

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

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

January 1 to September 30, 2022 and 2021

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

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Independent Auditors' Review Report

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

Introduction

We have audited the consolidated balance sheets of Kedge Construction Co., Ltd. and its subsidiaries as of September 30, 2022 and 2021, the consolidated statements of comprehensive income for the three-month periods from July 1 to September 30, 2022 and 2021, and for the nine-month periods from January 1 to September 30, 2022 and 2021, the consolidated statements of changes in equity, and cash flows for the nine-month periods from January 1 to September 30, 2022 and 2021 as well as notes to the consolidated financial statements (including a summary of significant accounting policies) for the period then ended. It is the management's responsibility to prepare a set of fairly presented consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 Interim Financial Reporting as endorsed, issued, and effected by the Financial Supervisory Commission (FSC). Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects, the consolidated financial position of Kedge Construction Co., Ltd. and its subsidiaries as of September 30, 2022 and 2021 and their consolidated financial performance for the three-month and nine-month periods then ended, and their consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission.

The engagement partners on the reviews resulting in this independent auditors' review report are Yi-lien, Han and Kuo-Yang, Tseng.

KPMG
Taipei, Taiwan
Republic of China
November 9, 2022

Notices to Readers

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

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

As of September 30, 2022 and 2021, only reviewed, not audited in accordance with generally accepted auditing standards.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Balance Sheets

September 30, 2022, December 31, 2021 and September 30, 2021

Unit: NT\$ thousand

Assets		2022.9.30		2021.12.31		2021.9.30		Liabilities and equity		2022.9.30		2021.12.31		2021.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1) and (18))	\$ 5,909,911	55	4,024,912	43	4,494,910	48	2100	Short-term loans (Note 6(8), (18) and 8)	\$ 585,000	5	200,000	2	300,000	3
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and (18))	54,251	1	80,722	1	71,221	1	2130	Current contract liabilities (Note 6(15) and 7)	1,729,678	16	444,657	5	870,729	9
1140	Current contract assets (Note 6(15) and 7)	2,022,220	19	2,159,046	23	2,013,129	22	2150	Notes payable (Note 6(18))	352,659	3	283,891	3	262,988	3
1170	Notes and accounts receivable, net (Note 6(4), (15) and (18))	1,011,983	10	1,004,862	11	674,091	7	2170	Accounts payable (Note 6(18))	3,710,503	35	4,142,887	45	3,998,945	42
1180	Notes and accounts receivable from related-parties, net (Note 6(15) and (18) and 7)	651,234	6	820,009	9	911,417	10	2200	Other payables (Note 6(11), (18) and 7)	284,737	3	295,238	3	240,551	3
1410	Prepayments	131,628	1	84,984	1	95,777	1	2230	Current tax liabilities	152,412	2	193,302	2	141,623	2
1470	Other current assets	105,464	1	46,619	1	40,076	-	2300	Other current liabilities (Note 6(18))	4,808	-	16,605	-	6,788	-
1476	Other financial assets - current (Note 6(18) and 8)	199,655	2	310,140	3	265,228	3			<u>6,819,797</u>	<u>64</u>	<u>5,576,580</u>	<u>60</u>	<u>5,821,624</u>	<u>62</u>
		<u>10,086,346</u>	<u>95</u>	<u>8,531,294</u>	<u>92</u>	<u>8,565,849</u>	<u>92</u>								
Non-current assets:								Non-current liabilities:							
1550	Investments accounted for using equity method (Note 6(5))	14,103	-	15,120	-	17,394	-	2552	Warranty long-term provisions (Note 6(9))	176,591	2	181,626	2	174,187	2
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(3) and (18))	302,772	3	449,201	5	465,688	5	2600	Other non-current liabilities (Note 6(18))	6,869	-	8,398	-	10,301	-
1600	Property, plant and equipment (Note 6(6) and 8)	149,841	1	102,647	1	123,961	2			<u>183,460</u>	<u>2</u>	<u>190,024</u>	<u>2</u>	<u>184,488</u>	<u>2</u>
1755	Right-of-use assets	5,503	-	6,849	-	11,295	-			<u>7,003,257</u>	<u>66</u>	<u>5,766,604</u>	<u>62</u>	<u>6,006,112</u>	<u>64</u>
1760	Investment property, net (Note 6(7) and 8)	48,747	1	101,611	1	101,727	1	Total liabilities							
1840	Deferred tax assets (Note 6(12))	39,274	-	46,259	1	39,126	-	Equity attributable to owners of the parent company (Note 6(13)):							
1975	Net defined benefit assets - non-current (Note 6(11))	2,395	-	2,438	-	3,354	-	3110	Common stock	1,166,392	11	1,060,357	12	1,060,357	11
1980	Other non-current financial assets (Note 6(18))	3,645	-	22,324	-	21,246	-	3200	Capital surplus	518,540	4	518,401	6	518,401	6
		<u>566,280</u>	<u>5</u>	<u>746,449</u>	<u>8</u>	<u>783,791</u>	<u>8</u>	3300	Retained earnings	1,881,464	18	1,702,978	18	1,517,642	16
Total assets		\$ 10,652,626	100	9,277,743	100	9,349,640	100	3400	Other equity interest	82,803	1	229,197	2	246,919	3
										<u>3,649,199</u>	<u>34</u>	<u>3,510,933</u>	<u>38</u>	<u>3,343,319</u>	<u>36</u>
								Total equity attributable to owners of the parent company							
								36XX	Non-controlling interests	170	-	206	-	209	-
										<u>3,649,369</u>	<u>34</u>	<u>3,511,139</u>	<u>38</u>	<u>3,343,528</u>	<u>36</u>
										\$ 10,652,626	100	9,277,743	100	9,349,640	100

(Please see the Notes to the Consolidated Financial Statements)

Reviewed, not audited in accordance with generally accepted auditing standards.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021

Unit: NT\$ thousand

	<u>Jul. - Sep. 2022</u>		<u>Jul. - Sep. 2021</u>		<u>Jan. - Sep. 2022</u>		<u>Jan. - Sep. 2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6(10), (15) and 7)							
	\$ 3,806,409	100	2,357,545	100	8,809,415	100	7,534,323	100
5000	Operating costs (Note 6(11) and 12)							
	3,428,687	90	2,113,541	90	7,895,565	90	6,688,260	89
	Gross profit from operations							
	377,722	10	244,004	10	913,850	10	846,063	11
	Operating expenses:							
6200	Administrative expenses (Note 6(11), (16), 7 and 12)							
	76,441	2	71,243	3	218,648	2	214,865	2
	Net Operating Profit							
	301,281	8	172,761	7	695,202	8	631,198	9
	Non-operating income and expenses:							
7100	Interest income (Note 6(17))							
	2,616	-	1,621	-	9,011	-	7,270	-
7010	Other income (Note 6(17))							
	32,966	1	25,792	1	41,605	-	28,991	-
7020	Other gains and losses (Note 6(17))							
	(7,009)	-	2,525	-	(23,591)	-	27,215	-
7050	Financial costs (Note 6(17))							
	(471)	-	(103)	-	(1,023)	-	(331)	-
7060	Share of profit and loss associates and joint ventures accounted for using the equity method (Note 6(5))							
	(282)	-	(1,325)	-	(1,017)	-	(3,113)	-
	27,820	1	28,510	1	24,985	-	60,032	-
	Net profit before tax from continuing operations							
	329,101	9	201,271	8	720,187	8	691,230	9
7950	Less: Income tax expenses (Note 6(12))							
	61,309	2	47,138	2	159,974	2	137,649	2
	Profit							
	267,792	7	154,133	6	560,213	6	553,581	7
8300	Other comprehensive income:							
8310	Items that will not be reclassified to profit or loss							
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income							
	(85,188)	(2)	43,489	2	(146,429)	(1)	102,290	1
8300	Other comprehensive income, net							
	(85,188)	(2)	43,489	2	(146,429)	(1)	102,290	1
	Total Comprehensive Income for the Current Period							
	\$ 182,604	5	197,622	8	413,784	5	655,871	8
	Net profit attributable to:							
	Owners of the parent company							
	\$ 267,787	7	154,126	6	560,214	6	553,565	7
8620	Non-controlling interests							
	5	-	7	-	(1)	-	16	-
	\$ 267,792	7	154,133	6	560,213	6	553,581	7
	Total comprehensive income attributable to:							
	Owners of the parent company							
	\$ 182,619	5	197,606	8	413,820	5	655,831	8
	Non-controlling interests							
	(15)	-	16	-	(36)	-	40	-
	\$ 182,604	5	197,622	8	413,784	5	655,871	8
	Earnings per share (NT\$) (Note 6(14))							
9750	Basic earnings per share (NT\$)							
	\$ 2.30		1.32		4.80		4.75	
9850	Diluted earnings per share (NT\$)							
	\$ 2.28		1.31		4.77		4.71	

(Please see the Notes to the Consolidated Financial Statements)

Reviewed, not audited in accordance with generally accepted auditing standards.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to September 30, 2022 and 2021

Unit: NT\$ thousand

	Equity Attributable to the Owners of the Parent Company								
	Share Capital		Retained earnings			Other equity interest	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Total	Unrealized gains (losses) from financial assets at fair value through other comprehensive income			
Balance as of January 1, 2021	\$ 1,060,357	518,294	282,311	1,063,494	1,345,805	144,653	3,069,109	169	3,069,278
Profit	-	-	-	553,565	553,565	-	553,565	16	553,581
Other Comprehensive Income in the Current Period	-	-	-	-	-	102,266	102,266	24	102,290
Total Comprehensive Income for the Current Period	-	-	-	553,565	553,565	102,266	655,831	40	655,871
Earnings appropriation and distribution:									
Legal reserve appropriated	-	-	62,771	(62,771)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(381,728)	(381,728)	-	(381,728)	-	(381,728)
Unclaimed dividends after effective period	-	107	-	-	-	-	107	-	107
Balance as of September 30, 2021	\$ 1,060,357	518,401	345,082	1,172,560	1,517,642	246,919	3,343,319	209	3,343,528
Balance as of January 1, 2022	\$ 1,060,357	518,401	345,082	1,357,896	1,702,978	229,197	3,510,933	206	3,511,139
Profit	-	-	-	560,214	560,214	-	560,214	(1)	560,213
Other Comprehensive Income in the Current Period	-	-	-	-	-	(146,394)	(146,394)	(35)	(146,429)
Total Comprehensive Income for the Current Period	-	-	-	560,214	560,214	(146,394)	413,820	(36)	413,784
Earnings appropriation and distribution:									
Legal reserve appropriated	-	-	73,890	(73,890)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(275,693)	(275,693)	-	(275,693)	-	(275,693)
Stock dividends of ordinary share	106,035	-	-	(106,035)	(106,035)	-	-	-	-
Unclaimed dividends after effective period	-	139	-	-	-	-	139	-	139
Balance as of September 30, 2022	\$ 1,166,392	518,540	418,972	1,462,492	1,881,464	82,803	3,649,199	170	3,649,369

(Please see the Notes to the Consolidated Financial Statements)

Reviewed, not audited in accordance with generally accepted auditing standards.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2022 and 2021

Unit: NT\$ thousand

	<u>Jan. - Sep. 2022</u>	<u>Jan. - Sep. 2021</u>
Cash flows from operating activities:		
Profit before tax	\$ 720,187	691,230
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	11,576	14,925
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	26,471	(27,182)
Interest expense	1,023	331
Interest income	(9,011)	(7,270)
Dividend income	(33,312)	(28,584)
Share of loss of associates and joint ventures accounted for using the equity method	1,017	3,113
Gains on disposal and scrap of property, plant and equipment	-	(33)
Total adjustments to reconcile profit (loss)	<u>(2,236)</u>	<u>(44,700)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in contract assets	136,825	(571,967)
(Increase) Decrease in notes and accounts receivable	(7,121)	265,353
Notes and accounts receivable - decrease in related parties	168,775	977,439
Increase in prepayments	(46,644)	(2,112)
Increase in other financial instruments - current	(58,844)	(4,214)
Decrease (increase) in other financial assets	118,318	(74,004)
Decrease in net defined benefit assets-non-current	43	46
Total changes in operating assets	<u>311,352</u>	<u>590,541</u>
Total changes in operating liabilities:		
Increase (decrease) in contract liabilities	1,285,021	(654,612)
Increase (decrease) in notes payable	68,768	(72,259)
(Decrease) increase in accounts payable	(431,938)	249,046
Decrease in other payables	(10,362)	(75,023)
Increase (decrease) in liability reserve	(5,035)	23,824
Decrease in other current liabilities	(11,264)	(1,286)
Decrease in other non-current liabilities	(733)	(269)
Total changes in operating liabilities	<u>894,457</u>	<u>(530,579)</u>
Total changes in operating assets and liabilities	<u>1,205,809</u>	<u>59,962</u>
Total adjustments	<u>1,203,573</u>	<u>15,262</u>
Cash inflow generated from operations	1,923,760	706,492
Interests received	8,800	7,683
Dividends received	33,312	28,584
Interest payment	(1,023)	(331)
Income taxes paid	<u>(193,879)</u>	<u>(119,304)</u>
Net cash flows from operating activities	<u>1,770,970</u>	<u>623,124</u>
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	-	(28)
Acquisition of property, plant and equipment	(5,006)	(2,864)
Disposal of property, plant and equipment	-	76
Decrease in other financial assets	11,057	73
Net cash flows from (used in) investing activities	<u>6,051</u>	<u>(2,743)</u>
Cash flows from financing activities:		
Increase in short-term loans	745,000	360,000
Decrease in short-term loans	(360,000)	(210,000)
Increase in short-term promissory notes payable	50,000	160,000
Decrease in short-term promissory notes payable	(50,000)	(160,000)
Repayment of lease principal amount	(1,329)	(1,935)
Cash dividend distribution	<u>(275,693)</u>	<u>(381,728)</u>
Net cash outflows from (used in) financing activities	<u>107,978</u>	<u>(233,663)</u>
Net increase in cash and cash equivalents	1,884,999	386,718
Opening balance of cash and cash equivalents of the period	4,024,912	4,108,192
Ending balance of cash and cash equivalents of the period	<u>\$ 5,909,911</u>	<u>4,494,910</u>

(Please see the Notes to the Consolidated Financial Statements)

Reviewed, not audited in accordance with generally accepted auditing standards.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

January 1 to September 30, 2022 and 2021

(Unless otherwise stated, all amounts are stated in NT\$ thousands.)

1. Company Overview

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

2. Approval Date and Procedures of the Financial Report

The consolidated financial statements were approved and issued on November 9, 2022 by the Board of Directors.

3. Application of Newly Issued and Revised Standards and Interpretations

(1) The Impact of Adopting Newly Released and Revised Standards and Interpretations Endorsed by the Financial Supervisory Commission ("FSC").

The Group has adopted the newly revised International Financial Reporting Standards ("IFRSs") specified above since January 1, 2022, and assessed that the adoption will not have a material impact on the consolidated financial statements.

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

(2) Impacts of IFRS Endorsed by FSC but yet to come into effect

The Group has assessed that the application of the above newly endorsed IFRS, effective on January 1, 2023, will not result in a material impact on the consolidated financial statements.

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

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

- (3) Newly issued and amended standards and interpretations yet to be endorsed by the FSC
For IFRSs issued by IASB but not yet endorsed by the FSC, the impact on the Group are as follows:

New or amended standards	Main amendments to the content	The effective date of issuance by IASB
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	According to the current IAS 1 requirements, the liabilities that a corporate does not have unconditional right to defer the settlement for at least 12 months after the reporting period should be classified as current. The amendment removes the requirement that the right should be unconditional and instead requires that the right must exist and be substantive as of the end of the reporting period. The amendment clarifies how an enterprise should classify liabilities that are settled by the issuance of its own equity instruments (e.g., convertible corporate bonds).	January 1, 2024
Amendments to IAS 1 "Non Current Liabilities with Contractual Terms"	After reconsidering certain aspects of the 2020 amendments to IAS 1, the new amendments clarify that only contractual terms that are followed on or before the reporting date affect the classification of a liability as current or non-current. Contractual terms that an enterprise is required to follow after the reporting date (i.e., future terms) do not affect the classification of a liability at that date. However, when non-current liabilities are subject to future contractual terms, an enterprise is required to disclose information to assist users of financial statements in understanding the risk that the liabilities may be settled within 12 months after the reporting date.	January 1, 2024

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

The Group expects that the following newly published and amended IFRS unendorsed will not result in a material impact on the consolidated financial statements.

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

- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17, "Insurance Contracts," and amendments to IFRS 17
- Amendments to IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"
- Amendments to IFRS 16, "Requirements of Sale and Leaseback Transactions"

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

Apart from the matters described in the following paragraphs, the major accounting policies adopted by the consolidated financial statements are the same as those adopted by the 2021 consolidated financial statements. For related information, please refer to Note 4 to the 2021 consolidated financial statements.

(2) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of business	Percentage of ownership			Explanation
			2022.9.30	2021.12.31	2021.9.30	
The Company	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)	Electrical equipment installation and fire safety equipment installation, etc.	99.96%	99.96%	99.96%	holds directly more than 50% of the issued voting share in the subsidiary.
The Company	Jiequn Investment Co., Ltd. (Jiequn Investment)	General Investment	99.98%	99.98%	99.98%	holds directly more than 50% of the issued voting share in the subsidiary.
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Construction Co., Ltd. (Dingtian Construction)	The comprehensive construction industry, etc.	100.00%	100.00%	100.00%	holds indirectly more than 50% of the issued voting share in the subsidiary.

2. Subsidiaries not included in the consolidated financial statements: None.

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

(3) Income tax

The Group measures and discloses the interim income tax expenses in accordance with Paragraph B12 of IAS 34 - Interim Financial Reporting.

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

(4) Employee benefits

The pension of defined benefit plan for the interim period is calculated based on the actuarial cost ratio determined by the actuarial calculation at the end of the previous fiscal year. The calculation term is from the beginning of the period to the end of the period, and adjustments will be made for post-period major market fluctuations, curtailment, settlement, or other significant one-time matters.

5. Significant Accounting Judgments and Key Sources of Estimation and Assumption Uncertainty

The preparation of the consolidated financial statements in conformity with IAS 34 - Interim Financial Reporting endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. The actual results may differ from the estimates.

In preparing the consolidated financial statements, the significant judgments made by management when adopting the accounting policies of the Group and the major sources of uncertainty regarding estimation are consistent with Note 5 to the 2021 consolidated financial statements.

6. Explanation of Significant Accounts

Apart from the matters described in the following paragraphs, the explanation of significant accounts in the consolidated financial statements bear no significant difference from those adopted by the 2021 consolidated financial statements. For related information, please refer to Note 6 to the 2021 consolidated financial statements.

(1) Cash and cash equivalents

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Cash and petty cash	\$ 320	510	310
Demand deposits	1,615,020	2,210,307	2,247,392
Check deposits	1,704,556	1,078,350	504,607
Time deposits	2,260,401	-	-
Cash equivalents	<u>329,614</u>	<u>735,745</u>	<u>1,742,601</u>
Cash and cash equivalents	<u>\$ 5,909,911</u>	<u>4,024,912</u>	<u>4,494,910</u>

The aforementioned cash equivalents are short-term bills, whose maturity ranges are between October 2022, January to February 2022, and October to December 2021, and the interest

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rate ranges from 0.76% to 0.82%, 0.25% to 0.26%, and 0.22% to 0.25%, respectively.

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

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

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
TWSE (or TPEX) listed company stocks	\$ <u>54,251</u>	<u>80,722</u>	<u>71,221</u>

1. Due to the aforementioned designated non-derivative financial assets mandatorily classified as at fair value through profit or loss, the Group recognized dividend income amounted to NT\$3,715 thousand, NT\$148 thousand, NT\$3,715 thousand and NT\$2,819 thousand in the periods from July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021.

2. As of September 30, 2022, December 31, 2021, and September 30, 2021, none of the financial assets of the Group has been pledged as collateral.

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

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Equity instruments measured at fair value through other comprehensive income			
Domestic TWSE (or TPEX) listed stocks - Kindom Development Co., Ltd.	\$ 295,777	441,328	460,617
Domestic TWSE (or TPEX) listed stocks - Fubon Financial C Special	1,176	1,240	-
Domestic non-TWSE (nor TPEX) listed stocks - Commonwealth Publishing Company	5,819	6,633	5,071
Domestic unlisted stocks - Taiwan Calcom International Computer Graphic Co., Ltd.	-	-	-
Total	\$ <u>302,772</u>	<u>449,201</u>	<u>465,688</u>

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

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

2. Due to the aforementioned designated equity instrument investments measured at fair

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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value through other comprehensive income, the Group recognized dividend income amounted to NT\$29,234 thousand, NT\$25,501 thousand, NT\$29,597 thousand, and NT\$25,765 thousand in the periods from July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021.

3. The Group did not dispose strategic investment in the periods from January 1 to September 30, 2022 and 2021. The accumulated gains and losses in that period have not been transferred within the equity.
 4. None of the financial assets of the Group has been pledged as collateral.
 5. Please refer to Note 6 (18) for credit risk (including impairment of debt instrument investment) and market risk information.
- (4) Notes and accounts receivable

	2022.9.30	2021.12.31	2021.9.30
Notes receivable	\$ -	-	1,259
Accounts Receivable	1,019,534	1,012,413	672,832
Less: Loss allowance	(7,551)	(7,551)	-
	\$ 1,011,983	1,004,862	674,091

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

	2022.9.30		
	The carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance of lifetime expected credit losses
Not past due	\$ 1,011,983	-	-
Past due more than 90 days	7,551	100%	7,551
	\$ 1,019,534		7,551

	2021.12.31		
	The carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance of lifetime expected credit losses
Not past due	\$ 1,004,862	-	-
Past due more than 90 days	7,551	100%	7,551
	\$ 1,012,413		7,551

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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	2021.9.30		
	The carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance of lifetime expected credit losses
Not past due	<u>\$ 674,091</u>	-	<u>-</u>

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

	Jan. - Sep. 2022	Jan. - Sep. 2021
Beginning balance (same as Ending Balance)	<u>\$ 7,551</u>	<u>-</u>

As of September 30, 2022, December 31, 2021, and September 30, 2021, none of the receivables of the Group has been pledged as collateral.

(5) Investments accounted for using equity method

The investment of the Group using the equity method on the reporting date is as follows:

	2022.9.30	2021.12.31	2021.9.30
ReadyCom eServices Corp.	<u>\$ 14,103</u>	<u>15,120</u>	<u>17,394</u>

As of September 30, 2022, December 31, 2021, and September 30, 2021, none of the investments accounted for using equity method of the Group has been pledged as collateral.

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(6) Property, Plant and Equipment

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

	<u>Land</u>	<u>Houses and buildings</u>	<u>Transportation equipment</u>	<u>Others equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance as of January 1, 2022	\$ 62,430	36,313	-	63,033	161,776
Addition	-	-	-	5,006	5,006
Disposal	-	(21,345)	-	(4,044)	(25,389)
Reclassification	53,200	12,667	-	(811)	65,056
Balance as of September 30, 2022	<u>\$ 115,630</u>	<u>27,635</u>	<u>-</u>	<u>63,184</u>	<u>206,449</u>
Balance as of January 1, 2021	\$ 62,430	36,313	1,930	58,969	159,642
Additions	-	-	-	2,864	2,864
Disposal	-	-	(1,930)	-	(1,930)
Balance as of September 30, 2021	<u>\$ 62,430</u>	<u>36,313</u>	<u>-</u>	<u>61,833</u>	<u>160,576</u>
Depreciation and impairment losses:					
Balance as of January 1, 2022	\$ -	35,830	-	23,299	59,129
Depreciation for the year	-	232	-	9,824	10,056
Disposal	-	(21,345)	-	(4,044)	(25,389)
Reclassification	7,000	6,177	-	(365)	12,812
Balance as of September 30, 2022	<u>\$ 7,000</u>	<u>20,894</u>	<u>-</u>	<u>28,714</u>	<u>56,608</u>
Balance as of January 1, 2021	\$ -	16,190	1,887	7,826	25,903
Depreciation for the year	-	3,258	-	9,341	12,599
Disposal	-	-	(1,887)	-	(1,887)
Balance as of September 30, 2021	<u>\$ -</u>	<u>19,448</u>	<u>-</u>	<u>17,167</u>	<u>36,615</u>
Carrying amount:					
January 1, 2022	<u>\$ 62,430</u>	<u>483</u>	<u>-</u>	<u>39,734</u>	<u>102,647</u>
September 30, 2022	<u>\$ 108,630</u>	<u>6,741</u>	<u>-</u>	<u>34,470</u>	<u>149,841</u>
January 1, 2021	<u>\$ 62,430</u>	<u>20,123</u>	<u>43</u>	<u>51,143</u>	<u>133,739</u>
September 30, 2021	<u>\$ 62,430</u>	<u>16,865</u>	<u>-</u>	<u>44,666</u>	<u>123,961</u>

For information regarding the Group's property, plant and equipment pledged as collateral as of September 30, 2022, December 31, 2021, and September 30, 2021, please refer to Note 8.

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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(7) Investment Property

	<u>Land, houses and buildings</u>
Cost or deemed cost:	
Balance as of January 1, 2022	\$ 127,549
Transferred to property, plant and equipment	<u>(65,867)</u>
Balance as of September 30, 2022	<u>\$ 61,682</u>
Balance as of January 1, 2021	<u>\$ 127,549</u>
Balance as of September 30, 2021	<u>\$ 127,549</u>
Depreciation and impairment losses:	
Balance as of January 1, 2022	\$ 25,938
Depreciation for the year	174
Transferred to property, plant and equipment	<u>(13,177)</u>
Balance as of September 30, 2022	<u>\$ 12,935</u>
Balance as of January 1, 2021	<u>\$ 25,472</u>
Depreciation for the year	<u>350</u>
Balance as of September 30, 2021	<u>\$ 25,822</u>
Carrying amount:	
January 1, 2022	<u>\$ 101,611</u>
September 30, 2022	<u>\$ 48,747</u>
January 1, 2021	<u>\$ 102,077</u>
September 30, 2021	<u>\$ 101,727</u>

There is no significant difference between the fair value of the investment property of the Group and the information disclosed in Note 6(7) of the 2021 annual consolidated financial statements.

For information regarding the Group's investment property pledged as collateral as of September 30, 2022, December 31, 2021, and September 30, 2021, please refer to Note 8.

(8) Short-term loans

Details on short-term loans of the Group were as follows:

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Unsecured bank loans	<u>\$ 585,000</u>	<u>200,000</u>	<u>300,000</u>
Unused limit	<u>\$ 6,599,604</u>	<u>4,462,680</u>	<u>5,921,437</u>
Interest rate interval	<u>1.33%~1.88%</u>	<u>1.05%</u>	<u>1.05%</u>

For details of the Group's interest rate risk and liquidity risk, please refer to Note 6(18).

Please refer to Note 8 for details of the collateral of the Group's asset pledged for bank loans.

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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(9) Provisions

	Jan. - Sep. 2022	Jan. - Sep. 2021
Balance of warranty provisions as of January 1	\$ 181,626	150,363
Additional provisions for the current period	10,525	27,686
Provisions used in the current period	(14,560)	(3,862)
Reversal of provisions for the current period	(1,000)	-
Balance of warranty provisions as of September 30	\$ 176,591	174,187

For the periods from January 1 to September 30, 2022 and 2021, the warranty provisions of the Group are mainly related to construction contracting. The warranty provisions are estimated based on the historical warranty data of various construction projects. The Group expects that the liability will occur mostly one year after the construction acceptance.

(10) Operating lease

For the periods from January 1 to September 30, 2022 and 2021, the Group has no significant new operating lease contracts. For related information, please refer to Note 6(10) to the 2021 consolidated financial statements.

(11) Employee Benefits

1. Defined benefit plan

There were no major market fluctuations, significant reduction, liquidation or other one-time-only significant events in the previous fiscal year. Therefore, the Group measures and discloses the interim period pension costs based on the actuated amount on December 31, 2021 and 2020.

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

	Jul. - Sep. 2022	Jul. - Sep. 2021	Jan. - Sep. 2022	Jan. - Sep. 2021
Operating costs	\$ 55	101	214	361
Administrative expenses	79	44	846	884
Total	\$ 134	145	1,060	1,245

2. Defined contribution plan

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

	Jul. - Sep. 2022	Jul. - Sep. 2021	Jan. - Sep. 2022	Jan. - Sep. 2021
Operating costs	\$ 4,933	4,022	13,626	12,300
Administrative expenses	1,559	1,363	4,376	3,998
Total	\$ 6,492	5,385	18,002	16,298

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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3. Short-term paid leave

Details of employee benefit liabilities of the Group are as follows:

	2022.9.30	2021.12.31	2021.9.30
Short-term paid leave	\$ 11,270	13,842	12,689

(12) Income Tax

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

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

	Jul. - Sep. 2022	Jul. - Sep. 2021	Jan. - Sep. 2022	Jan. - Sep. 2021
Current income tax expenses				
Accrued in current year	\$ 60,198	40,366	136,435	132,230
Surtax on unappropriated earnings	-	9,160	16,816	9,852
Adjustments to income tax expenses of previous period	(22)	77	(263)	58
	60,176	49,603	152,988	142,140
Deferred tax expense				
Occurrence and reversal of temporary differences	1,133	(2,465)	6,986	(4,491)
Income tax expenses	\$ 61,309	47,138	159,974	137,649

2. The Group's business income tax declaration has been approved by the collection authority until 2019, except for Kedge Construction, which has been approved to 2020.

(13) Capital and other equity

Apart from the matters described in the following paragraphs, there were no major changes in the Group's capital and other equity in the periods from January 1 to September 30, 2022 and 2021. For relevant information, please refer to Note 6(13) to the 2021 consolidated financial statements.

1. Issuance of ordinary shares

On June 15, 2022, the shareholders' meeting resolved the capital increase out of earnings by NT\$106,035 thousand, or NT\$10 per share, for 10,604 thousand shares, which was approved by the Financial Supervisory Commission, Executive Yuan on July 5, 2022. The ex-rights date is August 7, 2022.

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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2. Capital surplus

Details of capital surplus was as follows:

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Shares premium	\$ 383,109	383,109	383,109
Premium on conversion of convertible bonds	130,766	130,766	130,766
Changes in the equity net value of associates and joint ventures recognized by the equity method	2,568	2,568	2,568
Unclaimed dividends after effective period	660	521	521
Others	1,437	1,437	1,437
	<u>\$ 518,540</u>	<u>518,401</u>	<u>518,401</u>

In accordance with the Company Act, realized capital surplus can only be distributed to shareholders based on their original shareholding percentage as new shares or cash dividends after offsetting losses. The realized capital surplus referred to in the preceding paragraph includes the overage from the issuance of shares over the par value and the proceeds from the receipt of gifts. In accordance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be capitalized, and the combined amount of any portions capitalized may not exceed 10% of the paid-in capital each year.

3. Retained earnings

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

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

1) Legal reserve

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

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2) Earnings distribution

The 2021 and 2020 distributions of earnings were resolved at the shareholders' meetings on June 15, 2022 and July 1, 2021, respectively. The dividends distributed to owners are as follows:

	2021		2020	
	Dividend rate (NT\$)	Amount	Dividend rate (NT\$)	Amount
Dividends to common shareholders:				
Cash dividend	\$ 2.6	275,693	3.6	381,728
Stock	1.0	106,035	-	-
Total		\$ 381,728		381,728

4. Other equity interest (net after tax)

	Unrealized gains and losses from financial assets at fair value through other comprehensive income
Balance as of January 1, 2022	\$ 229,197
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	(146,394)
Balance as of September 30, 2022	\$ 82,803
	Unrealized gains and losses from financial assets at fair value through other comprehensive income
Balance as of January 1, 2021	\$ 144,653
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	102,266
Balance as of September 30, 2021	\$ 246,919

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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(14) Earnings per share

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

	<u>Jul. - Sep. 2022</u>	<u>Jul. - Sep. 2021</u>	<u>Jan. - Sep. 2022</u>	<u>Jan. - Sep. 2021</u>
Basic earnings per share				
Net profit attributable to ordinary equity holders of the Company	\$ <u>267,787</u>	<u>154,126</u>	<u>560,214</u>	<u>553,565</u>
Weighted average number of ordinary shares outstanding	<u>116,639</u>	<u>116,639</u>	<u>116,639</u>	<u>116,639</u>
	<u>\$ 2.30</u>	<u>1.32</u>	<u>4.80</u>	<u>4.75</u>
Diluted earnings per share				
Net profit attributable to ordinary equity holders of the Company	\$ <u>267,787</u>	<u>154,126</u>	<u>560,214</u>	<u>553,565</u>
Weighted average number of ordinary shares outstanding	116,639	116,639	116,639	116,639
Impact of potential ordinary shares with the dilution effect				
Influence of potentially diluted shares - employee compensation	618	631	893	830
Weighted average number of common shares outstanding (after adjusting the impact of diluting potential common shares)	<u>117,257</u>	<u>117,270</u>	<u>117,532</u>	<u>117,469</u>
	<u>\$ 2.28</u>	<u>1.31</u>	<u>4.77</u>	<u>4.71</u>

(15) Revenue from contracts with clients

1. Disaggregation of revenue

	<u>Jul. - Sep. 2022</u>	<u>Jul. - Sep. 2021</u>	<u>Jan. - Sep. 2022</u>	<u>Jan. - Sep. 2021</u>
Timing of revenue recognition:				
Gradually transferred constructions over time	\$ 3,805,569	2,356,019	8,805,976	7,528,758
Gradually transferred services over time	840	1,526	3,439	5,565
	<u>\$ 3,806,409</u>	<u>2,357,545</u>	<u>8,809,415</u>	<u>7,534,323</u>

2. Contract balances

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Notes and accounts receivable (including related parties)	\$ 1,670,768	1,832,422	1,585,508
Less: Loss allowance	(7,551)	(7,551)	-
Total	<u>\$ 1,663,217</u>	<u>1,824,871</u>	<u>1,585,508</u>
	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Contract asset-construction	\$ 2,022,220	2,159,046	2,013,129
Less: Loss allowance	-	-	-
Total	<u>\$ 2,022,220</u>	<u>2,159,046</u>	<u>2,013,129</u>
Contract liability-construction	<u>\$ 1,729,678</u>	<u>444,657</u>	<u>870,729</u>

Please refer to Note 6 (4) for the disclosure of accounts receivable and their impairment.

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The changes in contract assets and contract liabilities are mainly due to the difference between the time when the Group transfers commodity or services to clients to meet the performance obligations and the time when clients pay. There were no other material changes during the periods from January 1 to September 30, 2022 and 2021.

(16) Remuneration to employees and Directors

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

The estimated remunerations to employees amounted to NT\$11,914 thousand, NT\$9,156 thousand, NT\$30,517 thousand, and NT\$29,331 thousand, and the estimated remunerations to directors amounted to NT\$5,956 thousand, NT\$4,578 thousand, NT\$15,258 thousand, and NT\$14,665 thousand for the three-months periods and nine-months periods then ended on September 30, 2022 and 2021, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors and supervisors for each period, multiplied by the percentage which is stated under the Company's Articles of Incorporation. These remunerations were expensed under operating costs and operating expenses for each period. If the actual distribution is different from the estimation, the difference will be accounted for as changes in accounting estimates and recognized in profit or loss for the following year.

The actual distribution of employee remuneration amounted to NT\$49,810 thousand and NT\$33,223 thousand, and the actual distribution of director remuneration amounted to NT\$19,602 thousand and NT\$16,611 thousand for the years of 2021 and 2020. There is no difference between the estimation and the actual distribution. Please refer to the Market Observation Post System (MOPS) for relevant information.

(17) Non-operating income and expenses

1. Interest income

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

	<u>Jul. - Sep. 2022</u>	<u>Jul. - Sep. 2021</u>	<u>Jan. - Sep. 2022</u>	<u>Jan. - Sep. 2021</u>
Loans and receivables	\$ 878	1,211	2,128	4,410
Bank deposits	1,697	410	6,842	773
Other interest income	<u>41</u>	<u>-</u>	<u>41</u>	<u>2,087</u>
	<u>\$ 2,616</u>	<u>1,621</u>	<u>9,011</u>	<u>7,270</u>

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2. Other income

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

	<u>Jul. - Sep. 2022</u>	<u>Jul. - Sep. 2021</u>	<u>Jan. - Sep. 2022</u>	<u>Jan. - Sep. 2021</u>
Dividend income	\$ 32,949	25,649	33,312	28,584
Rental income	2	2	8	8
Other income	15	141	8,285	399
	<u>\$ 32,966</u>	<u>25,792</u>	<u>41,605</u>	<u>28,991</u>

3. Other gains or losses

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

	<u>Jul. - Sep. 2022</u>	<u>Jul. - Sep. 2021</u>	<u>Jan. - Sep. 2022</u>	<u>Jan. - Sep. 2021</u>
Profit (loss) of financial assets at fair value through profit or loss	\$ (9,889)	2,525	(26,471)	27,182
Gains on disposal of property, plant and equipment	-	-	-	33
Gains on foreign exchange	2,880	-	2,880	-
	<u>\$ (7,009)</u>	<u>2,525</u>	<u>(23,591)</u>	<u>27,215</u>

4. Financial costs

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

	<u>Jul. - Sep. 2022</u>	<u>Jul. - Sep. 2021</u>	<u>Jan. - Sep. 2022</u>	<u>Jan. - Sep. 2021</u>
Interest expense				
Bank loans	\$ 444	39	932	143
Others	27	64	91	188
	<u>\$ 471</u>	<u>103</u>	<u>1,023</u>	<u>331</u>

(18) Financial Instruments

Apart from the matters described in the following paragraphs, there are no major changes in the fair value of the Group's financial instruments and matters exposed to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to Note 6(18) to the 2021 consolidated financial statements.

1. Liquidity risk

The following table shows the contractual maturity of financial liabilities, including estimated interest but excluding the impact of net amount agreements.

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
September 30, 2022						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 585,000	594,205	594,205	-	-	-
Notes payable	352,659	352,659	352,659	-	-	-
Accounts payable	3,710,503	3,710,503	1,876,389	1,834,114	-	-
Other payables	284,737	284,737	284,737	-	-	-
Other current liabilities (leases liabilities)	1,321	1,338	1,338	-	-	-
Other non-current liabilities (leases liabilities)	4,310	5,316	-	822	393	4,101
	<u>\$ 4,938,530</u>	<u>4,948,758</u>	<u>3,109,328</u>	<u>1,834,936</u>	<u>393</u>	<u>4,101</u>
December 31, 2021						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 200,000	201,400	201,400	-	-	-
Notes payable	283,891	283,891	283,891	-	-	-
Accounts payable	4,142,887	4,142,887	2,176,173	1,966,714	-	-
Other payables	295,238	295,238	295,238	-	-	-
Other current liabilities (leases liabilities)	1,854	1,877	1,877	-	-	-
Other non-current liabilities (leases liabilities)	5,106	6,184	-	1,543	393	4,248
	<u>\$ 4,928,976</u>	<u>4,931,477</u>	<u>2,958,579</u>	<u>1,968,257</u>	<u>393</u>	<u>4,248</u>
September 30, 2021						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 300,000	302,888	302,888	-	-	-
Notes payable	262,988	262,988	262,988	-	-	-
Accounts payable	3,998,945	3,998,945	2,312,032	1,686,913	-	-
Other payables	240,551	240,551	240,551	-	-	-
Other current liabilities (leases liabilities)	3,123	3,166	3,166	-	-	-
Other non-current liabilities (leases liabilities)	8,326	9,555	-	4,114	1,144	4,297
	<u>\$ 4,813,933</u>	<u>4,818,093</u>	<u>3,121,625</u>	<u>1,691,027</u>	<u>1,144</u>	<u>4,297</u>

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

2. Other price risk

On the reporting date, if the price of equity securities fluctuates (two periods of analysis are based on the same basis, assuming that other variable factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

	<u>Jan. - Sep. 2022</u>		<u>Jan. - Sep. 2021</u>	
	<u>After-tax other comprehensive income</u>	<u>After-tax profit or loss</u>	<u>After-tax other comprehensive income</u>	<u>After-tax profit or loss</u>
Up by 10%	<u>\$ 29,695</u>	<u>5,425</u>	<u>46,062</u>	<u>7,122</u>
Down by 10%	<u>\$ (29,695)</u>	<u>(5,425)</u>	<u>(46,062)</u>	<u>(7,122)</u>

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

3. Fair value information

1) Type and fair value of financial instruments

Financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are measured at fair value on a repeatability basis. The carrying amount and fair value of various types of financial assets and financial liabilities (including fair value level information, then again the carrying amount of financial instruments not measured by fair value is a reasonable approximation, and the fair value of equity instrument investment lease liabilities without quotation in the active market that cannot be reliably measured, the fair value is not required to be disclosed according to regulations) are listed as follows:

	Carrying amount	2022.9.30			Total
		Level 1	Level 2	Level 3	
Financial Assets Measured at Fair Value through Profit or Loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 54,251	54,251	-	-	54,251
Financial assets at measured fair value through other comprehensive income	\$ 302,772	296,953	-	5,819	302,772
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	\$ 5,909,911	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,663,217	-	-	-	-
Other financial assets-current	199,655	-	-	-	-
Other financial assets-non-current	3,645	-	-	-	-
Subtotal	<u>7,776,428</u>	-	-	-	-
Total	<u>\$ 8,133,451</u>	<u>351,204</u>	<u>-</u>	<u>5,819</u>	<u>357,023</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 585,000	-	-	-	-
Notes payable and accounts payable	4,063,162	-	-	-	-
Other current liabilities (leases liabilities)	1,321	-	-	-	-
Other non-current liabilities (leases liabilities)	4,310	-	-	-	-
Other payables	284,737	-	-	-	-
Total	<u>\$ 4,938,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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	2021.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial Assets at Fair Value through Profit or Loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 80,722	80,722	-	-	80,722
Financial assets measured at fair value through other comprehensive income	\$ 449,201	442,568	-	6,633	449,201
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	\$ 4,024,912	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,824,871	-	-	-	-
Other financial assets-current	310,140	-	-	-	-
Other financial assets-non-current	22,324	-	-	-	-
Subtotal	6,182,247	-	-	-	-
Total	\$ 6,712,170	523,290	-	6,633	529,923
Financial liabilities measured at amortized cost					
Short-term loans	\$ 200,000	-	-	-	-
Notes payable and accounts payable	4,426,778	-	-	-	-
Other current liabilities (leases liabilities)	1,854	-	-	-	-
Other non-current liabilities (leases liabilities)	5,106	-	-	-	-
Other payables	295,238	-	-	-	-
Total	\$ 4,928,976	-	-	-	-
	2021.9.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial Assets at Fair Value through Profit or Loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 71,221	71,221	-	-	71,221
Financial Assets at Fair Value through Other Comprehensive Income	\$ 465,688	460,617	-	5,071	465,688
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	\$ 4,494,910	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,585,508	-	-	-	-
Other financial assets-current	265,228	-	-	-	-
Other financial assets-non-current	21,246	-	-	-	-
Subtotal	6,366,892	-	-	-	-
Total	\$ 6,903,801	531,838	-	5,071	536,909

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

	2021.9.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term loans	\$ 300,000	-	-	-	-
Notes payable and accounts payable	4,261,933	-	-	-	-
Other current liabilities (leases liabilities)	3,123	-	-	-	-
Other non-current liabilities (leases liabilities)	8,326	-	-	-	-
Other payables	240,551	-	-	-	-
Total	\$ 4,813,933	-	-	-	-

2) Details of changes in Level 3

	Measured at fair value through other comprehensive income
	Equity instruments without public quotes
January 1, 2022	<u>\$ 6,633</u>
September 30, 2022	<u>\$ 5,819</u>
January 1, 2021	<u>\$ 5,825</u>
September 30, 2021	<u>\$ 5,071</u>

The above total profit or loss is reported in "unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income." Among them, the assets still held on September 30, 2022 and 2021 are as follows:

	<u>Jul. - Sep. 2022</u>	<u>Jul. - Sep. 2021</u>	<u>Jan. - Sep. 2022</u>	<u>Jan. - Sep. 2021</u>
Total profit or loss				
Recognized in other comprehensive income (under unrealized valuation gains and losses from "financial assets at fair value through other comprehensive income")	<u>\$ 203</u>	<u>(1,645)</u>	<u>(814)</u>	<u>(754)</u>

3) There was no matter of transfer between each level during the periods from January 1 to September 30, 2022 and 2021.

(19) Financial risk management

There is no significant difference between the goals and policies of the Group's financial risk management and the information disclosed in Note 6(19) to the 2021 consolidated financial statements.

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

(20) Capital management

The goals, policies and procedures of the Group's capital management are in line with the information disclosed in Note 6(20) to the 2021 consolidated financial statements. The aggregated quantitative data of the projects used as capital management in the current period is as follows:

	2022.9.30	2021.12.31	2021.9.30
Total Liabilities	\$ 7,003,257	5,766,604	6,006,112
Less: Cash and cash equivalents	<u>(5,909,911)</u>	<u>(4,024,912)</u>	<u>(4,494,910)</u>
Net liabilities	1,093,346	1,741,692	1,511,202
Total Equity	<u>3,649,369</u>	<u>3,511,139</u>	<u>3,343,528</u>
Adjusted capital	<u>\$ 4,742,715</u>	<u>5,252,831</u>	<u>4,854,730</u>
Debt-to-capital ratio	<u>23%</u>	<u>33%</u>	<u>31%</u>

7. Related-Party Transactions

(1) The parent company and the ultimate controlling party

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

(2) Names and relation of related parties

The related parties which have trading with the Group within the period of the financial report are as follows:

Name of related parties	Relationship with the Group
Kindom Development Co., Ltd.	The parent company of the Company
ReadyCom eServices Corp.	Associates
Kindom Yu San Education Foundation	The entity's chairman is the first-degree relatives of the Company's Directors

(3) Significant transactions with related parties

1. Sales of services to related parties

The substantial sales amount of the Group to related party were as follows:

		Jul. - Sep. 2022			
	Nature	Total contract amount	Valuated amount	Current valuation amount	Income recognized in the current period
Parent company - Kindom Development Co., Ltd.	Engineering construction	<u>\$ 11,816,594</u>	<u>525,612</u>	<u>525,612</u>	<u>537,068</u>

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

		<u>Jul. - Sep. 2021</u>			
		<u>Total contract amount</u>	<u>Valuated amount</u>	<u>Current valuation amount</u>	<u>Income recognized in the current period</u>
<u>Nature</u>	<u>Nature</u>				
Parent company - Kindom Development Co., Ltd.	Engineering construction	<u>\$ 10,943,436</u>	<u>658,339</u>	<u>658,339</u>	<u>582,972</u>

		<u>Jan. - Sep. 2022</u>			
		<u>Total contract amount</u>	<u>Valuated amount</u>	<u>Current valuation amount</u>	<u>Income recognized in the current period</u>
<u>Nature</u>	<u>Nature</u>				
Parent company - Kindom Development Co., Ltd.	Engineering construction	<u>\$ 11,816,594</u>	<u>3,828,270</u>	<u>1,428,818</u>	<u>1,310,255</u>

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

- 1) The construction projects contracted by the Group from the related parties are compliant with the outsourcing regulations of the related parties, plus a reasonable management fee and profit in accordance with the project budget. After the price comparison and negotiation procedures, the contract prices are determined after they are submitted to the supervisors for approval.
- 2) From January 1 to September 30, 2022 and 2021, the gross profit margin of the construction projects contracted by the Group from non-affiliates was approximately 5.50% ~ 25.18% and 1.92% ~ 24.38%; that of the affiliates was about 2.03% ~ 4.63% and 3.74% ~ 4.64%, respectively.

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

2. Status of claims and debts, contract assets, contract liabilities

The Group's claims and debts and contract assets from related parties are as follows:

<u>Accounting items</u>	<u>Type of related parties</u>	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Accounts Receivable	Parent company - Kindom Development Co., Ltd.	\$ 651,234	820,009	911,417
Other payables	Associates - ReadyCom eServices Corp.	150	-	-
Contract assets	Parent company - Kindom Development Co., Ltd.	168,343	205,758	156,828
Contract assets (retention receivables)	Parent company - Kindom Development Co., Ltd.	29,951	16,746	16,894
Contract liabilities	Parent company - Kindom Development Co., Ltd.	22,206	-	66,159
		<u>\$ 871,884</u>	<u>1,042,513</u>	<u>1,151,298</u>

For 2022 and 2021, the collection period of the Group from related parties was 50% due immediately, 50% due in 60 days, or 100% due in 90 days; for 2022 and 2021, one assessment was performed on general cases in a month, 100% due immediately, or 100% due in 30 days, or 50% due in 30 days, 50% due in 90 days.

3. Endorsements/guarantees

On September 30, 2022, December 31, 2021, and September 30, 2021, the Group was the joint partner and joint debtor of the parent company - Kindom Development Co., Ltd. for cooperative development and construction to the amount of NT\$28,384 thousand.

4. Leases

For the nine-month periods ended September 30, 2022 and 2021, the Group leased to the parent company - Kindom Development Co., Ltd. office building and signed a tenancy agreement. Taking into account the rental market prices of offices in neighboring areas, the total contract value was NT\$294 thousand per month. The rent income was NT\$840 thousand, NT\$840 thousand, NT\$2,520 thousand, and NT\$2,520 thousand for the periods from July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021.

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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The Group leased the office building from its parent company, Kindom Development Co., Ltd., with a total contract value of NT\$575 thousand per month from January 1 to September 30, 2022 and 2021. The rent expenses were NT\$1,643 thousand, NT\$1,643 thousand, NT\$4,929 thousand, and NT\$4,929 thousand for the periods from July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021.

5. Others

- 1) The Group donated a total of NT\$6,750 thousand and NT\$4,500 thousand to Kindom Yu San Education Foundation in the periods from January 1 to September 30, 2022 and 2021, respectively, for the promotion of foundation affairs.
- 2) In 2022 and 2021, the Group entered into a professional service contract with Kindom Development Co., Ltd., the parent company, for the provision of engineering research, recommendations, and education by the Group at a total contract price of NT\$977 thousand and NT\$1,060 thousand, which was fully settled as of September 30, 2022.
- 3) The Group signed an information project consultancy service contract with ReadyCom eServices Corp. in December 2021 with a total contract value of NT\$50 thousand per month.

(4) Key management personnel transactions

Remuneration to major management personnel includes:

	Jul. - Sep. 2022	Jul. - Sep. 2021	Jan. - Sep. 2022	Jan. - Sep. 2021
Short-term Employee Benefits	\$ 25,003	19,909	99,322	79,992
Benefits after retirement	<u>57</u>	<u>67</u>	<u>183</u>	<u>179</u>
	<u>\$ 25,060</u>	<u>19,976</u>	<u>99,505</u>	<u>80,171</u>

8. Pledged Assets

Details of the carrying value of pledged assets by the Group were as follows:

Name of assets	Pledge guarantee object	2022.9.30	2021.12.31	2021.9.30
Other financial assets - current	Loan facilities collaterals and construction guarantees	\$ 170,011	179,276	158,096
Property, plant, and equipment - net	Loan facilities collaterals	99,400	53,200	53,200
Net amount of investment property	Loan facilities collaterals	<u>48,747</u>	<u>95,121</u>	<u>95,179</u>
		<u>\$ 318,158</u>	<u>327,597</u>	<u>306,475</u>

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

1. On September 30, 2022, December 31, 2021 and September 30, 2021, the total amounts of material construction contracts by the Group were NT\$52,944,641 thousand, NT\$46,613,096 thousand and NT\$32,611,092 thousand respectively, and the payments received according to the contract were NT\$16,378,931 thousand, NT\$7,741,953

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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thousand and NT\$8,977,643 thousand, respectively.

2. Approved by the Board of Directors on December 27, 2021, and December 30, 2020, the Group committed to donate NT\$9,000 thousand and NT\$6,000 thousand to the Kindom Yu San Education Foundation in 2022 and 2021 for the promotion of the foundation's business.
3. As of September 30, 2022, the Group had issued and unused letters of credit in the amount of US\$1,894 thousand.

(2) Contingent liability

In relation to the construction project under Project Code 061M, the Company was asked for the joint damages amounting to NT\$20,131 thousand; however, due to a lack of evidence, the case is currently undergoing mediation procedures.

10. Significant Disaster Loss: None.

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

12. Others

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

Function Nature	Jul. - Sep. 2022			Jul. - Sep. 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salaries and wages	\$ 155,845	47,255	203,100	109,748	47,497	157,245
Labor insurance and national health insurance	10,439	2,794	13,233	8,768	2,462	11,230
Pension expenses	4,988	1,638	6,626	4,123	1,407	5,530
Other employee benefits expenses	507	4,006	4,513	385	1,029	1,414
Depreciation expense	1,091	2,934	4,025	1,241	3,842	5,083
Depletion expenses	-	-	-	-	-	-
Amortization expenses	-	-	-	-	-	-

Function Nature	Jan. - Sep. 2022			Jan. - Sep. 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salaries and wages	\$ 418,390	141,492	559,882	349,292	139,663	488,955
Labor insurance and national health insurance	31,156	7,921	39,077	27,396	7,404	34,800
Pension expenses	13,840	5,222	19,062	12,661	4,882	17,543
Other employee benefits expenses	1,293	7,758	9,051	971	3,467	4,438
Depreciation expense	3,160	8,416	11,576	4,249	10,676	14,925
Depletion expenses	-	-	-	-	-	-
Amortization expenses	-	-	-	-	-	-

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

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

13. Disclosure Notes

- (1) Information on Material Transactions

In the period from January 1 to September 30, 2022, the Group shall disclose information related to significant transactions pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Such information is as follows:

1. Loan of funds to others: none.
2. Endorsement/guarantees for others:

Unit: NT\$ thousand

No.	Name of endorsement/guarantee provider	Subject of endorsements/guarantees		Limit on endorsement/guarantees provided for a single party (Note 2)	Maximum balance for this period	Outstanding Endorsements/guarantees - Ending	Actual expenditure	Endorsement guarantee amount secured by the property	The ratio of accumulated endorsement guarantee amount to the net value of the latest financial statements	Maximum endorsements/guarantee amount (Note 2)	Endorsement/guarantees provided by subsidiaries to parent company	Endorsement/guarantees provided by parent company to subsidiaries	Endorsement/guarantee provided to subsidiary in China
		Company name	Relationship (Note 1)										
0	Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	Parent/Subsidiary Company	\$ 7,298,400	14,192	14,192	14,192	-	0.39%	7,298,400	-	Y	-
1	Dingtian Construction Co., Ltd.	Kindom Development Co., Ltd.	Parent/Subsidiary Company	47,903	14,192	14,192	14,192	-	29.63%	47,903	-	Y	-
1	"	Kedge Construction Co., Ltd.	"	7,185,389	1,376,500	1,376,500	1,376,500	-	2,873.52%	14,370,777	-	Y	-

Note 1: Listed below are seven types of relationship between the endorser and the endorsee – simply indicating the type will suffice:

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

Note 2: 1. The Company's endorsement method is that the total amount of external endorsements shall not exceed 200% of the net value of the Company's latest financial statements, and the endorsement amount for a single enterprise shall not exceed 200% of the net value of the Company's latest financial statements. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statements.

2. The endorsement method of Dingtian Construction Co., Ltd. is that the total amount of external endorsement shall not exceed 100% of the net value of the latest financial statements of the Company, and the endorsement amount for a single enterprise shall not exceed 100% of the net value of the latest financial statements of the Company. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 300 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statements.

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

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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3. Securities held at the end of the period (excluding investment in subsidiaries, associates and interest in joint ventures):

Unit: NT\$ thousand

Holding company	Types and names of securities	Relationship with the securities issuer	Accounting item	End of period				Remarks
				Number of shares (thousand shares)	Carrying amount	Shareholding Ratio	Fair value	
Kedge Construction Co., Ltd.	Shares - Kindom Development Co., Ltd.	Kedge Construction Co., Ltd. is its subsidiary	Financial assets measured at fair value through other comprehensive income - non-current	550	\$ 13,915	0.10 %	13,915	
Jiequn Investment Co., Ltd.	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets measured at fair value through profit or loss - current	537	26,778	-	26,778	
"	Shares - SinoPac Financial Holdings Co., Ltd.	-	"	213	3,689	-	3,689	
"	Shares - Kindom Development Co., Ltd.	Jiequn Investment is the second-tier subsidiary of that company.	Financial assets measured at fair value through other comprehensive income - non-current	9,373	237,139	1.69 %	237,139	
"	Shares - Fubon Financial C Special	-	"	11	623	-	623	
"	Shares - Taiwan Calcom International Computer Graphic Co., Ltd.	-	"	405	-	0.78 %	-	
Guanqing Electromechanical Co., Ltd.	Shares - Kindom Development Co., Ltd.	Guanqing Electromechanical is the second-tier subsidiary of that company.	Financial assets measured at fair value through other comprehensive income - non-current	1,768	44,723	0.32 %	44,723	
"	Shares - Fubon Financial C Special	-	"	10	553	-	553	
"	Shares - Global Views-Commonwealth Publishing Co.	-	"	160	5,819	0.59 %	5,819	
"	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets measured at fair value through profit or loss - current	477	23,784	-	23,784	

4. Accumulated to buy or sell the same marketable securities amount to NT\$300 million or more than 20% of the paid-up capital: None.
5. The amount of property acquired reaches NT\$300 million or more than 20% of the paid-in capital: none.
6. The amount of property disposal reaches NT\$300 million or more than 20% of the paid-in capital: none.

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO., LTD.
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7. Where the amount of goods purchased or sold with related parties reaches NT\$100 million or more than 20% of the paid-in capital: none.

Unit: NT\$ thousand

Purchases (Sales) Company	Name of transaction counterpart	Relationship	Transaction situation				The situation and reason for the difference between the transaction terms and the general transaction		Notes/accounts receivable (or payable)		Remarks
			Purchases/sales	Amount (Note)	As a percentage of total purchase (sales)	Loan period	Unit Price	Loan period	Balance	Ratio to total notes and accounts receivable (payable)	
Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	An investment company that evaluates Kedge Construction Co., Ltd. by the equity method	Contracting	\$ (1,426,075)	(13.90)%	Payment by installment following the contract is slightly longer than general transaction.	Equivalent to other transactions	Slightly longer than normal	679,745	25.57%	

Note: It refers to the current valuation amount.

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Unit: NT\$ thousand

The companies that record such transactions as receivables	Name of transaction counterpart	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the period	Provisions for loss allowance
					Amount	Treatment Method		
Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	An investment company that evaluates Kedge Construction Co., Ltd. by the equity method	\$ 679,745	3.43	-	-	102,375	-

9. Derivative financial instrument transactions: None.

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

No.	Trader's name	Name of the transaction counterpart	Nature of Relationship	Transactions			Ratio to consolidated total operating revenue or total assets
				Account	Amount	Terms of transaction	
0	Kedge Construction Co., Ltd.	Guangqing Electromechanical Co., Ltd.	1	Contract liabilities	\$ 14,212	Equivalent to general transactions	0.13%
0	"	"	1	Notes and accounts payables	35,337	"	0.33%
0	"	"	1	Operating costs	38,382	"	0.44%
0	"	Dingtian Construction Co., Ltd.	1	Contract liabilities	9,299	"	0.09%
0	"	"	1	Notes and accounts payables	20,218	"	0.19%
0	"	"	1	Operating costs	58,649	"	0.67%
0	"	"	1	Operating expenses	930	"	0.01%
1	Guangqing Electromechanical Co., Ltd.	Kedge Construction Co., Ltd.	2	Contract assets	14,212	"	0.13%
1	"	"	2	Notes and accounts receivable	35,337	"	0.33%
1	"	"	2	Operating revenue	38,382	"	0.44%
2	Dingtian Construction Co., Ltd.	"	2	Contract assets	9,299	"	0.09%

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

No.	Trader's name	Name of the transaction counterpart	Nature of Relationship	Transactions			Ratio to consolidated total operating revenue or total assets
				Account	Amount	Terms of transaction	
2	"	"	2	Notes and accounts receivable	20,218	"	0.19%
2	"	"	2	Operating revenue	59,579	"	0.68%

Note 1: Instruction for numbering.

1. The parent company is numbered 0.
2. Subsidiaries are numbered in sequence, starting with the numeral 1 according to company type.

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

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

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

(2) Information on Reinvestment

The information on the Group's investees in the period from January 1 to September 30, 2022 is as follows:

Unit: thousand NTD/thousand shares

Name of investment company	Investee	Location	Principal business	Original investment amount		Holdings at the end of the period			Net income (loss) of the investee	Share of profit/loss of investee	Remarks
				End of this period	End of last year	Number of Shares	Ratio	Carrying amount			
Kedge Construction Co., Ltd.	Jiequn Investment Co., Ltd.	Taiwan	General Investment	\$ 163,935	163,935	16,396	99.98%	393,424	9,686	9,683	Subsidiary
Kedge Construction Co., Ltd.	Guanqing Electromechanical Co., Ltd.	Taiwan	Electrical equipment installation and fire safety equipment installation, etc.	81,326	81,326	7,747	99.96%	211,925	(9,550)	(9,547)	"
Jiequn Investment Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,371	(170)	(51)	Second-tier subsidiary
Guanqing Electromechanical Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,532	(170)	(119)	"
Dingtian Construction Co., Ltd.	ReadyCom Services Corp.	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,103	(2,180)	(1,017)	Investments accounted for using equity method

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

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

- (3) Information on Investments in Mainland China:
1. Relevant information incl. names and principal business of investees in Mainland China:
None.
 2. Limit of investment in Mainland China: None.
 3. Material transactions with investee companies in Mainland China: None.
- (4) Information on Major Shareholders:

Expressed in shares

Name of Major Shareholders	Shareholding	Shareholding (shares)	Shareholding Ratio
Kindom Development Co., Ltd.		39,872,544	34.18%
Yute Investment Co., Ltd.		9,664,089	8.28%

14. Segment Information

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