd.	36,247,768	34.18%	-	Chairman Director Director Director Director Representative/Deputy General Manager Director Representative/Deputy General Manager	Ai-Wei, Yuan Mike, Ma Ching-Sung, Tseng Mei-Chu, Liu Yi-Fang, Huang Shih-Hsuan, Chou

2. Purchase (Sale) of Goods:

Unit: NT\$ thousand; %

Transactions with Controlling Companies				Transaction Terms with Controlling Companies		General Terms of Transaction		Accounts Receivable (Payable), Notes Receivable (Payable)		Overdue Accounts Receivable			Remark
Purchases/sales	Amount	As a percentage of total	Accumulated Gross Profit	Unit Price	Loan period	Unit Price	Loan period	Balance	As A Proportion of Total	Amount	Treatment Method	Amount of Allowance for Bad	

		purchase (sales)	(Loss) on Goods Sold						Accounts Receivable (Payable) or Notes Receivable (Payable)		d	Debts	
Sale - construction contracting	(2,444,757)	(27.64)%	3 3 6 , 4 4 1	-	Note	Equivalent to other transactions	Slightly longer than normal	836,755	29.46%	-	-	-	

Note: Payment by installments under the contract equal to general transaction.

3. Property Transaction: None.

4. Financing: None.

5. Asset Leasing:

In 2021, the Company's leases from related parties are as follows:

Unit: NT\$ thousand

Type of Transaction (Rent out or Accepting Leases)	Name of the Object Leased		Lease Period	Nature of Leasing (Note 1)	Basis for determining the lease payment (rent)	Collection (payment) method	Comparison with Ordinary Leasing Price Levels	Total Leasing Price for the Current Period	Collection and Payment for the Current Period	Other Special Agreement (Note 2)
	Name	Location								
Rent out	Kindom Building	Part of the space of 6F., No. 131, Sec. 3, Heping E.	01.01.2021 - 12.31.2021	Operating lease	Negotiating	Quarterly collection	Equal to ordinary leasing price	1,131	Full collection	

		Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)								
Rent ou	Kindom Building	3F., No. 131, Sec. 7, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	01.01.2021 - 12.31.2021	Operating lease	Negotiating	Quarterly collection	Equal to ordinary leasing price	2,229	Full collection	
Lessee	Kindom Building	3F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	01.01.2021 - 12.31.2021	Operating lease	Negotiating	Quarterly payment	Equal to ordinary leasing price	2,229	Full collection	
Lessee	Kindom Building	2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	11.01.2021 - 12.31.2021	Operating lease	Negotiating	Quarterly payment	Equal to ordinary leasing price	2,114	Full collection	
Lessee	Kindom Building	3F., No. 131, Sec. 4, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	11.01.2021 - 12.31.2021	Operating lease	Negotiating	Quarterly payment	Equal to ordinary leasing price	2,229	Full collection	

Note 1: That it is a capital lease or operating lease shall be specified.

Note 2: If any other rights are established, such as surface rights, mortgage, easement, etc., they shall be indicated.

6. Other important transactions: None.

7. Endorsements and Guarantees:

Unit: NT\$ thousand; %

The Maximum Balance of the Company's Endorsements and Guarantees Provided for the Controlling Company	Ending Balance		Reasons for Endorsements and Guarantees	Where a Collateral is Provided as Guarantee			Terms and Conditions or Dates for Rescinding the Endorsement or Guarantee Obligation or Withdrawing the Collateral	Amount of the Contingent Loss Recognized in the Financial Statements	Violation of the Relevant Operation Standards
	Amount	Ratio to the Net Worth of the Financial Statements		Name	Item	Value			
14,192	14,192	0.40%	Note 1	-	-	-	Depending on the conditions of the contracted works	-	-

Note 1: It is an investment company which evaluates the Company by using equity method. The Company entered into an Administrative Contract of the Central South Supermarket with the Taipei City Government, which required the joint and several guarantors, and the Board of Directors of the Company agreed to be the joint and several guarantors on November 11, 2015.

- (2) Private Placement of Securities during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.
- (3) Holding or Disposal of Shares in the Company by the Company's Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

(4) Other Matters that Require Additional Description: None.

IX. Situations That Might Materially Affect Shareholders' Equity or The Price of The Company's Securities, as Specified in Subparagraph 2, Paragraph 3, Article 36 of The Securities and Exchange Act, Occurred in The Most Recent Year and in The Current Year as of The Publication Date of The Annual Report: None.