

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

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

From January 1 to March 31, 2023 and 2022

Address: 6F., No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan, R.O.C.

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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 March 31, 2023, and 2022, the consolidated statements of comprehensive income, changes in equity, and cash flows for the three-month periods from January 1 to March 31, 2023 and 2022 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 review standard No. 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects of the consolidated financial position of Kedge Construction Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022 and their consolidated financial performance and their consolidated cash flows for the three-month periods then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and "IAS 34 - Interim Financial Reporting" approved and issued by FSC.

KPMG

CPA:

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

May 11, 2023

Notices to Readers

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

generally applied in the Republic of China.

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

Reviewed, not audited in accordance with auditing standards
KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to March 31, 2023 and 2022

Unit: NT\$ thousand

		<u>Jan. - Mar. 2023</u>		<u>Jan. - Mar. 2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6(10), (15) and 7)	\$ 3,270,556	100	2,193,887	100
5000	Operating costs (Note 6(11) and 12)	2,989,846	91	1,958,196	89
	Gross profit from operations	<u>280,710</u>	<u>9</u>	<u>235,691</u>	<u>11</u>
	Operating expenses:				
6200	Administrative expenses (Note 6(11), (16), 7 and 12)	80,575	3	66,001	3
	Net Operating Profit	<u>200,135</u>	<u>6</u>	<u>169,690</u>	<u>8</u>
	Non-operating income and expenses:				
7100	Interest income (Note 6(17))	10,682	-	1,207	-
7010	Other income (Note 6(17))	3	-	8,271	-
7020	Other gains and losses (Note 6(17))	121	-	678	-
7050	Financial costs (Note 6(17))	(1,884)	-	(527)	-
7060	Share of profit and loss associates and joint ventures accounted for using the equity method (Note 6(5))	129	-	29	-
		<u>9,051</u>	<u>-</u>	<u>9,658</u>	<u>-</u>
	Net profit before tax from continuing operating department	209,186	6	179,348	8
7950	Less: Income tax expenses (Note 6(12))	41,890	1	34,557	1
	Profit	<u>167,296</u>	<u>5</u>	<u>144,791</u>	<u>7</u>
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	8,488	-	(19,157)	(1)
8300	Other comprehensive income, net	<u>8,488</u>	<u>-</u>	<u>(19,157)</u>	<u>(1)</u>
	Total Comprehensive Income for the Current Period	<u>\$ 175,784</u>	<u>5</u>	<u>125,634</u>	<u>6</u>
	Net profit attributable to:				
	Owners of the parent company	\$ 167,296	5	144,791	7
8620	Non-controlling interests	-	-	-	-
		<u>\$ 167,296</u>	<u>5</u>	<u>144,791</u>	<u>7</u>
	Total comprehensive income attributable to:				
	Owners of the parent company	\$ 175,782	5	125,639	6
	Non-controlling interests	2	-	(5)	-
		<u>\$ 175,784</u>	<u>5</u>	<u>125,634</u>	<u>6</u>
	Earnings per share (NT\$) (Note 6(14))				
9750	Basic earnings per share (NT\$)	<u>\$ 1.43</u>		<u>1.24</u>	
9850	Diluted earnings per share (NT\$)	<u>\$ 1.42</u>		<u>1.23</u>	

(Please see the Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

General Manager: I-Fang Huang

Accounting Manager: Fang-Chia Chang

Chun-Ming Chen

Reviewed, not audited in accordance with auditing standards
KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to March 31, 2023 and 2022

Unit: NT\$ thousand

	Equity Attributable to the Owners of the Parent Company					Other equity items		Non-controlling interests	Total equity
	Share Capital		Retained earnings			Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	attributable to the owners of the parent company Total equity attributable to the owners of the company		
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Total				
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	-	-	-	144,791	144,791	-	144,791	-	144,791
Other Comprehensive Income in the Current Period	-	-	-	-	-	(19,152)	(19,152)	(5)	(19,157)
Total Comprehensive Income for the Current Period	-	-	-	144,791	144,791	(19,152)	125,639	(5)	125,634
Unclaimed cash dividends after effective period	-	139	-	-	-	-	139	-	139
Balance as of March 31, 2022	\$ 1,060,357	518,540	345,082	1,502,687	1,847,769	210,045	3,636,711	201	3,636,912
Balance as of January 1, 2023	\$ 1,166,392	518,540	418,972	1,953,047	2,372,019	129,294	4,186,245	186	4,186,431
Profit	-	-	-	167,296	167,296	-	167,296	-	167,296
Other Comprehensive Income in the Current Period	-	-	-	-	-	8,486	8,486	2	8,488
Total Comprehensive Income for the Current Period	-	-	-	167,296	167,296	8,486	175,782	2	175,784
Unclaimed cash dividends after effective period	-	94	-	-	-	-	94	-	94
Balance as of March 31, 2023	\$ 1,166,392	518,634	418,972	2,120,343	2,539,315	137,780	4,362,121	188	4,362,309

(Please see the Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

General Manager: I-Fang Huang

Accounting Manager: Fang-Chia Chang

Chun-Ming Chen

Reviewed, not audited in accordance with auditing standards
KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to March 31, 2023 and 2022

Unit: NT\$ thousand

	Jan. - Mar. 2023	Jan. - Mar. 2022
Cash flows from operating activities:		
Profit before tax	\$ 209,186	179,348
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	7,145	3,648
Net gain on financial assets and liabilities measured at fair value through profit or loss	(199)	(678)
Interest expense	1,884	527
Interest income	(10,682)	(1,207)
Share of profit of associates and joint ventures using equity method recognition	(129)	(29)
Total adjustments to reconcile profit (loss)	(1,981)	2,261
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in Financial Assets at Fair Value through Profit or Loss	(168)	-
Decrease in contract assets	357,299	159,429
(Increase) Decrease in notes and accounts receivable	(375,873)	293,270
Notes and accounts receivable - decrease (increase) in related parties	(11,041)	48,125
Increase in prepayments	(67,736)	(14,819)
Increase in other financial instruments - current	(12,023)	(77,124)
Decrease in other financial assets	114,111	107,832
Decrease in net defined benefit assets-non-current	43	48
Total changes in operating assets	4,612	516,761
Total changes in operating liabilities:		
Increase in contract liabilities	272,528	1,413,439
Decrease in notes payable	(103,251)	(82,694)
Decrease in accounts payable	(386,525)	(446,046)
Decrease in other payables	(146,382)	(75,280)
Decrease in provisions	(1,451)	(3,163)
Increase in other current liabilities	6,955	2,063
Decrease in other non-current liabilities	-	(733)
Total changes in operating liabilities	(358,126)	807,586
Total changes in operating assets and liabilities	(353,514)	1,324,347
Total adjustments	(355,495)	1,326,608
Cash inflow (outflow) generated from operations	(146,309)	1,505,956
Interests received	9,911	1,247
Interest payment	(2,025)	(527)
Income taxes paid	(990)	(117)
Net cash inflows (outflows) from operating activities	(139,413)	1,506,559
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(806)	-
Decrease in other financial assets	3,522	573
Net cash inflows from investing activities	2,716	573
Cash flows from financing activities:		
Increase in short-term loans	10,000	110,000
Decrease in short-term loans	(220,000)	(310,000)
Increase in short-term promissory notes payable	-	50,000
Decrease in short-term promissory notes payable	-	(50,000)
Repayment of lease principal amount	(1,862)	(443)
Net cash outflows from financing activities	(211,862)	(200,443)
Net (decrease) increase in cash and cash equivalents	(348,559)	1,306,689
Opening balance of cash and cash equivalents of the period	4,947,697	4,024,912
Ending balance of cash and cash equivalents of the period	\$ 4,599,138	5,331,601

(Please see the Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

General Manager: I-Fang Huang

Accounting Manager: Fang-Chia Chang

Chun-Ming Chen

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
LTD. and Subsidiaries (continued)**
Reviewed, not audited in accordance with auditing standards
KEDGE CONSTRUCTION CO., LTD. and Subsidiaries
Notes to the Consolidated Financial Statements
From January 1 to March 31, 2023 and 2022
((In Thousands of New Taiwan Dollars, unless otherwise specified))

1. Company History

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

2. Approval Date and Procedures of the Financial Report

The consolidated financial statements were approved and issued on May 11, 2023 by the Board of Directors.

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

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

The group has adopted the newly recognized IFRSs specified above since January 1, 2023, and assessed that the application will not have a material impact on the consolidated financial statements.

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

(2) 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"	The current IAS 1 stipulates that the liabilities that have no unconditional right to defer the settlement for at least 12 months after the reporting period shall be classified as current. The amendment has deleted the stipulation that the right shall be unconditional, and changed it to that the right shall exist and be substantive on the ending day of the reporting period. The amendment states how an enterprise shall classify the liabilities to be liquidated with the equity instruments it issues (such as convertible corporate bonds).	January 1, 2024

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

New or amended standards	Main amendments to the content	The effective date of issuance by IASB
Amendments to IAS 1 "Non-current Liabilities with Contract Clause"	<p>After reassessing certain amendments of the IAS1 of 2020, the new amendment states that only the contract clause observed on or before the reporting date will influence the classification of liabilities as current or non-current.</p> <p>The contract clause that an enterprise shall observe on the reporting date (namely, future clause) will not influence the classification of liabilities on the day. Only when the non-current liabilities are subject to the future contract clauses, shall the enterprise disclose the information to help users of the financial report to understand the risk that such liabilities may be liquidated within twelve months after the reporting date.</p>	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.

- 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 16, "Stipulations of 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 2022 consolidated financial statements. For related information, please refer to Note 4 to the 2022 consolidated financial statements.

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

(2) Basis of consolidation

1. Subsidiaries Included in the Consolidated Financial Statements

Name of investment company	Subsidiaries	Nature of business	Percentage of ownership			Explanation
			2023.3.31	2022.12.31	2022.3.31	
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.

(3) 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.

(4) Income Tax

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

Income tax expense is the best estimate of the amount that net 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.

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

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

In preparing the consolidated financial statements, the significant judgments made by management when adopting the accounting policies of the group and the major sources of uncertainty over estimation are consistent with Note 5 to the 2022 consolidated financial statements.

Key Sources of Estimation and Assumption Uncertainty

(1) Construction Contracts

Construction contract: The recognition of the profit and loss of the construction

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

contract of the Company refers to the recognition of the revenue and the cost respectively according to the complete degree of the contractual activities and the Company measures the degree of completion based on the completion of performance obligations indicated in the contract.

The management will determine the estimated total cost, contract item and other factors after assessing and judging the nature, estimated tender amount, construction period, engineering method and working method based on specific project, so this may affect the calculation of the percentage of completion as well as the profit and loss of the construction contract.

6. Description of Significant Accounting Items

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 2022 consolidated financial statements. For related information, please refer to Note 6 to the 2022 consolidated financial statements.

(1) Cash and cash equivalents

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Cash and petty cash	\$ 320	320	410
Demand deposits	25,381	323,157	3,735,179
Check deposits	1,314,236	1,774,896	787,501
Time deposits	2,868,497	2,668,508	826
Cash equivalents	<u>390,704</u>	<u>180,816</u>	<u>807,685</u>
Cash and cash equivalents	<u>\$ 4,599,138</u>	<u>4,947,697</u>	<u>5,331,601</u>

The aforementioned cash equivalents are short-term bills, whose maturity ranges are between April 2023, January to February in 2023 and April 2022, and the interest rate ranges are 1.10% ~ 1.20%, 0.99% ~ 1.00% and 0.28% ~0.40%, respectively.

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

(2) Financial Assets at Fair Value through Profit or Loss

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
TWSE (or TPEX) listed company stocks	<u>\$ 63,838</u>	<u>63,471</u>	<u>81,400</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, none of the financial assets of the group has been pledged as collateral.

(3) Financial Assets at Fair Value through Other Comprehensive Income

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

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Equity instruments measured at fair value through other comprehensive income			
Domestic TWSE (or TPEX) listed stocks - Kindom Development Co., Ltd.	\$ 350,724	341,371	422,037
Domestic TWSE (or TPEX) listed stocks - Fubon Financial C Special	1,220	1,138	1,241
Domestic non-TWSE (nor TPEX) listed stocks - Commonwealth Publishing Company	5,819	6,766	6,766
Domestic unlisted stocks - Taiwan Calcom International Computer Graphic Co., Ltd.	-	-	-
Total	\$ 357,763	349,275	430,044

- 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.

- The group did not dispose of strategic investment in the periods from January 1 to March 31, 2023 and 2022. The accumulated gains and losses in that period have not been transferred within the equity.
- None of the financial assets of the Group has been pledged as collateral.
- Please refer to Note 6 (18) for credit risk (including impairment of debt instrument investment) and market risk information.

(4) Notes and accounts receivable

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Accounts Receivable	\$ 2,277,329	1,901,456	719,143
Less: Loss allowance	(7,551)	(7,551)	(7,551)
	\$ 2,269,778	1,893,905	711,592

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

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

	2023.3.31		
	The carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance of lifetime expected credit losses
Not past due	\$ 2,269,778	-	-
Past due 90 days and above	7,551	100%	7,551
	<u>\$ 2,277,329</u>		<u>7,551</u>
	2022.12.31		
	The carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance of lifetime expected credit losses
Not past due	\$ 1,893,905	-	-
Past due 90 days and above	7,551	100%	7,551
	<u>\$ 1,901,456</u>		<u>7,551</u>
	2022.3.31		
	The carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance of lifetime expected credit losses
Not past due	\$ 711,592	-	-
Past due 90 days and above	7,551	100%	7,551
	<u>\$ 719,143</u>		<u>7,551</u>

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Beginning balance (same as Ending Balance)	<u>\$ 7,551</u>	<u>7,551</u>

As of March 31, 2023, December 31 and March 31, 2022, none of the accounts receivable 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:

	2023.3.31	2022.12.31	2022.3.31
ReadyCom eServices Corp.	<u>\$ 14,521</u>	<u>14,392</u>	<u>15,149</u>

As of March 31, 2023, December 31 and March 31, 2022, none of the investments accounted for using equity method of the group has been pledged as collateral.

(6) Property, Plant and Equipment

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

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>Others equipment</u>	<u>Total</u>
Cost or deemed cost:				
Balance as of January 1, 2023	\$ 115,630	27,635	79,287	222,552
Addition	-	-	806	806
Transfer from prepayments	-	-	5,977	5,977
Balance as of March 31, 2023	<u>\$ 115,630</u>	<u>27,635</u>	<u>86,070</u>	<u>229,335</u>
Balance as of January 1, 2022	\$ 62,430	36,313	63,033	161,776
Disposal	-	(21,345)	(4,044)	(25,389)
Reclassification	53,200	12,667	-	65,867
Balance as of March 31, 2022	<u>\$ 115,630</u>	<u>27,635</u>	<u>58,989</u>	<u>202,254</u>
Depreciation and impairment losses:				
Balance as of January 1, 2023	\$ 7,000	20,972	33,987	61,959
Depreciation for the year	-	78	5,139	5,217
Balance as of March 31, 2023	<u>\$ 7,000</u>	<u>21,050</u>	<u>39,126</u>	<u>67,176</u>
Balance as of January 1, 2022	\$ -	35,830	23,299	59,129
Depreciation for the year	-	77	3,065	3,142
Disposal	-	(21,345)	(4,044)	(25,389)
Reclassification	7,000	6,177	-	13,177
Balance as of March 31, 2022	<u>\$ 7,000</u>	<u>20,739</u>	<u>22,320</u>	<u>50,059</u>
Carrying amount:				
January 1, 2023	<u>\$ 108,630</u>	<u>6,663</u>	<u>45,300</u>	<u>160,593</u>
March 31, 2023	<u>\$ 108,630</u>	<u>6,585</u>	<u>46,944</u>	<u>162,159</u>
January 1, 2022	<u>\$ 62,430</u>	<u>483</u>	<u>39,734</u>	<u>102,647</u>
March 31, 2022	<u>\$ 108,630</u>	<u>6,896</u>	<u>36,669</u>	<u>152,195</u>

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

(7) Investment Property

	<u>Land, houses and buildings</u>
Cost or deemed cost:	
Balance as of January 1, 2023	\$ 61,682
Balance as of March 31, 2023	<u>\$ 61,682</u>
Balance as of January 1, 2022	\$ 127,549
Transferred to inventory and property, plant and equipment	(65,867)
Balance as of March 31, 2022	<u>\$ 61,682</u>
Depreciation and impairment losses:	
Balance as of January 1, 2023	\$ 12,993
Depreciation for the year	58
Balance as of March 31, 2023	<u>\$ 13,051</u>
Balance as of January 1, 2022	\$ 25,938
Depreciation for the year	58
Transferred to inventory and property, plant and equipment	(13,177)
Balance as of March 31, 2022	<u>\$ 12,819</u>

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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Carrying amount:

January 1, 2023	<u>\$ 48,689</u>
March 31, 2023	<u>\$ 48,631</u>
January 1, 2022	<u>\$ 101,611</u>
March 31, 2022	<u>\$ 48,863</u>

There is no significant difference between the fair value or the investment property of the group and the information disclosed in Note 6(7) to the 2022 annual consolidated financial statements.

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

(8) Short-term loans

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

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Unsecured bank loans	<u>\$ 275,000</u>	<u>485,000</u>	<u>-</u>
Unused limit	<u>\$ 4,949,010</u>	<u>6,899,010</u>	<u>4,913,773</u>
Interest rate interval	<u>1.70%~1.75%</u>	<u>1.57%~1.98%</u>	<u>-</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.

(9) Provisions

	<u>Jan. - Mar. 2023</u>	<u>Jan. - Mar. 2022</u>
Balance of warranty provisions as of January 1	\$ 183,236	181,626
Provisions used in the current period	(1,451)	(2,163)
Reversal of provisions for the current period	-	(1,000)
Balance of warranty provisions as of March 31	<u>\$ 181,785</u>	<u>178,463</u>

For the periods from January 1 to March 31, 2023 and 2022, the warranty provisions of the group are mainly related to construction contracting. The warranty provisions are estimated based on the historical warranty data of various constructions. The group expects that the liability will occur mostly one year after the construction acceptance.

(10) Operating lease

For the periods from January 1 to March 31, 2023 and 2022, the group has no significant new contract of operating leases. For related information, please refer to Note 6(10) to the 2022 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

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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December 31, 2022 and 2021.

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Operating costs	\$ 77	106
Administrative expenses	101	91
Total	<u>\$ 178</u>	<u>197</u>

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.

	Jan. - Mar. 2023	Jan. - Mar. 2022
Operating costs	\$ 5,053	4,243
Administrative expenses	1,536	1,365
Total	<u>\$ 6,589</u>	<u>5,608</u>

3. Short-term compensated absences

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

	2023.3.31	2022.12.31	2022.3.31
Short-term compensated absences	<u>\$ 8,905</u>	<u>11,673</u>	<u>11,755</u>

(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:

	Jan. - Mar. 2023	Jan. - Mar. 2022
Current income tax expenses		
Accrued in current year	\$ 41,044	29,817
Deferred tax expense		
Occurrence and reversal of temporary differences	846	4,740
Income tax expenses	<u>\$ 41,890</u>	<u>34,557</u>

2. The profit-seeking enterprise annual income tax return of the group were assessed for 2021.

(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 March 31, 2023 and 2022. For relevant information, please refer to Note 6(13) to the 2022 consolidated financial statements.

1. Issuance of ordinary shares

On June 15, 2022, the shareholders' meeting resolved the capital increase out of

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

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.

2. Capital surplus

Details of capital surplus was as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</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	754	660	660
Others	1,437	1,437	1,437
	<u>\$ 518,634</u>	<u>518,540</u>	<u>518,540</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

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

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

(2) Earnings distribution

The 2022 and 2021 distribution of earnings were proposed by the Board meeting on March 14, 2023 and resolved at the shareholders' meeting on June 15, 2022, respectively. The dividends distributed to owners are as follows:

	2022		2021	
	Dividend rate (NT\$)	Amount	Dividend rate (NT\$)	Amount
Dividends to common shareholders:				
Cash dividend	\$ 4.15	484,053	2.60	275,693
Stock	0.35	40,824	1.00	106,035
Total		<u>\$ 524,877</u>		<u>381,728</u>

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, 2023	\$ 129,294
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	8,486
Balance as of March 31, 2023	<u>\$ 137,780</u>
Balance as of January 1, 2022	\$ 229,197
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	(19,152)
Balance as of March 31, 2022	<u>\$ 210,045</u>

(14) Earnings per Share

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Basic earnings per share		
Net profit attributable to ordinary equity holders of the Company	<u>\$ 167,296</u>	<u>144,791</u>
Weighted average number of ordinary shares outstanding	<u>116,639</u>	<u>116,639</u>
	<u>\$ 1.43</u>	<u>1.24</u>
Diluted earnings per share		
Net profit attributable to ordinary equity holders of the Company	<u>\$ 167,296</u>	<u>144,791</u>
Weighted average number of ordinary shares outstanding	116,639	116,639
Impact of potential ordinary shares with the dilution		

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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effect

Influence of potentially diluted shares - employee compensation	1,220	958
Weighted average number of common shares outstanding (after adjusting the impact of diluting potential common shares)	<u>117,859</u>	<u>117,597</u>
	<u>\$ 1.42</u>	<u>1.23</u>

(15) Revenue from Contracts with Clients

1. Disaggregation of revenue

	<u>Jan. - Mar. 2023</u>	<u>Jan. - Mar. 2022</u>
Timing of revenue recognition:		
Gradually transferred constructions over time	\$ 3,269,716	2,193,058
Gradually transferred services over time	840	829
	<u>\$ 3,270,556</u>	<u>2,193,887</u>

2. Contract balances

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Notes and accounts receivable (including related parties)	\$ 2,862,921	2,476,007	1,491,027
Less: Loss allowance	(7,551)	(7,551)	(7,551)
Total	<u>\$ 2,855,370</u>	<u>2,468,456</u>	<u>1,483,476</u>
Contract asset-construction	\$ 1,523,877	1,881,176	1,999,616
Less: Loss allowance	-	-	-
Total	<u>\$ 1,523,877</u>	<u>1,881,176</u>	<u>1,999,616</u>
Contract liability-construction	<u>\$ 1,806,103</u>	<u>1,533,575</u>	<u>1,858,096</u>

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

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the group transfers commodities or services to clients to meet the performance obligations and the time when clients pay. There were no other material changes during the periods from January 1 to March 31, 2023 and 2022.

(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\$8,893 thousand and NT\$7,246 thousand, and the estimated remunerations to directors amounted to NT\$4,446 thousand and NT\$3,623 thousand for the three-months periods then ended on January 1 to March 31, 2023 and 2022, respectively. These amounts were calculated using the

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

company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the company's Article of Incorporation. These remunerations were expensed under 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 Company appropriated remuneration to employees in an amount of NT\$78,402 thousand and NT\$49,810 thousand, appropriated the remunerations to directors in an amount of NT\$28,583 thousand and NT\$19,602 thousand for 2022 and 2021 respectively, and there was no difference between the actual distribution of remunerations to employees and directors in 2021 and the estimated amounts indicated in the 2021 financial report of the Company. The remunerations to employees and directors resolved for 2022 involved a discrepancy of NT\$(2060) thousand from the estimated amount in the 2022 financial report, and the Company has handled it based the accounting estimate, and recognized it as the loss and profit for 2023.

(17) Non-operating income and expenses

1. Interest income

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Bank deposits	\$ 8,740	755
Interest income from short-term bills	1,941	451
Other interest income	1	1
	\$ 10,682	1,207

2. Other income

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Rental income	\$ 3	3
Other income	-	8,268
	\$ 3	8,271

3. Other gains or losses

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

	Jan. - Mar. 2023	Jan. - Mar. 2022
Income from Financial Assets at Fair Value through\$ Profit or Loss	199	678
Exchange loss	(78)	-
	\$ 121	678

4. Financial costs

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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The details of finance costs of the group are as follows:

	Jan. - Mar. 2023	Jan. - Mar. 2022
Interest expense		
Bank loans	\$ 1,858	488
Others	26	39
	\$ 1,884	527

(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 2022 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.

	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	3-5 years	Over 5 years
March 31, 2023						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 275,000	276,964	276,964	-	-	-
Notes payable	240,107	240,107	240,107	-	-	-
Accounts payable	4,004,504	4,004,504	2,049,566	1,954,938	-	-
Other payables	234,733	234,733	234,733	-	-	-
Other current liabilities (leases liabilities)	5,198	5,912	5,912	-	-	-
Other non-current liabilities (leases liabilities)	11,471	12,012	-	7,387	623	4,002
	\$ 4,771,013	4,774,232	2,807,282	1,962,325	623	4,002
December 31, 2022						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 485,000	490,935	490,935	-	-	-
Notes payable	343,358	343,358	343,358	-	-	-
Accounts payable	4,391,029	4,391,029	2,507,779	1,883,250	-	-
Other payables	381,350	381,350	381,350	-	-	-
Other current liabilities (leases liabilities)	6,668	6,795	6,795	-	-	-
Other non-current liabilities (leases liabilities)	10,077	11,274	-	6,534	688	4,052
	\$ 5,617,482	5,624,741	3,730,217	1,889,784	688	4,052
March 31, 2022						
Non-derivative financial liabilities						
Notes payable	\$ 201,197	201,197	201,197	-	-	-
Accounts payable	3,696,841	3,696,841	1,998,161	1,698,680	-	-
Other payables	219,819	219,819	219,819	-	-	-
Other current liabilities (leases liabilities)	1,853	1,877	1,877	-	-	-
Other non-current liabilities (leases liabilities)	4,664	5,716	-	1,124	393	4,199
	\$ 4,124,374	4,125,450	2,421,054	1,699,804	393	4,199

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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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:

	Jan. - Mar. 2023		Jan. - Mar. 2022	
	After-tax other comprehensive income	After-tax profit or loss	After-tax other comprehensive income	After-tax profit or loss
Securities price on the reporting date				
Up by 10%	\$ 35,194	6,384	42,328	8,140
Down by 10%	\$ (35,194)	(6,384)	(42,328)	(8,140)

3. Fair Value Information

(1) Type and fair value of financial instruments

Financial assets 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 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	2023.3.31			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	\$ 63,838	63,838	-	-	63,838
Financial Assets at Fair Value through Other Comprehensive Income	\$ 357,763	351,944	-	5,819	357,763
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	\$ 4,599,138	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,855,370	-	-	-	-
Other financial assets-current	1,486,648	-	-	-	-
Other financial assets-non-current	2,835	-	-	-	-
Subtotal	8,943,991	-	-	-	-
Total	\$ 9,365,592	415,782	-	5,819	421,601

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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	2022.3.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
profit or loss					
Financial assets measured at fair value through other comprehensive income	\$ 430,044	423,278	-	6,766	430,044
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	\$ 5,331,601	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,483,476	-	-	-	-
Other financial assets-current	204,487	-	-	-	-
Other financial assets-non-current	19,532	-	-	-	-
Subtotal	7,039,096	-	-	-	-
Total	<u>\$ 7,550,540</u>	<u>504,678</u>	<u>-</u>	<u>6,766</u>	<u>511,444</u>
Financial liabilities measured at amortized cost					
Notes payable and accounts payable	\$ 3,898,038	-	-	-	-
Other current liabilities (leases liabilities)	1,853	-	-	-	-
Other non-current liabilities (leases liabilities)	4,664	-	-	-	-
Other payables	219,819	-	-	-	-
Total	<u>\$ 4,124,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(2) Details of changes in Level 3

	Measured at fair value through other comprehensive income Equity instruments without public quotes
January 1, 2023	<u>\$ 6,766</u>
March 31, 2023	<u>\$ 5,819</u>
January 1, 2022	<u>\$ 6,633</u>
March 31, 2022	<u>\$ 6,766</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 March 31, 2023 and 2022 are as follows:

	Jan. - Mar. 2023	Jan. - Mar. 2022
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>\$ (947)</u>	<u>133</u>

(3) There was no matter of transfer between each level during the periods from January 1 to March 31, 2023 and 2022.

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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(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 2022 consolidated financial statements.

(20) Capital management

The goals, policies and procedures of the group's capital management are in line with the information disclosed in Note 6(20) to the 2022 consolidated financial statements. The aggregated quantitative data of the projects used as capital management in the current period is as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Total Liabilities	\$ 7,083,920	7,612,261	6,403,316
Less: Cash and cash equivalents	<u>(4,599,138)</u>	<u>(4,947,697)</u>	<u>(5,331,601)</u>
Net liabilities	2,484,782	2,664,564	1,071,715
Total Equity	<u>4,362,309</u>	<u>4,186,431</u>	<u>3,636,912</u>
Adjusted capital	<u>\$ 6,847,091</u>	<u>6,850,995</u>	<u>4,708,627</u>
Debt-to-capital ratio	<u>36%</u>	<u>39%</u>	<u>23%</u>

7. Related-Party Transactions

(1) The parent company and the ultimate controlling party

Kindom Development Co., Ltd. is the parent company of the Consolidated Company and the ultimate controller of the Group to which it belongs and holds 34.18% of the outstanding ordinary shares of the Consolidated Company. 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:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
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:

		<u>Jan. - Mar. 2023</u>			
	<u>Nature</u>	<u>Total contract amount</u>	<u>Valuated amount</u>	<u>Current valuation amount</u>	<u>Income recognized in the current period</u>
Parent company - Kindom Development Co., Ltd.	Engineering construction	<u>\$ 13,383,038</u>	<u>3,624,740</u>	<u>490,069</u>	<u>468,738</u>

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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Jan. - Mar. 2022

	Nature	Total contract amount	Valuated amount	Current valuation amount	Income recognized in the current period
Parent company - Kindom Development Co., Ltd.	Engineering construction	\$ 9,957,974	2,863,743	464,290	387,927

- (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 March 31, 2023 and 2022, the gross profit margin of the constructions contracted by the group from non-affiliates was approximately 5.50% ~ 16.14% and 5.50% ~ 25.87%; that of the affiliates was about 2.03% ~ 4.63% and 3.74% ~ 4.64%, respectively.
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:

Accounting items	Type of related parties	2023.3.31	2022.12.31	2022.3.31
Notes and accounts receivable	Parent company - Kindom Development Co., Ltd.	\$ 585,592	574,551	771,884
Other financial assets - current	Parent company - Kindom Development Co., Ltd.	-	-	882
Other payables	Parent company - Kindom Development Co., Ltd.	-	111	-
Other payables	Associates – ReadyCom eServices Corp.	-	150	150
Contract assets	Parent company - Kindom Development Co., Ltd.	217,514	210,531	166,508
Contract assets (retention receivables)	Parent company - Kindom Development Co., Ltd.	60,882	45,572	16,180
Contract liabilities	Parent company - Kindom Development Co., Ltd.	44,131	-	26,809
		\$ 908,119	830,915	982,413

For 2023 and 2022, the collection period of the group from related parties was

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

50% due immediately, 50% due in 60 days, or 100% due in 90 days; for 2023 and 2022, one or two assessments 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 March 31, 2023, December 31 and March 31, 2022, the group was the joint partner and joint debtor of the parent company - Kindom Development Co., Ltd. for cooperative development and construction, with the amount of NT\$28,384 thousand.

4. Leases

For the three-month periods ended January 1 to March 31, 2023 and 2022, 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 for each of the periods from January 1 to March 31, 2023 and 2022.

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 March 31, 2023 and 2022. The rent expense for the period from January 1 to March 31, 2023 and 2022 was NT\$1,643 thousand.

5. Others

(1) The group donated a total of NT\$2,000 thousand and NT\$2,250 thousand to Kindom Yu San Education Foundation in the periods from January 1 to March 31, 2023 and 2022, respectively, for the promotion of foundation affairs.

(2) In 2022, the group entered into a professional service contract with Kindom Development Co., Ltd., the parent company, for the provision of engineering research, recommendation, and education by the group at a total contract price of NT\$977 thousand, which was fully settled as of March 31, 2023.

(3) In 2023, the group entered into a professional service contract with Kindom Development Co., Ltd., the parent company, for the provision of engineering research, recommendation, and education by the group at a total contract price of NT\$3,000 thousand, which was fully settled as of March 31, 2023.

(4) Key management personnel transactions

Remuneration to major management personnel includes:

	Jan. - Mar. 2023	Jan. - Mar. 2022
Short-term Employee Benefits	\$ 37,539	34,132
Benefits after retirement	60	68
	<u>\$ 37,599</u>	<u>34,200</u>

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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8. Pledged Assets

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

<u>Name of assets</u>	<u>Pledge guarantee object</u>	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Other financial assets - current	Loan facilities collaterals, construction guarantees and restricted assets	\$ 1,456,464	1,543,062	184,635
Property, plant, and equipment - net	Loan facilities collaterals	99,400	99,400	99,400
Net amount of investment property	Loan facilities collaterals	48,631	48,689	48,863
		<u>\$ 1,604,495</u>	<u>1,691,151</u>	<u>332,898</u>

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

- On March 31, 2023, December 31 and March 31, 2022, the total amounts of material construction contracts by the Consolidated Company were NT\$55,339,996 thousand, NT\$54,327,480 thousand and NT\$49,724,659 thousand respectively, and the payments received according to the contract were NT\$21,266,253 thousand, NT\$17,374,625 thousand and NT\$10,631,360 thousand, respectively.
- On March 1, 2023, December 31 and March 31, 2022, the group opened the guarantee bills in an amount of NT\$57,992 thousand, NT\$57,992 thousand and NT\$401,342 thousand for projects respectively.
- On March 31, 2023, December 31 and March 31, 2022, the group opened the bank guarantees in an amount of NT\$3,882,755 thousand, NT\$4,279,154 thousand and NT\$4,552,968 thousand for project warranty, performance guarantee and advance guarantee.
- Approved by the Board of Directors on December 23, 2022, and December 27, 2021, the Consolidated Company committed to donate NT\$8,000 thousand and NT\$9,000 thousand to the Kindom Yu San Education Foundation in 2023 and 2022 for the promotion of the foundation's business.

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	Jan. - Mar. 2023			Jan. - Mar. 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Nature						
Employee benefits						

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

Function Nature	Jan. - Mar. 2023			Jan. - Mar. 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
expenses						
Salaries and wages	\$ 168,108	49,960	218,068	115,277	43,370	158,647
Labor insurance and national health insurance	12,508	5,677	18,185	9,438	2,456	11,894
Pension expenses	5,130	1,637	6,767	4,349	1,456	5,805
Other employee benefits expenses	4,277	2,055	6,332	3,595	2,374	5,969
Depreciation expense	2,624	4,521	7,145	1,035	2,613	3,648
Depletion expenses	-	-	-	-	-	-
Amortization expenses	-	-	-	-	-	-

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

13. Supplementary Disclosures

- (1) Information on significant transactions

In the period from January 1 to March 31, 2023, 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:

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

Unit: NT\$ thousand

No.	Name of endorsement/guarantee provider	Subject of endorsements/guarantees		Limit of Endorsements/guarantees for a Single Entity (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	Limit of Endorsement s/guarantees (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	\$ 8,724,243	14,192	14,192	14,192	-	0.33%	8,724,243	-	Y	-
1	Dingtian Construction Co., Ltd.	Kindom Development Co., Ltd.	Parent/Subsidiary Company	48,822	14,192	14,192	14,192	-	29.07%	48,822	-	Y	-
1	"	Kedge Construction Co., Ltd.	"	7,323,271	1,376,500	1,376,500	1,376,500	-	2,819.43%	14,646,542	-	Y	-

Note 1. Listed below are 7 types of relationship between the endorser and the endorsee, simply indicating the type will do:

- A company with which the Company has business relationship.
- A company in which the Company directly or indirectly holds more than 50% of the voting shares.
- A company that directly or indirectly holds more than 50% of the voting shares in the Company.
- Companies in which the Company holds directly or indirectly 90% or more of the voting rights.
- 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.
- Where all capital contributing shareholders make endorsements for their jointly invested company in proportion to their shareholding percentages.
- 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

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

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.

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	\$ 16,500	0.10 %	16,500	
Jiequn Investment Co., Ltd.	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	563	31,836	- %	31,836	
"	Shares - SinoPac Financial Holdings Co., Ltd.	-	"	224	3,726	- %	3,726	
"	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	281,193	1.69 %	281,193	
"	Shares - Fubon Financial C Special	-	"	11	646	- %	646	
Jiequn Investment Co., Ltd.	Shares - Taiwan Calcom International Computer Graphic Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income - non-current	405	-	0.78 %	-	
Guanqing Electromechanical Co., Ltd.	Shares - Kindom Development Co., Ltd.	Guanqing Electromechanical is the second-tier subsidiary of that company.	"	1,768	53,031	0.32 %	53,031	
"	Shares - Fubon Financial C Special	-	"	10	574	- %	574	
"	Shares - Global Views-Commonwealth Publishing Co.	-	"	160	5,819	0.59 %	5,819	
"	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	500	28,276	- %	28,276	

4. Accumulated amount of buying or selling the same marketable securities at NT\$300 million or more than 20% of the paid-up capital: None.
5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.

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

6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Purchase and sales with related parties amounting to NT\$100 million or more than 20% of the paid-up capital:

Unit: NT\$ thousand

Company name	Name of transaction counterpart	Relationship	Transaction situation				Situation and reason of why trading conditions are different from general trading		Notes/accounts receivable (or payable)		Remarks
			Purchases/sales	Amount (Note)	As a percentage of total purchase (sales)	Loan period	Unit Price	Loan period	Balance	As a percentage of total notes/accounts receivable (or payable)	
Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	An investment company that evaluates Kedge Construction Co., Ltd. by the equity method	Contracting	\$ (481,791)	(12.98)%	Payment by installment following the contract is slightly longer than general transaction.	Equivalent	Slightly longer than normal	642,906	18.37%	

Note: It refers to the current valuation amount.

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

Unit: NT\$ thousand

Company that records such transactions as receivables	Name of transaction counterpart	Relationship	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Amounts received in subsequent periods	Allowance for loss appropriated
					Amount	Action taken		
Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	An investment company that evaluates Kedge Construction Co., Ltd. by the equity method	\$ 642,906	2.94	-	-	64,878	-

9. Derivative financial instrument transactions: None.
10. Business relationship and significant transactions between the parent company and subsidiaries:

No.	Company name	Name of the transaction counterpart	Relationship	Transactions			
				Account	Amount	Terms and conditions	As a percentage of consolidated revenue or total assets
0	Kedge Construction Co., Ltd.	Guanqing Electromechanical Co., Ltd.	1	Contract liabilities	\$ 20,509	Equivalent to general transactions	0.18%
0	"	"	1	Accounts payable	37,457	"	0.33%
0	"	"	1	Operating costs	10,679	"	0.33%
0	"	Dingtian Construction Co., Ltd.	1	Contract liabilities	34,352	"	0.30%
0	"	"	1	Accounts payable	19,003	"	0.17%
0	"	"	1	Operating costs	52,918	"	1.62%
1	Guanqing Electromechanical Co., Ltd.	Kedge Construction Co., Ltd.	2	Contract assets	20,509	"	0.18%
1	"	"	2	Accounts Receivable	37,457	"	0.33%
1	"	"	2	Operating revenue	10,679	"	0.33%
2	Dingtian Construction Co., Ltd.	"	2	Contract assets	34,352	"	0.30%
2	"	"	2	Accounts Receivable	19,003	"	0.17%
2	"	"	2	Operating revenue	52,918	"	1.62%

Note 1. Instruction for numbering.

1. The parent company is numbered 0.

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

2. Subsidiaries are numbered from number 1.

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

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

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

(2) Information on investees

The information on the group's investees in the period from January 1 to March 31, 2023 is as follows:

Unit: thousand NTD/thousand shares

Name of investor	Investee	Location	Principal business Items	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remarks
				End of this period	End of last year	Number of Shares	Percentage	Book value			
Kedge Construction Co., Ltd.	Jiequn Investment Co., Ltd.	Taiwan	General Investment	\$ 163,935	163,935	16,396	99.98%	442,809	538	538	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%	229,289	250	250	"
Jiequn Investment Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,647	1,042	313	Second-tier subsidiary
Guanqing Electromechanical Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	34,175	1,042	729	"
Dingtian Construction Co., Ltd.	ReadyCom eServices Corp.	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,521	277	129	Investments accounted for using equity method

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

(3) Information on Investments in Mainland China:

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

(4) Information on Major Shareholders:

Expressed in shares

Name of Major Shareholders	Shareholding	Number of shares held	Percentage of shareholding
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

**Notes to the Consolidated Financial Statements of KEDGE CONSTRUCTION CO.,
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comprehensive income for details.