

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

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

From January 1 to September 30, 2023 and 2022

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

Tel: (02)23786789

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

Table of Contents

Items	Pages
1. Front Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3-4
4. Consolidated Balance Sheets	5
5. Consolidated Statements of Comprehensive Income	6
6. Consolidated Statements of Changes in Equity	7
7. Consolidated Statements of Cash Flows	8
8. Notes to the Consolidated Financial Statements	
(1) Company Overview	9
(2) Approval Date and Procedures of the Financial Report	9
(3) The Impact of Adopting Newly Released and Revised Standards and Interpretations Endorsed by the Financial Supervisory Commission	9-10
(4) Summary of Significant Accounting Policies	10-11
(5) Significant Accounting Judgments and Key Sources of Estimation and Assumption Uncertainty	11
(6) Explanation of Significant Accounts	12-29
(7) Related-Party Transactions	29-32
(8) Pledged Assets	33
(9) Significant Contingent Liabilities and Unrecognized Contract Commitments	33
(10) Significant Disaster Loss	33
(11) Significant Events after the End of the Financial Reporting Period	33
(12) Others	34
(13) Disclosure Notes	
1. Information on Material Transactions	34-38
2. Information on Reinvestment	38
3. Information on Investments in Mainland China	38
4. Information on Major Shareholders	39
(14) Segment Information	39

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, 2023 and 2022, the consolidated statements of comprehensive income for the three-month periods from July 1 to September 30, 2023 and 2022, and for the nine-month periods from January 1 to September 30, 2023 and 2022, the consolidated statements of changes in equity, and cash flows for the nine-month periods from January 1 to September 30, 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, we have not identified any issues that would lead us to believe that the accompanying consolidated financial statements do not accurately represent the Company's consolidated financial position as of September 30, 2023 and 2022, its consolidated financial performance from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, as well as its consolidated cash flows from January 1 to September 30, 2023 and 2022. These statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and "IAS 34 - Interim Financial Reporting" approved and issued by the FSC.

KPMG

CPA:

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

November 10, 2023

Notices to Readers

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Balance Sheets
September 30, 2023, December 31, 2022 and September 30, 2022

Unit: NT\$ thousand

Assets		2023.9.30		2022.12.31		2022.9.30		Liabilities and equity		2023.9.30		2022.12.31		2022.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1) and (19))	\$ 4,955,695	42	4,947,697	42	5,909,911	55	2100	Short-term loans (Note 6(9), (19) and 8)	\$ 200,000	2	485,000	4	585,000	5
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and (19))	68,564	1	63,471	1	54,251	1	2130	Current contract liabilities (Note 6(16) and 7)	2,267,335	19	1,533,575	13	1,729,678	16
1140	Current contract assets (Note 6(16) and 7)	2,741,843	23	1,881,176	16	2,022,220	19	2150	Notes payable (Note 6(19))	232,389	2	343,358	3	352,659	3
1170	Notes and accounts receivable, net (Note 6(4), (16) and (19))	1,079,372	9	1,893,905	16	1,011,983	10	2170	Accounts payable (Note 6(19))	3,990,495	34	4,391,029	37	3,710,503	35
1180	Notes and accounts receivable - related-parties, net (Note 6(16) and (19) and 7)	683,388	6	574,551	5	651,234	6	2200	Other payables (Note 6(12), (19) and 7)	276,768	2	381,350	3	284,737	3
1410	Prepayments	228,981	2	143,412	1	131,628	1	2230	Current income tax liabilities	184,751	2	270,695	3	152,412	2
1470	Other current assets	36,935	-	52,072	-	105,464	1	2300	Other current liabilities (Note 6(19))	17,120	-	11,150	-	4,808	-
1476	Other financial assets - current (Note 6(19) and 8)	1,295,029	11	1,589,810	14	199,655	2			<u>7,168,858</u>	61	<u>7,416,157</u>	63	<u>6,819,797</u>	64
		<u>11,089,807</u>	94	<u>11,146,094</u>	95	<u>10,086,346</u>	95								
Non-current assets:								Non-current liabilities:							
1550	Investments accounted for using equity method (Note 6(5))	14,792	-	14,392	-	14,103	-	2552	Warranty long-term provisions (Note 6(10))	174,260	1	183,236	2	176,591	2
1517	Financial assets measured at fair value through other comprehensive income - non-current	394,595	4	349,275	3	302,772	3	2600	Other non-current liabilities (Note 6(19))	14,305	-	12,868	-	6,869	-
	Cash and cash equivalents (Note 6(3) and (19))									<u>188,565</u>	1	<u>196,104</u>	2	<u>183,460</u>	2
1600	Property, plant and equipment (Note 6(6) and 8)	162,153	2	160,593	2	149,841	1			<u>7,357,423</u>	62	<u>7,612,261</u>	65	<u>7,003,257</u>	66
1755	Right-of-use assets(Note6(7))	24,521	-	16,611	-	5,503	-	Total liabilities							
1760	Investment property, net (Note 6(8) and 8)	48,515	-	48,689	-	48,747	1	Equity attributable to owners of the parent company (Note 6(14)):							
1780	Intangible assets	1,675	-	-	-	-	-	3110	Common stock	1,207,216	10	1,166,392	10	1,166,392	11
1840	Deferred income tax assets	38,723	-	40,683	-	39,274	-	3200	Capital surplus	518,634	5	518,540	4	518,540	4
1975	Net defined benefit assets - non-current	5,784	-	5,820	-	2,395	-	3300	Retained earnings	2,525,167	21	2,372,019	20	1,881,464	18
1980	Other non-current financial assets (Note 6(19))	2,683	-	16,535	-	3,645	-	3400	Other equity interest	174,603	2	129,294	1	82,803	1
		<u>693,441</u>	6	<u>652,598</u>	5	<u>566,280</u>	5		Total equity attributable to owners of the parent company	<u>4,425,620</u>	38	<u>4,186,245</u>	35	<u>3,649,199</u>	34
								36XX	Non-controlling interests	205	-	186	-	170	-
Total assets		\$ 11,783,248	100	11,798,692	100	10,652,626	100		Total equity	<u>4,425,825</u>	38	<u>4,186,431</u>	35	<u>3,649,369</u>	34
									Total liabilities and equity	\$ 11,783,248	100	11,798,692	100	10,652,626	100

(Please see the Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

General Manager: I-Fang Huang Chun-Ming Chen

Accounting Manager: Fang-Chia Chang

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

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

Unit: NT\$ thousand

	Jul. - Sep., 2023		Jul. - Sep., 2022		Jan. - Sep., 2023		Jan. - Sep., 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 6(11), (16) and 7)	\$ 2,995,814	100	3,806,409	100	10,217,666	100	8,809,415	100
5000 Operating costs (Note 6(12) and 12)	2,778,544	93	3,428,687	90	9,170,313	90	7,895,565	90
Gross profit from operations	217,270	7	377,722	10	1,047,353	10	913,850	10
Operating expenses:								
6200 Administrative expenses (Note 6(12), (17), 7 and 12)	74,145	3	76,441	2	237,655	2	218,648	2
Net Operating Profit	143,125	4	301,281	8	809,698	8	695,202	8
Non-operating income and expenses:								
7100 Interest income (Note 6(18))	12,159	1	2,616	-	33,403	-	9,011	-
7010 Other income (Note 6(18))	22,302	1	32,966	1	22,627	-	41,605	-
7020 Other gains and losses (Note 6(18))	302	-	(7,009)	-	5,360	-	(23,591)	-
7050 Financial costs (Note 6(18))	(512)	-	(471)	-	(3,454)	-	(1,023)	-
7060 Share of profit and loss associates and joint ventures accounted for using the equity method (Note 6(5))	233	-	(282)	-	400	-	(1,017)	-
	34,484	2	27,820	1	58,336	-	24,985	-
Net profit before tax from continuing operating department	177,609	6	329,101	9	868,034	8	720,187	8
7950 Less: Income tax expenses (Note 6(13))	31,211	1	61,309	2	190,001	2	159,974	2
Net profit	146,398	5	267,792	7	678,033	6	560,213	6
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	37,093	1	(85,188)	(2)	45,320	1	(146,429)	(1)
8300 Other comprehensive income, net	37,093	1	(85,188)	(2)	45,320	1	(146,429)	(1)
Total Comprehensive Income for the Current Period	\$ 183,491	6	182,604	5	723,353	7	413,784	5
Net profit attributable to:								
Owners of the parent company	\$ 146,392	5	267,787	7	678,025	6	560,214	6
8620 Non-controlling interests	6	-	5	-	8	-	(1)	-
	\$ 146,398	5	267,792	7	678,033	6	560,213	6
Total comprehensive income attributable to:								
Owners of the parent company	\$ 183,475	6	182,619	5	723,334	7	413,820	5
Non-controlling interests	16	-	(15)	-	19	-	(36)	-
	\$ 183,491	6	182,604	5	723,353	7	413,784	5
Earnings per share (NT\$) (Note 6(15))								
9750 Basic earnings per share (NT\$)	\$ 1.21		2.22		5.62		4.64	
9850 Diluted earnings per share (NT\$)	\$ 1.21		2.21		5.58		4.61	

(Please see the Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

General Manager: I-Fang Huang Chun-Ming Chen

Accounting Manager: Fang-Chia Chang

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to September 30, 2023 and 2022

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	income			
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	
Net 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 cash 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	
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	
Net profit	-	-	-	678,025	678,025	-	678,025	8	678,033	
Other Comprehensive Income in the Current Period	-	-	-	-	-	45,309	45,309	11	45,320	
Total Comprehensive Income for the Current Period	-	-	-	678,025	678,025	45,309	723,334	19	723,353	
Earnings appropriation and distribution:										
Legal reserve appropriated	-	-	105,077	(105,077)	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	(484,053)	(484,053)	-	(484,053)	-	(484,053)	
Stock dividends of ordinary share	40,824	-	-	(40,824)	(40,824)	-	-	-	-	
Unclaimed cash dividends after effective period	-	94	-	-	-	-	94	-	94	
Balance as of September 30, 2023	\$ 1,207,216	518,634	524,049	2,001,118	2,525,167	174,603	4,425,620	205	4,425,825	

(Please see the Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

General Manager: I-Fang Huang Chun-Ming Chen

Accounting Manager: Fang-Chia Chang

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2023 and 2022

Unit: NT\$ thousand

	<u>Jan. - Sep., 2023</u>	<u>Jan. - Sep., 2022</u>
Cash flows from operating activities:		
Net profit before tax for the period	\$ 868,034	720,187
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	26,645	11,576
Amortization expenses	220	-
Net (profit) loss on financial assets or liabilities at fair value through profit or loss	(4,925)	26,471
Interest expense	3,454	1,023
Interest income	(33,403)	(9,011)
Dividend income	(22,583)	(33,312)
Share of (gains) loss of associates and joint ventures accounted for using the equity method	(400)	1,017
Total adjustments to reconcile profit (loss)	<u>(30,992)</u>	<u>(2,236)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in Financial Assets at Fair Value through Profit or Loss	(168)	-
(Increase) Decrease in contract assets	(860,667)	136,825
Decrease (Increase) in notes and accounts receivable	814,533	(7,121)
Notes and accounts receivable - decrease (increase) in related parties	(108,837)	168,775
Increase in prepayments	(93,722)	(46,644)
Decrease(increase) in other current assets	15,137	(58,844)
Decrease in other financial assets	303,135	118,318
Decrease in net defined benefit assets - non-current	36	43
Total changes in operating assets	<u>69,447</u>	<u>311,352</u>
Total changes in operating liabilities:		
Increase in contract liabilities	733,760	1,285,021
(Decrease) increase in notes payable	(110,969)	68,768
Decrease in accounts payable	(400,534)	(431,938)
Decrease in other payables	(104,344)	(10,362)
Decrease in provisions	(8,976)	(5,035)
Decrease in other current liabilities	(200)	(11,264)
Decrease in other non-current liabilities	-	(733)
Total changes in operating liabilities	<u>108,737</u>	<u>894,457</u>
Total changes in operating assets and liabilities	<u>178,184</u>	<u>1,205,809</u>
Total adjustments	<u>147,192</u>	<u>1,203,573</u>
Cash inflow generated from operations	1,015,226	1,923,760
Interests received	35,359	8,800
Dividends received	22,583	33,312
Interest payment	(3,598)	(1,023)
Income taxes paid	(274,045)	(193,879)
Net cash flows from operating activities	<u>795,525</u>	<u>1,770,970</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(11,916)	(5,006)
Intangible assets	(458)	-
Decrease in other financial assets	3,530	11,057
Net cash outflows (inflows) from investing activities	<u>(8,844)</u>	<u>6,051</u>
Cash flows from financing activities:		
Increase in short-term loans	420,000	745,000
Decrease in short-term loans	(705,000)	(360,000)
Increase in short-term promissory notes payable	50,000	50,000
Decrease in short-term promissory notes payable	(50,000)	(50,000)
Repayment of lease principal amount	(9,630)	(1,329)
Cash dividend distribution	(484,053)	(275,693)
Net cash outflows from (used in) financing activities	<u>(778,683)</u>	<u>107,978</u>
Net increase in cash and cash equivalents	7,998	1,884,999
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	<u>\$ 4,955,695</u>	<u>5,909,911</u>

(Please see the Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

General Manager: I-Fang Huang Chun-Ming Chen

Accounting Manager: Fang-Chia Chang

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries
Notes to the Consolidated Financial Statements
From January 1 to September 30, 2023 and 2022
(Unless otherwise stated, the unit for all amounts is 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 Consolidated Company") 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 10, 2023 by the Board of Directors.

3. The Impact of Adopting Newly Released and Revised Standards and Interpretations Endorsed by the Financial Supervisory Commission

(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"

The group has adopted the newly recognized IFRSs specified above since May 23, 2023, and assessed that the application will not have a material impact on the consolidated financial statements.

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

(2) Impact of IFRSs but yet to be approved by the FSC

The Consolidated Company has assessed that the application of the above newly endorsed IFRS, effective on January 1, 2024, will not result in a material impact on the consolidated financial statements.

- Amendments to IAS 1 "Classify Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Contract Clause"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16, "Provisions for Sale and Leaseback Transactions"

**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
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
 - IAS No. 21 "Lack of Exchangeability"

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.

(2) Basis of consolidation

1. Subsidiaries Included in the Consolidated Financial Statements

Name of investment company	Subsidiaries	Nature of business	Percentage of ownership			Explanation
			2023.9.30	2022.12.31	2022.9.30	
The Company	Guangqing Electromechanical Co., Ltd (Guangqing 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 Guangqing 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) 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 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 over estimation are consistent with Note 5 to the 2022 consolidated financial statements.

Key Sources of Estimation and Assumption Uncertainty:

(1) Construction Contracts

The recognition of the profit and loss of the construction contract of the Group refers to the recognition of the revenue and the cost respectively according to the complete degree of the contractual activities and the degree of completion is measured by the completion of the contractual performance obligations.

Estimated total costs and contract items are based on the evaluation and judgment of management regarding the nature, estimated contract amounts, construction periods, engineering construction and construction methods of different constructions, which may affect the percentage of completion and the calculation of the construction profit or loss.

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

6. Explanation of Significant Accounts

Apart from the matters described in the following paragraphs, the descriptions of significant accounting items in the consolidated financial statements bear no significant difference from those adopted by the 2022 consolidated financial statements. For related information, please refer to Note 6 to the 2022 consolidated financial statements.

(1) Cash and cash equivalents

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Cash and petty cash	\$ 320	320	320
Demand deposits	27,999	323,157	1,615,020
Check deposits	796,320	1,774,896	1,704,556
Time deposits	3,109,169	2,668,508	2,260,401
Cash equivalents	<u>1,021,887</u>	<u>180,816</u>	<u>329,614</u>
Cash and cash equivalents	<u>\$ 4,955,695</u>	<u>4,947,697</u>	<u>5,909,911</u>

These cash equivalents are short-term notes expiring in October to November 2023, January to February 2023, and October 2022, respectively; the interest rate of these cash equivalents ranges from 1.27% to 1.30%, from 0.99% to 1.00%, and from 0.76% to 0.82%.

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(19).

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

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
TWSE (or TPEX) listed company stocks	<u>\$ 68,564</u>	<u>63,471</u>	<u>54,251</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\$1,731 thousand, NT\$3,715 thousand, NT\$1,731 thousand, and NT\$3,715 thousand in the periods from July 1 to September 30, 2023 and 2022, and January 1 to September 30, 2023 and 2022.

2. As of September 30, 2023, December 31, 2022 and September 30, 2022, none of the financial assets of the group has been pledged as collateral.

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

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

	2023.9.30	2022.12.31	2022.9.30
Equity instruments measured at fair value through other comprehensive income:			
Domestic TWSE (or TPEX) listed stocks - Kindom Development Co., Ltd.	\$ 387,550	341,371	295,777
Domestic TWSE (or TPEX) listed stocks - Fubon Financial C Special	1,158	1,138	1,176
Domestic non-TWSE (nor TPEX) listed stocks - Commonwealth Publishing Company	5,887	6,766	5,819
Domestic unlisted stocks - Taiwan Calcom International Computer Graphic Co., Ltd.	-	-	-
Total	\$ 394,595	349,275	302,772

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. For the equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Group from July 1 to September 30, 2023 and 2022, and January 1 to September 30, 2023 and 2022, were NT\$20,533 thousand, NT\$29,234 thousand, NT\$20,852 thousand, and NT\$29,597 thousand, respectively.
3. The group did not dispose strategic investment in the periods from January 1 to September 30, 2023 and 2022. The accumulated gains and losses in that period have not been transferred within the equity.
4. None of the financial assets of the Group has been pledged as collateral.
5. Please refer to Note 6(19) for credit risk (including impairment of debt instrument investment) and market risk information.

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

(4) Notes and accounts receivable

	2023.9.30	2022.12.31	2022.9.30
Accounts Receivable	\$ 1,086,923	1,901,456	1,019,534
Less: Loss allowance	(7,551)	(7,551)	(7,551)
	<u>\$ 1,079,372</u>	<u>1,893,905</u>	<u>1,011,983</u>

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:

	2023.9.30		
	The carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance of lifetime expected credit losses
Not past due	\$ 1,079,372	-	-
Past due 90 days and above	7,551	100%	7,551
	<u>\$ 1,086,923</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>
	2022.9.30		
	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 90 days and above	7,551	100%	7,551
	<u>\$ 1,019,534</u>		<u>7,551</u>

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

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

	Jan. - Sep., 2023	Jan. - Sep., 2022
Beginning balance (same as Ending Balance)	\$ 7,551	7,551

As of September 30, 2023, and December 31 and September 30, 2022, none of the accounts receivable of the Group have 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:

	2023.9.30	2022.12.31	2022.9.30
ReadyCom eServices Corp.	\$ 14,792	14,392	14,103

As of September 30, 2023, December 31, 2022 and September 30, 2022, none of the investments accounted for using equity method of the group has been pledged as collateral.

(6) Property, Plant and Equipment

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

	Land	Houses and buildings	Others equipment	Total
Cost or deemed cost:				
Balance as of January 1, 2023	\$ 115,630	27,635	79,287	222,552
Addition	-	-	11,916	11,916
Transfer from prepayments	-	-	6,701	6,701
Balance as of September 30, 2023	\$ 115,630	27,635	97,904	241,169
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	\$ 115,630	27,635	63,184	206,449
Depreciation and impairment losses:				
Balance as of January 1, 2023	\$ 7,000	20,972	33,987	61,959
Depreciation for the year	-	232	16,825	17,057
Balance as of September 30, 2023	\$ 7,000	21,204	50,812	79,016
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	\$ 7,000	20,894	28,714	56,608
Carrying amount:				
January 1, 2023	\$ 108,630	6,663	45,300	160,593
September 30, 2023	\$ 108,630	6,431	47,092	162,153
January 1, 2022	\$ 62,430	483	39,734	102,647
September 30, 2022	\$ 108,630	6,741	34,470	149,841

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

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

(7) Right-of-use assets

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

	<u>Land</u>	<u>Houses and buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2023	\$ 2,302	8,150	10,577	21,029
Additions	12,408	1,371	3,458	17,237
Reclassification	87	-	-	87
Balance as of September 30, 2023	<u>\$ 14,797</u>	<u>9,521</u>	<u>14,035</u>	<u>38,353</u>
Balance as of January 1, 2022	\$ -	4,546	4,925	9,471
Balance as of September 30, 2022	<u>\$ -</u>	<u>4,546</u>	<u>4,925</u>	<u>9,471</u>
Depreciation and impairment losses:				
Balance as of January 1, 2023	\$ -	616	3,802	4,418
Depreciation for the period	4,504	1,397	3,513	9,414
Balance as of September 30, 2023	<u>\$ 4,504</u>	<u>2,013</u>	<u>7,315</u>	<u>13,832</u>
Balance as of January 1, 2022	\$ -	461	2,161	2,622
Depreciation for the period	-	115	1,231	1,346
Balance as of September 30, 2022	<u>\$ -</u>	<u>576</u>	<u>3,392</u>	<u>3,968</u>
Book Value:				
January 1, 2023	<u>\$ 2,302</u>	<u>7,534</u>	<u>6,775</u>	<u>16,611</u>
September 30, 2023	<u>\$ 10,293</u>	<u>7,508</u>	<u>6,720</u>	<u>24,521</u>
January 1, 2022	<u>\$ -</u>	<u>4,085</u>	<u>2,764</u>	<u>6,849</u>
September 30, 2022	<u>\$ -</u>	<u>3,970</u>	<u>1,533</u>	<u>5,503</u>

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

(8) Investment Property

	Land, houses and buildings
Cost or deemed cost:	
Balance as of January 1, 2023	\$ 61,682
Balance as of September 30, 2023	\$ 61,682
Balance as of January 1, 2022	\$ 127,549
Transferred to inventory and property, plant and equipment	(65,867)
Balance as of September 30, 2022	\$ 61,682
Depreciation and impairment losses:	
Balance as of January 1, 2023	\$ 12,993
Depreciation for the year	174
Balance as of September 30, 2023	\$ 13,167
Balance as of January 1, 2022	\$ 25,938
Depreciation for the year	174
Transferred to inventory and property, plant and equipment	(13,177)
Balance as of September 30, 2022	\$ 12,935
Carrying amount:	
January 1, 2023	\$ 48,689
September 30, 2023	\$ 48,515
January 1, 2022	\$ 101,611
September 30, 2022	\$ 48,747

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

(9) Short-term loans

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

	2023.9.30	2022.12.31	2022.9.30
Unsecured bank loans	\$ 200,000	485,000	585,000
Unused limit	\$ 4,785,592	6,899,010	6,599,604
Interest rate interval	1.70%	1.57%~1.98%	1.33%~1.88%

For details of the Group's interest rate risk and liquidity risk, please refer to Note 6(19).

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.
and Subsidiaries (continued)**

(10) Provisions

	Jan. - Sep., 2023	Jan. - Sep., 2022
Balance of warranty provisions as of January 1	\$ 183,236	181,626
Additional provisions for the current period	6,028	10,525
Provisions used in the current period	(15,004)	(14,560)
Reversal of provisions for the current period	-	(1,000)
Balance of warranty provisions as of September 30	\$ 174,260	176,591

For the periods from January 1 to September 30, 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.

(11) Operating lease

There were no major additions of operating leases to the group's provisions in the periods from January 1 to September 30, 2023 and 2022. For relevant information, please refer to Note 6(10) to the 2022 consolidated financial statements.

(12) 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, 2022 and 2021.

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

	Jul. - Sep., 2023	Jul. - Sep., 2022	Jan. - Sep., 2023	Jan. - Sep., 2022
Operating costs	\$ 60	55	197	214
Administrative expenses	52	79	209	846
Total	\$ 112	134	406	1,060

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., 2023	Jul. - Sep., 2022	Jan. - Sep., 2023	Jan. - Sep., 2022
Operating costs	\$ 5,029	4,933	15,093	13,626
Administrative expenses	1,624	1,559	4,667	4,376
Total	\$ 6,653	6,492	19,760	18,002

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

3. Short-term compensated absences

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

	2023.9.30	2022.12.31	2022.9.30
Short-term compensated absences	\$ 10,884	11,673	11,270

(13) 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., 2023	Jul. - Sep., 2022	Jan. - Sep., 2023	Jan. - Sep., 2022
Current income tax expenses				
Accrued in current year	\$ 30,632	60,198	166,558	136,435
Surtax on unappropriated earnings	-	-	21,692	16,816
Adjustments to income tax expenses of previous period	-	(22)	(209)	(263)
	30,632	60,176	188,041	152,988
Deferred income tax expense				
Occurrence and reversal of temporary differences	579	1,133	1,960	6,986
Income tax expenses	\$ 31,211	61,309	190,001	159,974

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

(14) 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, 2023 and 2022. For relevant information, please refer to Note 6(13) to the 2022 consolidated financial statements.

1. Issuance of ordinary shares

The Company was approved by the regular meeting of shareholders on June 2, 2023 to increase capital by surplus amounted to NT\$40,824 thousand with a par value of NT\$10 per share, totaling 4,082 thousand shares. This proposed capital increase was approved by the FSC on July 3, 2023 and August 2, 2023 was set as the ex-dividend date. The relevant statutory registration procedures have been completed.

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

2. Capital surplus

Details of capital surplus was as follows:

	2023.9.30	2022.12.31	2022.9.30
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
	\$ 518,634	518,540	518,540

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

In accordance with the amended version of the Company's Articles of Association, which were resolved and approved at the shareholders' meeting on June 2, 2023, the following guidelines have been established for the allocation of the Company's earnings—First, any prior years' deficits, if applicable, are to be offset using the Company's earnings before any income taxes are paid. Of the remaining balance, 10% is to be allocated as a legal reserve, as required by applicable laws and regulations. Additionally, a special reserve is to be set aside in accordance with applicable laws and regulations. If there is any remaining balance after the above allocations, it may be distributed to the shareholders as dividends, including bonus dividends, as per the distribution plan proposed by the Board of Directors. As stated in Article 240, Paragraph 5, any surplus earnings are to be distributed in the form of cash, subject to a majority vote at a board of directors meeting attended by two-thirds of the total number of directors. A report on this distribution is to be presented at the shareholders' meeting.

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

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

the business, and to take into account the cash required for shareholders, the Company's future cash dividend ratio will be no less than 20% of the total cash and share dividends to be distributed in the current year.

(1) Legal reserve

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

(2) Earnings distribution

The 2022 and 2021 distributions of earnings were resolved at the shareholders' meetings on June 2, 2023 and 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	<u>45,309</u>
Balance as of September 30, 2023	<u>\$ 174,603</u>
Balance as of January 1, 2022	\$ 229,197
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	<u>(146,394)</u>
Balance as of September 30, 2022	<u>\$ 82,803</u>

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

(15) Earnings per Share

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

	<u>Jul. - Sep., 2023</u>	<u>Jul. - Sep., 2022</u>	<u>Jan. - Sep., 2023</u>	<u>Jan. - Sep., 2022</u>
Basic earnings per share				
Net profit attributable to ordinary equity holders of the Company	<u>\$ 146,392</u>	<u>267,787</u>	<u>678,025</u>	<u>560,214</u>
Weighted average number of ordinary shares outstanding	<u>120,722</u>	<u>120,722</u>	<u>120,722</u>	<u>120,722</u>
	<u>\$ 1.21</u>	<u>2.22</u>	<u>5.62</u>	<u>4.64</u>
Diluted earnings per share				
Net profit attributable to ordinary equity holders of the Company	<u>\$ 146,392</u>	<u>267,787</u>	<u>678,025</u>	<u>560,214</u>
Weighted average number of ordinary shares outstanding	<u>120,722</u>	<u>120,722</u>	<u>120,722</u>	<u>120,722</u>
Impact of potential ordinary shares with the dilution effect				
Influence of potentially diluted shares - employee compensation	<u>495</u>	<u>618</u>	<u>845</u>	<u>893</u>
Weighted average number of common shares outstanding (after adjusting the impact of diluting potential common shares)	<u>121,217</u>	<u>121,340</u>	<u>121,567</u>	<u>121,615</u>
	<u>\$ 1.21</u>	<u>2.21</u>	<u>5.58</u>	<u>4.61</u>

(16) Revenue from Contracts with Clients

1. Disaggregation of revenue

	<u>Jul. - Sep., 2023</u>	<u>Jul. - Sep., 2022</u>	<u>Jan. - Sep., 2023</u>	<u>Jan. - Sep., 2022</u>
Timing of revenue recognition:				
Gradually transferred constructions over time	<u>\$ 2,994,974</u>	<u>3,805,569</u>	<u>10,215,146</u>	<u>8,805,976</u>
Gradually transferred services over time	<u>840</u>	<u>840</u>	<u>2,520</u>	<u>3,439</u>
	<u>\$ 2,995,814</u>	<u>3,806,409</u>	<u>10,217,666</u>	<u>8,809,415</u>

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

2. Contract balances

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Notes and accounts receivable (including related parties)	\$ 1,770,311	2,476,007	1,670,768
Less: Loss allowance	(7,551)	(7,551)	(7,551)
Total	<u>\$ 1,762,760</u>	<u>2,468,456</u>	<u>1,663,217</u>
Contract asset - construction	\$ 2,741,843	1,881,176	2,022,220
Less: Loss allowance	-	-	-
Total	<u>\$ 2,741,843</u>	<u>1,881,176</u>	<u>2,022,220</u>
Contract liability - construction	<u>\$ 2,267,335</u>	<u>1,533,575</u>	<u>1,729,678</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 September 30, 2023 and 2022.

(17) 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 employee remunerations for the periods from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, were NT\$7,536 thousand, NT\$11,914 thousand, NT\$36,851 thousand, and NT\$30,517 thousand, respectively. The estimated director remunerations for the same periods were NT\$3,768 thousand, NT\$5,956 thousand, NT\$18,426 thousand, and NT\$15,258 thousand, respectively. These amounts were calculated by multiplying the Company's net income before tax for each period by the percentage specified in the Company's Articles of Incorporation, excluding remunerations to employees and directors. These remunerations were recorded as operating costs and 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 allocated NT\$78,402 thousand and NT\$49,810 thousand as remuneration to employees for 2022 and 2021, respectively. Additionally, NT\$28,583 thousand and NT\$19,602 thousand were allocated as remuneration to directors for the same years. It is worth noting that the actual distribution of remuneration to employees and directors in 2021 matched the estimated amounts stated in the 2021 financial report of the Company. However, there was a discrepancy of NT\$(2060 thousand) between the estimated amount and the resolved

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

remuneration for employees and directors in 2022. The Company has addressed this discrepancy by making an accounting estimate and recognizing it as a loss and profit for 2023. For more information, please refer to the MOPS.

(18) Non-operating income and expenses:

1. Interest income

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

	<u>Jul. - Sep., 2023</u>	<u>Jul. - Sep., 2022</u>	<u>Jan. - Sep., 2023</u>	<u>Jan. - Sep., 2022</u>
Bank deposits	\$ 8,875	1,697	25,022	6,842
Interest income from short bills	3,284	878	8,380	2,128
Other interest income	-	41	1	41
	<u>\$ 12,159</u>	<u>2,616</u>	<u>33,403</u>	<u>9,011</u>

2. Other income

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

	<u>Jul. - Sep., 2023</u>	<u>Jul. - Sep., 2022</u>	<u>Jan. - Sep., 2023</u>	<u>Jan. - Sep., 2022</u>
Dividend income	\$ 22,264	32,949	22,583	33,312
Rental income	3	2	9	8
Other income	35	15	35	8,285
	<u>\$ 22,302</u>	<u>32,966</u>	<u>22,627</u>	<u>41,605</u>

3. Other gains or losses

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

	<u>Jul. - Sep., 2023</u>	<u>Jul. - Sep., 2022</u>	<u>Jan. - Sep., 2023</u>	<u>Jan. - Sep., 2022</u>
Gains (or losses) on financial assets measured at fair value through profit or loss	\$ (17)	(9,889)	4,925	(26,471)
Gains on foreign exchange	319	2,880	435	2,880
	<u>\$ 302</u>	<u>(7,009)</u>	<u>5,360</u>	<u>(23,591)</u>

4. Financial costs

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

	<u>Jul. - Sep., 2023</u>	<u>Jul. - Sep., 2022</u>	<u>Jan. - Sep., 2023</u>	<u>Jan. - Sep., 2022</u>
Interest expense				
Bank loans	\$ 479	444	3,367	932
Others	33	27	87	91
	<u>\$ 512</u>	<u>471</u>	<u>3,454</u>	<u>1,023</u>

(19) 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.

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

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
September 30, 2023						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 200,000	203,037	203,037	-	-	-
Notes payable	232,389	232,389	232,389	-	-	-
Accounts payable	3,990,495	3,990,495	1,951,845	2,038,650	-	-
Other payables	276,768	276,768	276,768	-	-	-
Other current liabilities (leases liabilities)	12,838	12,969	12,969	-	-	-
Other non-current liabilities (leases liabilities)	11,514	13,197	-	8,756	537	3,904
	\$ 4,724,004	4,728,855	2,677,008	2,047,406	537	3,904
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
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
	\$ 4,938,530	4,948,758	3,109,328	1,834,936	393	4,101

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:

Securities price on the reporting date	Jan. - Sep., 2023		Jan. - Sep., 2022	
	After-tax other comprehensive income	After-tax profit or loss	After-tax other comprehensive income	After-tax profit or loss
Up by 10%	\$ 38,871	6,856	29,695	5,425
Down by 10%	\$ (38,871)	(6,856)	(29,695)	(5,425)

**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 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:

	2023.9.30				
	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	\$ 68,564	68,564	-	-	68,564
Financial Assets at Fair Value through Other Comprehensive Income	\$ 394,595	388,708	-	5,887	394,595
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	\$ 4,955,695	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,762,760	-	-	-	-
Other financial assets - current	1,295,029	-	-	-	-
Other financial assets - non-current	2,683	-	-	-	-
Subtotal	8,016,167	-	-	-	-
Total	\$ 8,479,326	457,272	-	5,887	463,159
Financial liabilities measured at amortized cost					
Short-term loans	\$ 200,000	-	-	-	-
Notes payable and accounts payable	4,222,884	-	-	-	-
Other current liabilities (leases liabilities)	12,838	-	-	-	-
Other non-current liabilities (leases liabilities)	11,514	-	-	-	-
Other payables	276,768	-	-	-	-
Total	\$ 4,724,004	-	-	-	-

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

	2022.12.31				
	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	\$ 63,471	63,471	-	-	63,471
Financial Assets at Fair Value through Other Comprehensive Income	\$ 349,275	342,509	-	6,766	349,275
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	\$ 4,947,697	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,468,456	-	-	-	-
Other financial assets - current	1,589,810	-	-	-	-
Other financial assets - non- current	16,535	-	-	-	-
Subtotal	9,022,498	-	-	-	-
Total	<u>\$ 9,435,244</u>	<u>405,980</u>	<u>-</u>	<u>6,766</u>	<u>412,746</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 485,000	-	-	-	-
Notes payable and accounts payable	4,734,387	-	-	-	-
Other current liabilities (leases liabilities)	6,668	-	-	-	-
Other non-current liabilities (leases liabilities)	10,077	-	-	-	-
Other payables	381,350	-	-	-	-
Total	<u>\$ 5,617,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2022.9.30				
	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	\$ 54,251	54,251	-	-	54,251
Financial Assets at 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	7,776,428	-	-	-	-
Total	\$ 8,133,451	351,204	-	5,819	357,023
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	\$ 4,938,530	-	-	-	-

(2) Details of changes in Level 3

	Measured at fair value through other comprehensive income
	Equity instruments without public quotes
January 1, 2023	\$ 6,766
September 30, 2023	\$ 5,887
January 1, 2022	\$ 6,633
September 30, 2022	\$ 5,819

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

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, 2023 and 2022 are as follows:

	<u>Jul. - Sep., 2023</u>	<u>Jul. - Sep., 2022</u>	<u>Jan. - Sep., 2023</u>	<u>Jan. - Sep., 2022</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")	\$ 1,465	203	(879)	(814)

(3) There was no matter of transfer between each level during the periods from January 1 to September 30, 2023 and 2022.

(20) 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.

(21) 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>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Total Liabilities	\$ 7,357,423	7,612,261	7,003,257
Less: Cash and cash equivalents	(4,955,695)	(4,947,697)	(5,909,911)
Net liabilities	2,401,728	2,664,564	1,093,346
Total Equity	4,425,825	4,186,431	3,649,369
Adjusted capital	\$ 6,827,553	6,850,995	4,742,715
Debt-to-capital ratio	35%	39%	23%

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.

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

(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 second-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>Jul. - Sep., 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	\$ 13,465,226	852,189	852,189	900,434

		<u>Jul. - Sep., 2022</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	\$ 11,816,594	525,612	525,612	537,068

		<u>Jan. - Sep., 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	\$ 13,465,226	5,040,695	1,906,024	1,967,262

		<u>Jan. - Sep., 2022</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	\$ 11,816,594	3,828,270	1,428,818	1,310,255

(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.

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

- (2) From January 1 to September 30, 2023 and 2022, the gross profit margin of the constructions contracted by the Group from non-affiliates was approximately 5.50% - 30.14% and 5.50% - 25.18%; that of the affiliates was about 2.03% - 4.63%.

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>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Notes and accounts receivable	Parent company - Kindom Development Co., Ltd.	\$ 683,388	574,551	651,234
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.	251,951	210,531	168,343
Contract assets (retention receivables)	Parent company - Kindom Development Co., Ltd.	104,516	45,572	29,951
Contract liabilities	Parent company - Kindom Development Co., Ltd.	-	-	22,206
		<u>\$ 1,039,855</u>	<u>830,915</u>	<u>871,884</u>

In 2023 and 2022, the group's collection period from related parties consisted of two payment terms: 50% due immediately and 50% due in 60 days. Additionally, in both years, one or two assessments were conducted on general cases each month. These assessments had three payment options: 100% due immediately, 100% due in 30 days, or 50% due in 30 days and the remaining 50% due in 90 days.

3. Endorsements/guarantees

On September 30, 2023, December 31 and September 30, 2022, the Group was the joint partner and joint debtor of the parent company, Kindom Development Co., Ltd., for cooperative development and construction totalling NT\$28,384 thousand.

4. Leases

For the nine-month periods ended January 1 to September 30, 2023 and 2022, the group leased the office building to the parent company, Kindom Development Co., Ltd., 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, 2023 and 2022, and January 1 to September 30, 2023 and 2022.

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

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, 2023 and 2022. The rental expenses recognized by the Group from July 1 to September 30, 2023 and 2022, and January 1 to September 30, 2023 and 2022, were NT\$1,643 thousand, NT\$1,643 thousand, NT\$4,929 thousand, and NT\$4,929 thousand, respectively.

5. Others

- (1) The Group donated a total of NT\$6,000 thousand and NT\$6,750 thousand to Kindom Yu San Education Foundation in the periods from January 1 to September 30, 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 September 30, 2023.
- (3) In 2023, the Group entered into a professional service contract with Kindom Development Co., Ltd., the parent company. The contract covered the provision of procurement, IT, administrative management, legal affairs, accounting, and funding, as well as other consulting and advisory services. The total contract price was NT\$3,000 thousand, and it was fully settled by September 30, 2023.
- (4) In December 2021, the Group entered into an information project consulting service agreement with ReadyCom Information Technology Service. The total contract price was NT\$50,000 per month. By September 30, 2023, NT\$150,000 had been paid, and the contract was terminated in 2023.

(4) Key management personnel transactions

Remuneration to major management personnel includes:

	Jul. - Sep., 2023	Jul. - Sep., 2022	Jan. - Sep., 2023	Jan. - Sep., 2022
Short-term Employee Benefits	\$ 16,038	17,255	65,214	47,342
Benefits after retirement	59	57	181	183
	\$ 16,097	17,312	65,395	47,525

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

8. Pledged Assets

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

Name of assets	Pledge guarantee object	2023.9.30	2022.12.31	2022.9.30
Other financial assets - current	Loan facilities collaterals construction guarantees and restricted assets	\$ 1,268,311	1,543,062	170,011
Property, plant, and equipment - net	Loan facilities collaterals	99,400	99,400	99,400
Net amount of investment property	Loan facilities collaterals	48,515	48,689	48,747
		<u>\$ 1,416,226</u>	<u>1,691,151</u>	<u>318,158</u>

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

1. As of September 30, 2023, December 31, 2022, and September 30, 2022, the Group's total material construction contracts amounted to NT\$54,373,819 thousand, NT\$54,327,480 thousand, and NT\$52,944,641 thousand, respectively. The payments received under these contracts were NT\$25,147,867 thousand, NT\$17,374,625 thousand, and NT\$16,378,931 thousand, respectively.
2. On September 30, 2023, December 31 and September 30, 2022, the Group issued guarantee bills totalling NT\$57,992 thousand for projects respectively.
3. On September 30, 2023, December 31 and September 30, 2022, the Group issued bank guarantees in an amount of NT\$3,294,195 thousand, NT\$4,279,154 thousand and NT\$4,455,007 thousand for project warranties, performance guarantees, and advance guarantees.
4. On September 30, 2022, the merged company had opened but not utilized a letter of credit in the amount of USD 1,894 thousand.
5. The Board of Directors approved the donation by the Group of NT\$8,000 thousand and NT\$9,000 thousand to the Kindom Yu San Education Foundation in 2023 and 2022 respectively, in support of the foundation's business promotion efforts.

10. Significant Disaster Loss: None.

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

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

12. Others

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

Function Nature	Jul. - Sep., 2023			Jul. - Sep., 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salaries and wages	\$ 139,911	40,163	180,074	152,423	46,355	198,778
Labor insurance and national health insurance	12,744	4,803	17,547	10,439	2,794	13,233
Pension expenses	5,089	1,676	6,765	4,988	1,638	6,626
Other employee benefits expenses	16,653	4,965	21,618	3,929	4,906	8,835
Depreciation expense	5,280	4,692	9,972	1,091	2,934	4,025
Depletion expenses	-	-	-	-	-	-
Amortization expenses	140	-	140	-	-	-

Function Nature	Jan. - Sep., 2023			Jan. - Sep., 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salaries and wages	\$ 445,103	145,731	590,834	408,781	138,915	547,696
Labor insurance and national health insurance	38,156	13,576	51,732	31,156	7,921	39,077
Pension expenses	15,290	4,876	20,166	13,840	5,222	19,062
Other employee benefits expenses	24,607	12,115	36,722	10,902	10,335	21,237
Depreciation expense	12,813	13,832	26,645	3,160	8,416	11,576
Depletion expenses	-	-	-	-	-	-
Amortization expenses	220	-	220	-	-	-

- (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, 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:

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

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 endorsement/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	\$ 8,851,241	14,192	14,192	14,192	-	0.32%	8,851,241	-	Y	-
1	Dingtian Construction Co., Ltd.	Kindom Development Co., Ltd.	Parent/Subsidiary Company	53,290	14,192	14,192	14,192	-	26.63%	53,290	-	Y	-
1	"	Kedge Construction Co., Ltd.	"	7,993,484	1,376,500	1,376,500	1,376,500	-	2,583.04%	15,986,968	-	Y	-

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

- (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.
and Subsidiaries (continued)**

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

Unit: NT\$ thousand

Holding company	Marketable securities type and name	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	\$ 18,233	0.10 %	18,233	
Jiequn Investment Co., Ltd.	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	563	34,202	-	34,202	
"	Shares - SinoPac Financial Holdings Co., Ltd.	-	"	229	3,984	-	3,984	
"	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	310,718	1.69 %	310,718	
"	Shares - Fubon Financial C Special	-	"	11	613	-	613	
"	Shares - Taiwan Calcom International Computer Graphic Co., Ltd.	-	"	405	-	0.78 %	-	
Guangqing Electromechanical Co., Ltd.	Shares - Kindom Development Co., Ltd.	Guangqing Electromechanical is the second-tier subsidiary of that company.	"	1,768	58,599	0.32 %	58,599	
"	Shares - Fubon Financial C Special	-	"	10	545	-	545	
"	Shares - Global Views-Commonwealth Publishing Co.	-	"	177	5,887	0.59 %	5,887	
"	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	500	30,378	-	30,378	

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.
and Subsidiaries (continued)**

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	\$ (1,857,951)	(16.68)%	Payment by installment following the contract is slightly longer than general transaction	Equivalent to other transactions	Slightly longer than normal	779,173	21.14%	

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	\$ 779,173	3.66	-	-	93,691	-

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.	Guanqing Electromechanical Co., Ltd.	1	Contract liabilities	\$ 32,804	Equivalent to general transactions	0.28%
0	"	"	1	Accounts payable	31,472	"	0.27%
0	"	"	1	Operating costs	71,376	"	0.70%
0	"	Dingtian Construction Co., Ltd.	1	Contract liabilities	19,428	"	0.16%
0	"	"	1	Accounts payable	17,209	"	0.15%
0	"	"	1	Operating costs	134,006	"	1.31%
0	"	"	1	Operating expenses	1,516	"	0.01%
1	Guanqing Electromechanical Co., Ltd.	Kedge Construction Co., Ltd.	2	Contract assets	32,804	"	0.28%
1	"	"	2	Accounts Receivable	31,472	"	0.27%
1	"	"	2	Operating revenue	71,376	"	0.70%
2	Dingtian Construction Co., Ltd.	"	2	Contract assets	19,428	"	0.16%
2	"	"	2	Accounts Receivable	17,209	"	0.15%
2	"	"	2	Operating revenue	135,522	"	1.33%

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

Note 1: Instruction for numbering:

1. The parent company is numbered 0.
2. Subsidiaries are numbered in sequence, starting with Arabic 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, 2023 is as follows:

Unit: thousand NTD/thousand shares

Name of investment company	Investee Company Name	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%	493,240	21,489	21,484	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%	244,151	9,512	9,508	"
Jiequn Investment Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	15,987	5,510	1,653	Second-tier subsidiary
Guanqing Electromechanical Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	37,303	5,510	3,857	"
Dingtian Construction Co., Ltd.	ReadyCom eServices Corp.	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,792	857	400	Investments accounted for using equity method

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. Material transactions with investee companies in Mainland China: None.

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

(4) Information on Major Shareholders:

Expressed in shares

Name of Major Shareholders	Shareholding	Shareholding (shares)	Shareholding Ratio
Kindom Development Co., Ltd.		41,268,083	34.18%
Yute Investment Co., Ltd.		10,002,332	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.