

Kedge Construction Co., Ltd. and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Review Report
for the Nine Months Ended
September 30, 2024 and 2023

The auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of the Kedge Construction Co., Ltd. and its subsidiaries (the "Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended September 30, 2024 and 2023, and nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of 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. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant 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 causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Kedge Construction Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' report are Yi-Lan Han and Gao-Yang Zang.

KPMG Taiwan

Taipei, Taiwan (Republic of China)
November 8, 2024

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

Kedge Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

September 30, 2024, December 31, 2023 and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		<u>September 30, 2024</u>		<u>December 31, 2024</u>		<u>September 30, 2023</u>						<u>September 30, 2024</u>		<u>December 31, 2024</u>		<u>September 30, 2023</u>	
Assets		Amount	%	Amount	%	Amount	%			Liabilities and equity		Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (Note 6(1) and (19))	\$ 5,114,871	42	5,262,388	42	4,955,695	42	2100		Short-term borrowings (Note 6(9), (19), and 8)	\$	320,000	3	100,000	1	200,000	2
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and (19))	106,679	1	76,900	1	68,564	1	2130		Contract liabilities - current (Note 6(16) and 7)		2,359,715	19	2,103,184	17	2,267,335	19
1140	Contract assets - current (Note 6(16) and 7)	3,550,142	29	3,403,415	27	2,741,843	23	2150		Notes payable (Note 6(19))		210,631	2	260,564	2	232,389	2
1170	Notes and accounts receivable, net (Note 6(4), (16), and (19))	1,031,769	8	940,572	7	1,079,372	9	2170		Accounts payable (Note 6(19))		4,013,843	33	4,480,323	36	3,990,495	34
1180	Notes and accounts receivable - related parties, net (Note 6(16), (19) and 7)	477,552	4	705,505	6	683,388	6	2200		Other payables (Note 6(12), (19) and 7)		273,395	2	351,347	3	276,768	2
								2230		Current income tax liabilities		4,512	-	259,824	2	184,751	2
1410	Prepayments	294,406	2	208,974	2	228,981	2	2300		Other current liabilities (Note 6(19))		13,860	-	30,772	-	17,120	-
1470	Other current assets	33,988	-	35,543	-	36,935	-										
1476	Other financial assets - current (Note 6(19) and 8)	820,306	7	1,186,304	9	1,295,029	11										
		11,429,713	93	11,819,601	94	11,089,807	94	2600		Other non-current liabilities (Note 6(19))		11,538	-	11,314	-	14,305	-
Non-current assets:										Non-current liabilities:							
1550	Investment accounted for using equity method (Note 6(5))	16,784	-	16,131	-	14,792	-			Provision for long-term liabilities under warranty (Note 6(10))		176,327	1	181,670	1	174,260	1
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note 6(3) and (19))	575,166	5	461,751	5	394,595	4										
1600	Property, plant and equipment (Note 6(6) and 8)	148,106	1	158,824	1	162,153	2	2600		Other non-current liabilities (Note 6(19))		11,538	-	11,314	-	14,305	-
1755	Right-of-use assets (Note 6(7))	21,524	-	25,398	-	24,521	-					187,865	1	192,984	1	188,565	1
1760	Investment property, net (Note 6(8) and 8)	48,283	1	48,457	-	48,515	-			Total liabilities		7,383,821	60	7,778,998	62	7,357,423	62
1780	Intangible assets	10,099	-	1,513	-	1,675	-										
1840	Deferred income tax assets (Note 6(13))	37,064	-	40,676	-	38,723	-			Equity attributable to owners of the parent company (Note 6(14)):							
1995	Other non-current assets - others	2,508	-	-	-	-	-			Common stock capital		1,231,360	10	1,207,216	10	1,207,216	10
1975	Net defined benefit assets - non-current (Note 6(12))	6,923	-	6,947	-	5,784	-	3110		Capital reserve		518,809	4	518,634	4	518,634	5
1980	Other financial assets - non-current (Note 6(19))	9,061	-	5,597	-	2,683	-	3200		Retained earnings		2,815,877	23	2,838,079	22	2,525,167	21
	Total non-current assets	875,518	7	765,294	6	693,441	6	3400		Other equity		355,134	3	241,744	2	174,603	2
	Total assets	\$ 12,305,231	100	12,584,895	100	11,783,248	100			Total equity attributable to owners of the parent company		4,921,180	40	4,805,673	38	4,425,620	38
								36XX		Non-controlling interests		230	-	224	-	205	-
										Total equity		4,921,410	40	4,805,897	38	4,425,825	38
										Total liabilities and equity		\$ 12,305,231	100	12,584,895	100	11,783,248	100

(Please refer to the attached Notes to the Consolidated Financial Statements)

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

Kedge Construction Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

For the three months and nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the three months ended September 30				For the nine months ended September 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 6(11), (16) and 7)	\$ 3,396,967	100	2,995,814	100	9,907,637	100	10,217,666	100
5000	Operating cost (Note 6(12) and 12)	3,086,583	91	2,778,544	93	9,149,667	92	9,170,313	90
	Gross operating profit	310,384	9	217,270	7	757,970	8	1,047,353	10
	Operating expenses:								
6200	Administrative expenses (Notes 6(12), (17), 7, and 12)	85,090	3	74,145	3	249,593	3	237,655	2
6450	Expected credit impairment reversal gain (Note 6(4))	-	-	-	-	(7,551)	-	-	-
		85,090	3	74,145	3	242,042	3	237,655	2
	Net operating profit	225,294	6	143,125	4	515,928	5	809,698	8
	Non-operating income and expenses:								
7100	Interest revenue (Note 6(18))	13,938	1	12,159	1	44,007	1	33,403	-
7010	Other income (Note 6(18))	24,875	1	22,302	1	30,533	-	22,627	-
7020	Other gains and losses (Note 6(18))	12,275	-	302	-	29,996	-	5,360	-
7050	Financial costs (Note 6(18))	(773)	-	(512)	-	(2,031)	-	(3,454)	-
7060	Share of profit of associates accounted for using equity method (Note 6(5))	890	-	233	-	653	-	400	-
		51,205	2	34,484	2	103,158	1	58,336	-
	Profit before income tax	276,499	8	177,609	6	619,086	6	868,034	8
7950	Less: Income tax expense (Note 6(13))	47,887	1	31,211	1	134,243	1	190,001	2
	Net income for the period	228,612	7	146,398	5	484,843	5	678,033	6
8300	Other comprehensive income:								
8310	Items not reclassified into profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(70,617)	(2)	37,093	1	113,415	1	45,320	1
8300	Other comprehensive income for the period (net amount after tax)	(70,617)	(2)	37,093	1	113,415	1	45,320	1
	Total comprehensive income for the period	\$ 157,995	5	183,491	6	598,258	6	723,353	7
	Net profit for the period attributable to:								
	Owner of the parent company	\$ 228,602	7	146,392	5	484,828	5	678,025	6
8620	Non-controlling interests	10	-	6	-	15	-	8	-
		\$ 228,612	7	146,398	5	484,843	5	678,033	6
	Total comprehensive income attributable to:								
	Owner of the parent company	\$ 158,000	5	183,475	6	598,218	6	723,334	7
	Non-controlling interests	(5)	-	16	-	40	-	19	-
		\$ 157,995	5	183,491	6	598,258	6	723,353	7
	Earnings per share (NTD) (Note 6(15))								
9750	Basic earnings per share (NTD)	\$ 1.86		1.19		3.94		5.51	
9850	Diluted earnings per share (NTD)	\$ 1.85		1.18		3.92		5.47	

(Please refer to the attached Notes to the Consolidated Financial Statements)

Reviewed only, not audited in accordance with the generally accepted auditing standard

Kedge Construction Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

September 30, 2024, and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent company					Other equity		Non-controlling interests	Total equity
	Share capital		Retained earnings			Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total equity attributable to owners of the parent company		
	Common stock capital	Capital reserve	Legal reserve	Undistributed earnings	Total				
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 for the period	-	-	-	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 period	-	-	-	678,025	678,025	45,309	723,334	19	723,353
Appropriation and distribution of earnings:									
Provision for legal reserve	-	-	105,077	(105,077)	-	-	-	-	-
Common stock cash dividends	-	-	-	(484,053)	(484,053)	-	(484,053)	-	(484,053)
Common stock dividends	40,824	-	-	(40,824)	(40,824)	-	-	-	-
Overdue cash dividends	-	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
Balance as of January 1, 2024	\$ 1,207,216	518,634	524,049	2,314,030	2,838,079	241,744	4,805,673	224	4,805,897
Profit for the period	-	-	-	484,828	484,828	-	484,828	15	484,843
Other comprehensive income in the current period	-	-	-	-	-	113,390	113,390	25	113,415
Total comprehensive income for the period	-	-	-	484,828	484,828	113,390	598,218	40	598,258
Appropriation and distribution of earnings:									
Provision for legal reserve	-	-	99,094	(99,094)	-	-	-	-	-
Common stock cash dividends	-	-	-	(482,886)	(482,886)	-	(482,886)	-	(482,886)
Common stock dividends	24,144	-	-	(24,144)	(24,144)	-	-	-	-
Difference between the equity price and book value of the subsidiary's equity actually acquired or disposed of	-	34	-	-	-	-	34	(34)	-
Overdue cash dividends	-	141	-	-	-	-	141	-	141
Balance as of September 30, 2024	\$ 1,231,360	518,809	623,143	2,192,734	2,815,877	355,134	4,921,180	230	4,921,410

(Please refer to the attached Notes to the Consolidated Financial Statements)

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

Kedge Construction Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows

For The Nine Months Ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2024	2023
Cash flow from operating activities:		
Profit before tax for the current period	\$ 619,086	868,034
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	32,289	26,645
Amortization expense	2,243	220
Reversal gain of expected credit impairment	(7,551)	-
Net gains from financial assets and liabilities mandatorily measured at fair value through profit or loss	(29,779)	(4,925)
Interest expense	2,031	3,454
Interest revenue	(44,007)	(33,403)
Dividend income	(24,542)	(22,583)
Share of profit of associates accounted for using the equity method	(653)	(400)
Total income and expense	(69,969)	(30,992)
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Increase of financial assets measured at fair value through profit or loss	-	(168)
Increase of contract assets	(146,727)	(860,667)
Decrease (increase) of notes and accounts receivable	(83,646)	814,533
Decrease (increase) of notes and accounts receivable - related parties	227,953	(108,837)
Increase in prepayments	(92,982)	(93,722)
Decrease of other current assets	1,555	15,137
Decrease in other financial assets	365,393	303,135
Increase in other non-current assets - others	(2,508)	-
Decrease of net defined benefit assets - non-current	24	36
Total net changes in assets related to operating activities	269,062	69,447
Net changes in liabilities related to operating activities:		
Increase in contract liabilities	256,531	733,760
Decrease in notes payable	(49,933)	(110,969)
Decrease in accounts payable	(466,480)	(400,534)
Decrease in other payables	(81,622)	(104,344)
Decrease in provisions	(5,343)	(8,976)
Decrease in other current liabilities	(14,104)	(200)
Total net changes in liabilities related to operating activities	(360,951)	108,737
Total net changes in assets and liabilities related to operating activities	(91,889)	178,184
Total adjustment items	(161,858)	147,192
Cash inflow from operations	457,228	1,015,226
Interest received	44,209	35,359
Dividends received	24,542	22,583
Interest paid	(1,967)	(3,598)
Income tax paid	(385,943)	(274,045)
Net cash inflow from operating activities	138,069	795,525
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(4,564)	(11,916)
Acquisition of intangible assets	(4,403)	(458)
Decrease (increase) of other financial assets	(3,061)	3,530
Net cash outflow from investing activities	(12,028)	(8,844)
Cash flow from financing activities:		
Increase in short-term borrowings	520,000	420,000
Decrease in short-term borrowings	(300,000)	(705,000)
Increase in short-term bills payable	175,000	50,000
Decrease in short-term bills payable	(175,000)	(50,000)
Lease principal repayment	(10,672)	(9,630)
Distribution of cash dividends	(482,886)	(484,053)
Net cash outflow from financing activities	(273,558)	(778,683)
Increase (decrease) in cash and cash equivalents for the current period	(147,517)	7,998
Opening balance of cash and cash equivalents	5,262,388	4,947,697
Closing balance of cash and cash equivalents	\$ 5,114,871	4,955,695

(Please refer to the attached Notes to the Consolidated Financial Statements)

Reviewed only, not audited in accordance with the generally accepted auditing standards

Kedge Construction Co., Ltd. and Subsidiaries

Notes to the consolidated financial statements

September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company history

Kedge Construction Co. (hereinafter referred to as the “Company”) was established on April 13, 1982 with the approval of the Ministry of Economic Affairs. Its registered address is 6F., No. 131, Section 3, Heping East Road, Daan District, Taipei City, Taiwan. The Company and its subsidiaries (hereinafter referred to as the “consolidated company”) mainly focus on integrated construction and development and rental of housing and buildings.

II. Date and procedure for approving the financial statements

This consolidated financial statement was approved by the Board of Directors on November 8, 2024.

III. Application of new and revised standards and interpretations

(I) The impact of the adoption of the new and revised standards and interpretations approved by the Financial Supervisory Commission

The consolidated company began to apply the following newly amended IFRSs on January 1, 2024, and there was no significant impact on the consolidated financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(II) Impacts of not adopting the IFRS recognized by the FSC

The consolidated company has assessed that the application of the following newly amended IFRSs effective from January 1, 2025 will not cause significant impact on the consolidated financial statements.

- Amendments to IAS 21 “Lack of Exchangeability”

(III) New and revised standards and interpretations not yet approved by the FSC

The standards and interpretations that have been issued and amended by the IASB but have not yet been approved by the FSC may be relevant to the consolidated company as follows:

New or amended standards	Major amendments	Effective date of IASB's announcement
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three types of income and expense, two income statement subtotals, and a single note on management's	January 1, 2027

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

New or amended standards	Major amendments	Effective date of IASB's announcement
	performance measurement. These three amendments and enhanced guidance on how information are divided into financial statements have laid the foundation for better and more consistent information provided to users, and will affect all companies.	
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>·More structured income statement: Under existing standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a newly defined subtotal of “operating income,” and stipulates that all income, expenses and losses are classified into three new different categories based on the company's main operating activities.</p> <p>·Management Performance Measurement (MPM): The new standard introduces the definition of MPM, and requires companies to explain why each measurement could provide useful information, and how the indicators are calculated and adjusted with the amounts recognized in accordance with the IFRSs.</p> <p>• Detailed information: The new standard includes guidance on how to strengthen the grouping of information in the financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in notes.</p>	January 1, 2027

The consolidated company is currently evaluating the impact of the above standards and interpretations on the financial position and operating results of the consolidated company. The relevant impact will be disclosed when the evaluation is completed.

The consolidated company expects the following other new and amendments to standards that have not yet been approved to have no significant 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”

Amendments to IFRS 17 “Insurance Contracts” and IFRS 17

Kedge Construction Co., Ltd. and subsidiaries

Notes to the consolidated financial statements (Continued)

- IFRS 19 “Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards

IV. Summary of significant accounting policies

(I) Declaration of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations”) and IAS No. 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. This consolidated financial statement does not include all necessary information to be disclosed in the entire annual financial statements prepared in accordance with the IFRS, IAS, interpretations and interpretation announcements approved and issued by the FSC (hereinafter referred to as “IFRS approved by the FSC”).

Except for the following, the significant accounting policies adopted in this consolidated financial statement are the same as those in the 2023 consolidated financial statements. For relevant information, please refer to Note 4 to the 2023 consolidated financial statements.

(II) Basis for consolidation

1. Subsidiaries included in the consolidated financial statements

Name of Investment Company	Name of subsidiary	Nature of business	Percentage of equity held			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)(Not e)	Electrical Appliance Installation and Fire Safety Equipment Installation Engineering	99.97%	99.96%	99.96%	Subsidiary which directly holds more than 50% of the total number of issued shares with voting rights
The Company	Jiequn Investment Co., Ltd. (Jiequn Investment)	General investment	99.98%	99.98%	99.98%	Subsidiary which directly holds more than 50% of the total number of issued shares with voting rights
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Construction Co., Ltd. (Dingtian Construction)	Comprehensive Construction Activities, etc.	100.00%	100.00%	100.00%	Subsidiary in which the Company indirectly holds more than 50% of the voting rights

Note: The Company had acquired 1,000 shares of Kuan Ching Electromechanical as a gift in January 2024 from a non-related party.

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

(III) Classification criteria for current and non-current assets and liabilities

The consolidated company’s assets that meet one of the following conditions are classified as current assets; assets other than current assets are classified as non-current assets:

1. The asset is expected to be realized, or intended to be sold or consumed in its normal business cycle;
2. The asset is held mainly for the purpose of trading;
3. The asset is realized within 12 months after the reporting period; or

Kedge Construction Co., Ltd. and subsidiaries

Notes to the consolidated financial statements (Continued)

4. The asset is cash or cash equivalents (as defined by IAS 7), unless the exchange of the asset or its use to settle a liability at least twelve months after the reporting period are restricted.

The consolidated company's liabilities that meet one of the following conditions are classified as current liabilities, and all liabilities other than current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal business cycle;
2. The liability is held mainly for the purpose of trading;
3. The liability will be settled within twelve months after the reporting period; or
4. At the end of the reporting period, the consolidated company does not have the right to defer the settlement of the liability for at least 12 months after the reporting period.

(IV) Employee benefits

The interim pension of defined benefit plan is calculated in accordance with the actuarial pension cost rate on the reporting date of the previous year, from the beginning of the year to the end of the current period. The plan is adjusted accordingly to major market fluctuation and major shrinkage, repayment or other major one-time events after the reporting date.

(V) Income tax

The consolidated company measured and disclosed the interim income tax expense in accordance with International Accounting Standard No. 34 "Interim Financial Report" Paragraph B12.

Income tax expense is measured by multiplying the net profit before tax during the interim reporting period by the management's best estimate of the average effective tax rate for the year, and fully recognized as current income tax expense.

V. Major accounting judgments, estimates, and major sources of uncertainty for assumptions

When the management prepares these consolidated financial statements in accordance with the preparation standards and IAS No. 34 "Interim Financial Reporting" approved by the FSC, the management must make judgments, estimates and assumptions about the application of accounting policies and the effects of the reported amounts of the Company's assets, liabilities, revenues and expenses. Actual results may differ from estimates.

In preparing the consolidated financial statements, the significant judgments made by the management in adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with Note 5 to the 2023 consolidated financial statements.

Main sources of uncertainty in estimates and assumptions:

(I) Construction contracts

The recognition of income and cost of construction contract construction profit and loss is based on the degree of completion of the contract activities. The consolidated company measures the degree of completion based on the completion of the performance obligation stated in the contract.

Since the estimated total cost and contract items are based on the evaluation and judgment of the management based on the nature, expected contract amount, construction duration,

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Notes to the consolidated financial statements (Continued)

engineering implementation and construction methods of different projects, they may affect the calculation of the percentage of completion and project profit and loss.

VI. Description of important accounting items

Except for the following, there is no material difference between the descriptions of the major accounting items in the consolidated financial statements and the consolidated financial statements of 2023. For relevant information, please refer to Note 6 of the consolidated financial statements of 2023.

(I) Cash and cash equivalent

	September 30, 2024	December 31, 2023	September 30, 2023
Cash and petty cash	\$ 320	320	320
Demand deposits	281,247	234,808	27,999
Check deposits	1,059,217	662,477	796,320
Time deposit	3,150,000	3,008,789	3,109,169
Cash equivalents	624,087	1,355,994	1,021,887
Cash and cash equivalents	<u>\$ 5,114,871</u>	<u>5,262,388</u>	<u>4,955,695</u>

The cash equivalents referred to above are short-term bills with maturity intervals of October and November 2024, January and March 2024, and October and November 2023, and the interest rate intervals of which are 1.40% - 1.41%, 1.30% - 1.36%, and 1.27% - 1.30%, respectively.

For the interest rate risk and sensitivity analysis disclosure of the consolidated company's financial assets and liabilities, please refer to Note 6(19).

(II) Financial assets measured at fair value through profit or loss

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Listed (OTC) company stocks	<u>\$ 106,679</u>	<u>76,900</u>	<u>68,564</u>

1. The dividend income from the consolidated company's equity instrument investment specified above as mandatorily measured at fair value through profit or loss recognized for the three and nine months ended September 30, 2024 and 2023 was \$ 2,965 thousand, \$ 1,731 thousand, \$ 2,965 thousand, and \$ 1,731 thousand, respectively.
2. The consolidated company's financial assets were not provided as collateral on September 30, 2024, December 31, 2023, and September 30, 2023.

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Notes to the consolidated financial statements (Continued)

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

	September 30, 2024	December 31, 2023	September 30, 2023
Equity instruments measured at fair value through other comprehensive income:			
Domestic listed (OTC) company stock - Kindom Development Co., Ltd.	\$ 568,172	454,187	387,550
Stock of domestic (OTC) listed companies - Fubon Financial Preferred Shares C (FBFHCPSC)	1,080	1,136	1,158
Stock of domestic (OTC) listed companies - Global Views Commonwealth Publishing Group	5,914	6,428	5,887
Stock of domestic (OTC) listed companies - Taiwan Calcom International Computer Graphic Co., Ltd.	-		
Total	<u>\$ 575,166</u>	<u>461,751</u>	<u>394,595</u>

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

The investments in these equity instruments held by the consolidated company are long-term strategic investments and are not held for trading purposes, and therefore have been designated to be measured at fair value through other comprehensive income.

2. The dividend income from the consolidated company's equity instrument investment specified above as measured at fair value through other comprehensive income recognized for the three and nine months ended September 30, 2024 and 2023 was \$ 21,081 thousand, \$ 20,533 thousand, \$ 21,577 thousand, and \$ 20,852 thousand, respectively.

3. The consolidated company did not dispose of the strategic investment from January 1 to September 30, 2024 and 2023, and the accumulated gain or loss during that period was not transferred within the equity.

4. None of the financial assets of the consolidated company has been provided as a collateral guarantee.

5. For information on credit risk (including impairment of debt instrument investment) and market risk, please refer to Note 6(19).

(IV) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 1,031,769	948,123	1,086,923
Less: Loss allowance	-	(7,551)	(7,551)
	<u>\$ 1,031,769</u>	<u>940,572</u>	<u>1,079,372</u>

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

The consolidated company estimates the expected credit losses using the simplified method for all notes and accounts receivable, that is, using the expected credit losses of the duration for measurement. For the objective of such measurement, the consolidated company considers the past default records of the customers and the present financial position, industrial economic conditions and future outlook. The expected credit loss of the consolidated company's notes and accounts receivable is analyzed as follows:

September 30,2024			
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not past due	\$ 1,031,769	-	-
Overdue for more than 90 days	-	%	-
	<u>\$ 1,031,769</u>		<u>-</u>
December 31,2023			
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not past due	\$ 940,572	-	-
Overdue for more than 90 days	7,551	100%	7,551
	<u>\$ 948,123</u>		<u>7,551</u>
September 30,2023			
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not past due	\$ 1,079,372	-	-
Overdue for more than 90 days	7,551	100%	7,551
	<u>\$ 1,086,923</u>		<u>7,551</u>

The changes in the allowance for notes and accounts receivable of the consolidated company are as follows:

	January to September 2024	January to September 2023
Opening balance	\$ 7,551	7,551
Reversal of impairment loss	(7,551)	-
Closing balance	<u>\$ -</u>	<u>7,551</u>

The consolidated company's accounts receivable were not provided as collateral on September 30, 2024, December 31, 2023, and September 30, 2023.

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Notes to the consolidated financial statements (Continued)

(V) Investment under equity method

The consolidated company's investment under equity method on the reporting date is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Readycom Information Services Co., Ltd.	\$ 16,784	16,131	14,792

As of September 30, 2024, December 31, 2023, and September 30, 2023, the consolidated company's all investments under the equity method were not provided as collateral.

(VI) Property, plant and equipment

Changes in the cost, depreciation and impairment loss of the property, plant and equipment of the consolidated company are as follows:

	Land	Buildings	Transportation equipment	Other equipment	Total
Cost or recognized cost:					
Balance as of January 1, 2024	\$ 115,630	27,635	-	101,152	244,417
Addition	-	-	720	7,591	8,311
Reclassification	-	-	-	1,124	1,124
Balance as of September 30, 2024	<u>\$ 115,630</u>	<u>27,635</u>	<u>720</u>	<u>109,867</u>	<u>253,852</u>
Balance as of January 1, 2023	\$ 115,630	27,635	-	79,287	222,552
Addition	-	-	-	11,916	11,916
Reclassified from prepayments	-	-	-	6,701	6,701
Balance as of September 30, 2023	<u>\$ 115,630</u>	<u>27,635</u>	<u>-</u>	<u>97,904</u>	<u>241,169</u>
Depreciation and impairment loss:					
Balance as of January 1, 2024	\$ 7,000	21,282	-	57,311	85,593
Current depreciation	-	232	80	19,841	20,153
Balance as of September 30, 2024	<u>\$ 7,000</u>	<u>21,514</u>	<u>80</u>	<u>77,152</u>	<u>105,746</u>
Balance as of January 1, 2023	\$ 7,000	20,972	-	33,987	61,959
Current depreciation	-	232	-	16,825	17,057
Balance as of September 30, 2023	<u>\$ 7,000</u>	<u>21,204</u>	<u>-</u>	<u>50,812</u>	<u>79,016</u>
Carrying amount:					
January 1, 2024	<u>\$ 108,630</u>	<u>6,353</u>	<u>-</u>	<u>43,841</u>	<u>158,824</u>
September 30, 2024	<u>\$ 108,630</u>	<u>6,121</u>	<u>640</u>	<u>32,715</u>	<u>148,106</u>
January 1, 2023	<u>\$ 108,630</u>	<u>6,663</u>	<u>-</u>	<u>45,300</u>	<u>160,593</u>
September 30, 2023	<u>\$ 108,630</u>	<u>6,431</u>	<u>-</u>	<u>47,092</u>	<u>162,153</u>

Please refer to the consolidated company's property, plant and equipment as guarantee for the financing amount on September 30, 2024, December 31, 2023, and September 30, 2023, respectively. Please refer to Note 8.

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

(VII) Right-of-use assets

The details of changes in the cost and depreciation of the land, buildings and transportation equipment leased by the consolidated company are as follows:

	Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2024	\$ 17,965	10,147	11,549	39,661
Addition	599	3,763	3,726	8,088
Transferred out - lease expiry	(5,190)	(888)	(2,496)	(8,574)
Balance as of September 30, 2024	<u>\$ 13,374</u>	<u>13,022</u>	<u>12,779</u>	<u>39,175</u>
Balance as of January 1, 2023	\$ 2,302	8,150	10,577	21,029
Addition	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>
Depreciation and impairment loss of right-of-use assets:				
Balance as of January 1, 2024	\$ 6,979	2,592	4,692	14,263
Current depreciation	6,099	2,458	3,405	11,962
Transferred out - lease expiry	(5,190)	(888)	(2,496)	(8,574)
Balance as of September 30, 2024	<u>\$ 7,888</u>	<u>4,162</u>	<u>5,601</u>	<u>17,651</u>
Balance as of January 1, 2023	\$ -	616	3,802	4,418
Current depreciation	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>
Book value:				
January 1, 2024	<u>\$ 10,986</u>	<u>7,555</u>	<u>6,857</u>	<u>25,398</u>
September 30, 2024	<u>\$ 5,486</u>	<u>8,860</u>	<u>7,178</u>	<u>21,524</u>
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>

(VIII) Investment property

	Land and buildings
Cost or recognized cost:	
Balance as of January 1, 2024	\$ 61,682
Balance as of September 30, 2024	<u>\$ 61,682</u>
Balance as of January 1, 2023	\$ 61,682
Balance as of September 30, 2023	<u>\$ 61,682</u>
Depreciation and impairment loss:	
Balance as of January 1, 2024	\$ 13,225
Current depreciation	174
Balance as of September 30, 2024	<u>\$ 13,399</u>
Balance as of January 1, 2023	\$ 12,993
Current depreciation	174
Balance as of September 30, 2023	<u>\$ 13,167</u>
Carrying amount:	
January 1, 2024	<u>\$ 48,457</u>

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

	Land and buildings
September 30, 2024	<u>\$ 48,283</u>
January 1, 2023	<u>\$ 48,689</u>
September 30, 2023	<u>\$ 48,515</u>

There is no significant difference between the fair value of the investment property of the consolidated company and the information disclosed in Note 6(8) to the 2023 consolidated financial statements.

Please refer to Note 8 for the consolidated company's investment property provided as guarantee for the financing amount on September 30, 2024, December 31, 2023, and September 30, 2023.

(IX) Short-term loans

The short-term borrowings of the consolidated company are detailed as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank borrowings	<u>\$ 320,000</u>	<u>100,000</u>	<u>200,000</u>
Unused credit limit	<u>\$ 5,787,880</u>	<u>4,695,523</u>	<u>4,785,592</u>
Interest rate range	<u>1.79%~2.38%</u>	<u>1.70%</u>	<u>1.70%</u>

Please refer to Note 6(19) for the information on the consolidated company's interest rate and liquidity risk exposure.

For the consolidated company's assets pledged as collateral for bank loans, please refer to Note 8.

(X) Provisions

	January to September 2024	January to September 2023
Balance of warranty reserve on January 1	\$ 181,670	183,236
Liability reserve increased in the current period	14,244	6,028
Liability reserve used in the current period	(19,587)	(15,004)
Balance of warranty reserve on September 30	<u>\$ 176,327</u>	<u>174,260</u>

The consolidated company's warranty provision for the nine months ended September 30, 2024 and 2023 is mainly related to the contracting of projects. The warranty provision is estimated based on the historical warranty data of various projects. The consolidated company expects the liabilities to be incurred in more than one year after the inspection and acceptance of the project.

(XI) Operating lease

The consolidated company did not have any significant new operating lease contracts during the period from January 1 to September 30, 2024 and 2023. For relevant information, please refer to Note 6(11) to the 2023 consolidated financial statements.

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

(XII) Employee benefits

1. Defined benefit plan

Since there was no significant market fluctuation, significant curtailment, settlement or other major one-time events after the end of the previous fiscal year, the consolidated company adopted the actuarial pension decision on December 31, 2023 and 2022 for the cost measurement and pension cost disclosed in the interim period.

The details of expenses recognized by the consolidated company as follows:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Operating cost	\$ 48	60	168	197
Administrative	32	52	153	209
expenses				
Total	\$ 80	112	321	406

2. Defined contribution plan

The pension expenses under the consolidated company's defined contribution plan are as follows, which have been appropriated to the Bureau of Labor Insurance:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Operating cost	\$ 5,097	5,029	14,595	15,093
Administrative	1,690	1,624	5,061	4,667
expenses				
Total	\$ 6,787	6,653	19,656	19,760

3. Liabilities for short-term paid leave

The consolidated company's employee benefit liabilities are detailed as follows:

	September 30,2024	December 31,2023	September 30,2023
Short-term paid leave of absence	\$ 7,607	12,607	10,884

(XIII) Income tax

Income tax expense is measured by multiplying the net profit before tax during the interim reporting period by the management's best estimate of the annual effective tax rate.

1. The details of income tax expenses of the consolidated company are as follows:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Current income tax expense				
Occurred in the current period	\$ 47,324	30,632	109,353	166,558
Imposition on undistributed earnings	-	-	21,468	21,692
Adjustment of the current income tax of the previous period	-	-	(190)	(209)
	47,324	30,632	130,631	188,041

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Deferred income tax expense				
Occurrence and reversal of temporary difference	563	579	3,612	1,960
Income tax expense	<u>\$ 47,887</u>	<u>31,211</u>	<u>134,243</u>	<u>190,001</u>

2. The income tax returns of the consolidated company's profit-seeking business have been audited by the tax authorities up to 2022.

(XIV) Capital and other equity

Except for the following, there were no significant changes in the capital and other equity of the consolidated company during the nine months ended September 30, 2024 and 2023. For relevant information, please refer to the 2023 consolidated financial statements Note 6(14).

1. Issuance of common shares

On May 29, 2024, the general shareholders' meeting resolved to increase capital by \$ 24,144 thousand from earnings at \$ 10 per share, or 2,414 thousand shares. Approved by the Financial Supervisory Commission, Executive Yuan on June 26, 2024, with August 4, 2024 as the ex-rights record date. The relevant statutory registration procedures have been completed.

2. Capital reserve

The balance of the Company's capital reserves is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Issued stock premium	\$ 383,109	383,109	383,109
Premium of corporate bond conversion	130,766	130,766	130,766
Changes in net equity of affiliates and joint ventures recognized under the equity method	2,602	2,568	2,568
Overdue dividends received	895	754	754
Others	1,437	1,437	1,437
	<u>\$ 518,809</u>	<u>518,634</u>	<u>518,634</u>

Pursuant to the Company Act, capital reserves shall be first used to make up for losses before issuing new shares or cash based on realized capital reserve according to the original shareholding ratio. The realized capital reserve mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve for capitalization each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

According to the Articles of Incorporation amended by the resolution of the Company's

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Notes to the consolidated financial statements (Continued)

shareholders' meeting on June 2, 2023, if there is earnings at the end of each year, in addition to withholding tax paid in accordance with the law, it shall first be used to offset the losses of previous years, followed by 10% is the legal reserve and is set aside or reversed as special reserve according to laws and regulations. If there is any surplus, the board of directors shall prepare an earnings appropriation proposal. If this earnings distribution is in the form of cash, the Board of Directors shall be authorized to submit a proposal pursuant to Paragraph 5 of Article 240 of the Company Act with the attendance of at least two-thirds of the total number of directors, and approval by a majority of the total number of directors present at the meeting, and the matter to be reported to the shareholders meeting.

The Company will contract large-scale projects and strive for growth and innovation. To continue expanding the appropriate amount of capital to meet the business's needs and take into account the shareholders' demand for cash, the Company's future cash dividend rate will be based on 20% of the total cash and stock dividends proposed to be distributed for the current fiscal year as the lower limit.

(1) Legal reserve

When the Company has no losses, the shareholders' meeting may resolve to issue new shares or cash from the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

(2) Earnings distribution

On March 12, 2024, the Board of Directors resolved the amount of cash dividends for the 2023 earnings appropriation proposal; the shareholders' meeting, on May 29, 2024, approved by resolution the stock dividends for the 2023 earnings appropriation proposal. The 2022 earnings appropriation proposal was resolved in the shareholders' meeting on June 2, 2023. The amount of dividends distributed to shareholders is as follows:

	2023		2022	
	Stock dividend rate (\$)	Amount	Stock dividend rate (\$)	Amount
Dividends distributed to common stock shareholders:				
Cash	\$ 4.00	482,886	4.15	484,053
Stocks	0.20	24,144	0.35	40,824
Total		<u>\$ 507,030</u>		<u>524,877</u>

4. Other equity (net amount after tax)

	Unrealized gains or losses on financial assets at fair value through other comprehensive income
Balance as of January 1, 2024	\$ 241,744
Unrealized valuation profit or loss on financial assets measured at fair value through	<u>113,390</u>

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

	Unrealized gains or losses on financial assets at fair value through other comprehensive income
other comprehensive income	
Balance as of September 30, 2024	\$ 355,134
Balance as of January 1, 2023	\$ 129,294
Unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income	45,309
Balance as of September 30, 2023	\$ 174,603

(XV) Earnings per share

Calculations of the Company's basic earnings per share and diluted earnings per share are as follows:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Basic earnings per share				
Net profit attributable to the Company's common stock shareholders	\$ 228,602	146,392	484,828	678,025
Weighted average outstanding common stock	123,136	123,136	123,136	123,136
	\$ 1.86	1.19	3.94	5.51
Diluted earnings per share				
Net profit attributable to the Company's common stock shareholders	\$ 228,602	146,392	484,828	678,025
Weighted average outstanding common stock	123,136	123,136	123,136	123,136
Effect of potentially dilutive ordinary shares				
Effect of employee stock compensation	352	495	605	845
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	123,488	123,631	123,741	123,981
	\$ 1.85	1.18	3.92	5.47

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Notes to the consolidated financial statements (Continued)

(XVI) Revenue from customer contracts

1. Breakdown of revenue

		July to September 2024	July to September 2023	January to September 2024	January to September 2023
Timing of revenue recognition:					
Construction transferred over time	\$	3,396,127	2,994,974	9,904,559	10,215,146
Services gradually transferred over time		840	840	3,078	2,520
	\$	3,396,967	2,995,814	9,907,637	10,217,666

2. Contract balance

		September 30, 2024	December 31, 2023	September 30, 2023
Notes and accounts receivable (including related party)	\$	1,509,321	1,653,628	1,770,311
Less: Loss allowance		-	(7,551)	(7,551)
Total	\$	1,509,321	1,646,077	1,762,760
Contract assets- construction project	\$	3,550,142	3,403,415	2,741,843
Less: Loss allowance		-	-	-
Total	\$	3,550,142	3,403,415	2,741,843
Contract liabilities- construction project	\$	2,359,715	2,103,184	2,267,335

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

Changes in contract assets and contract liabilities are mainly due to the difference between the time when the consolidated company transfers goods or services to customers to meet the performance obligation and the time when the customer makes payment. There was no other significant change for the nine months ended September 30, 2024 and 2023.

(XVII) Remuneration to employees and directors

According to the Articles of Incorporation of the Company, if there is profit in the year, no less than 0.5% of the profit shall be appropriated as employee's remuneration and no more than 2% as director's remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to offset the losses.

The Company's estimated employees remuneration for the three and nine months ended

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Notes to the consolidated financial statements (Continued)

September 30, 2024 and 2023 were \$ 11,716 thousand, \$ 7,536 thousand, \$ 26,124 thousand, and \$ 36,851 thousand, respectively, and the estimated directors remuneration were \$ 5,858 thousand, \$ 3,768 thousand, \$ 13,062 thousand, and \$ 18,426 thousand, respectively. The estimate is based on the net income before tax of each period deducting the remuneration of employees and directors, and multiplied by the distribution percentage of the remuneration of employees and directors as stipulated in the Articles of Incorporation of the Company, and is reported as operating costs and operating expenses for the period. If there is a discrepancy between the actual distributed amount and the estimated figure in the following year, it shall be treated as a change in accounting estimates and recognized as profit or loss of the following year.

For 2023 and 2022, the Company provided \$ 86,063 thousand and \$ 78,402 thousand, respectively, as remuneration to employees and \$ 27,319 thousand and \$ 28,583 thousand, respectively, as remuneration to directors. There is no discrepancy between the 2023 amounts resolved by the Board of Directors and the amounts estimated in the Company's 2023 parent company only financial statement; the difference between the 2022 actual distribution of employee remuneration and the estimated amount in the 2022 financial statement was (\$ 2,060) thousand. The Company treated it as a change in accounting estimates and recognized the difference as the profit or loss in 2023. Please visit the Market Observation Post System (MOPS) for relevant information.

(XVIII) Non-operating income and expenses

1. Interest revenue

The interest income of the consolidated company is detailed as follows:

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Bank deposits	\$ 11,140	8,875	35,054	25,022
Short-term bill	2,798	3,284	8,951	8,380
interest income				
Other interest	-	-	2	1
income				
	<u>\$ 13,938</u>	<u>12,159</u>	<u>44,007</u>	<u>33,403</u>

2. Other income

The consolidated company's other income is detailed as follows:

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Dividend income	\$ 24,046	22,264	24,542	22,583
Rental income	-	3	-	9
Other income	829	35	5,991	35
	<u>\$ 24,875</u>	<u>22,302</u>	<u>30,533</u>	<u>22,627</u>

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

3. Other gains and losses

The consolidated company's other gains and losses are detailed as follows:

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Gain (loss) on financial assets at fair value through profit or loss	\$ 12,275	(17)	29,779	4,925
Foreign exchange gains	-	319	217	435
	<u>\$ 12,275</u>	<u>302</u>	<u>29,996</u>	<u>5,360</u>

4. Financial costs

The consolidated company's financial costs are detailed as follows:

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Interest expense				
Bank borrowings	\$ 741	479	1,933	3,367
Other	32	33	98	87
	<u>\$ 773</u>	<u>512</u>	<u>2,031</u>	<u>3,454</u>

(XIX) Financial instruments

Except for the following, there was no significant change in the fair value of the consolidated company's financial instruments and the exposure to credit risk, liquidity risk and market risk due to the financial instruments. For relevant information, please refer to the 2023 consolidated financial statements Note 6(19).

1. Liquidity risk

The contractual maturities of financial liabilities are shown in the following table, including estimated interest but excluding the effect of the agreement on the net amount.

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within one year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
September 30, 2024						
Non-derivative financial liabilities						
Unsecured bank borrowings	\$ 320,000	325,449	325,449	-	-	-
Payable notes	210,631	210,631	210,631	-	-	-
Accounts payable	4,013,843	4,013,843	2,136,228	1,877,615	-	-
Other payables	273,395	273,395	273,395	-	-	-
Other current liabilities (lease liabilities)	9,852	10,102	10,102	-	-	-
Other non-current liabilities (lease liabilities)	10,208	11,196	-	7,095	393	3,708
	<u>\$ 4,837,929</u>	<u>4,844,616</u>	<u>2,955,805</u>	<u>1,884,710</u>	<u>393</u>	<u>3,708</u>
December 31, 2023						
Non-derivative financial liabilities						
Unsecured bank borrowings	\$ 100,000	101,132	101,132	-	-	-
Payable notes	260,564	260,564	260,564	-	-	-
Accounts payable	4,480,323	4,480,323	2,524,318	1,956,005	-	-
Other payables	351,347	351,347	351,347	-	-	-
Other current liabilities (lease liabilities)	12,660	12,980	12,980	-	-	-
Other non-current liabilities (lease liabilities)	9,984	10,997	-	6,749	393	3,855
	<u>\$ 5,214,878</u>	<u>5,217,343</u>	<u>3,250,341</u>	<u>1,962,754</u>	<u>393</u>	<u>3,855</u>

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

	Carrying amount	Contractual cash flow	Within one year	1-3 years	3-5 years	Over 5 years
September 30, 2023						
Non-derivative financial liabilities						
Unsecured bank borrowings	\$ 200,000	203,037	203,037	-	-	-
Payable notes	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 (lease liabilities)	12,838	12,969	12,969	-	-	-
Other non-current liabilities (lease liabilities)	11,514	13,197	-	8,756	537	3,904
	<u>\$ 4,724,004</u>	<u>4,728,855</u>	<u>2,677,008</u>	<u>2,047,406</u>	<u>537</u>	<u>3,904</u>

The consolidated company does not expect the cash flow analysis on the maturity date will occur significantly earlier, or the actual amount will be significantly different.

2. Other pricing risks

If the price of equity securities changes on the reporting date (the two analysis are based on the same basis, and assuming other variables unchanged), the impact on the comprehensive income is as follows:

	January to September 2024		January to September 2023	
Securities price on the reporting date	Other comprehensive income after tax	Profit or loss after tax	Other comprehensive income after tax	Profit or loss after tax
Up 10%	<u>\$ 56,925</u>	<u>10,668</u>	<u>38,871</u>	<u>6,856</u>
Down 10%	<u>\$ (56,925)</u>	<u>(10,668)</u>	<u>(38,871)</u>	<u>(6,856)</u>

3. Fair value information

(1) Types and fair values of financial instruments

Financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income of the consolidated company are measured at fair value on a repetitive basis. The carrying amount and fair value of various financial assets and financial liabilities (including fair value hierarchy information, but the carrying amount of the financial instrument not measured at fair value is a reasonable approximation of the fair value, and there is no quoted price in the active market and the fair value of the equity instrument investment cannot be reliably measured, there is no need to disclose the fair value information according to the regulations) is shown as follows:

	September 30, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 106,679</u>	<u>106,679</u>	<u>-</u>	<u>-</u>	<u>106,679</u>
Financial assets measured at fair value through other comprehensive income	<u>575,166</u>	<u>569,252</u>	<u>-</u>	<u>5,914</u>	<u>575,166</u>
Financial assets measured at amortized cost					

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

September 30, 2024					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	5,114,871	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,509,321	-	-	-	-
Other financial assets- Liquidity	820,306	-	-	-	-
Other financial assets- Non-current	9,061	-	-	-	-
Subtotal	7,453,559	-	-	-	-
Total	<u><u>\$ 8,135,404</u></u>	<u><u>675,931</u></u>	<u><u>-</u></u>	<u><u>5,914</u></u>	<u><u>681,845</u></u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 320,000	-	-	-	-
Bills payable and accounts payable	4,224,474	-	-	-	-
Other current liabilities (lease liabilities)	9,852	-	-	-	-
Other non-current liabilities (lease liabilities)	10,208	-	-	-	-
Other payables	273,395	-	-	-	-
Total	<u><u>\$ 4,837,929</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
December 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 76,900	76,900	-	-	76,900
Financial assets measured at fair value through other comprehensive income	461,751	455,323	-	6,428	461,751
Financial assets measured at amortized cost					
Cash and cash equivalents	5,262,388	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,646,077	-	-	-	-
Other financial assets- Liquidity	1,186,304	-	-	-	-
Other financial assets- Non-current	5,597	-	-	-	-
Subtotal	8,100,366	-	-	-	-
Total	<u><u>\$ 8,639,017</u></u>	<u><u>532,223</u></u>	<u><u>-</u></u>	<u><u>6,428</u></u>	<u><u>538,651</u></u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 100,000	-	-	-	-
Bills payable and accounts payable	4,740,887	-	-	-	-
Other current liabilities (lease liabilities)	12,660	-	-	-	-
Other non-current liabilities (lease liabilities)	9,984	-	-	-	-
Other payables	351,347	-	-	-	-
Total	<u><u>\$ 5,214,878</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

September 30, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured 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 measured 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- Liquidity	1,295,029	-	-	-	-
Other financial assets- Non-current	2,683	-	-	-	-
Subtotal	8,016,167	-	-	-	-
Total	<u>\$ 8,479,326</u>	<u>457,272</u>	<u>-</u>	<u>5,887</u>	<u>463,159</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 200,000	-	-	-	-
Bills payable and accounts payable	4,222,884	-	-	-	-
Other current liabilities (lease liabilities)	12,838	-	-	-	-
Other non-current liabilities (lease liabilities)	11,514	-	-	-	-
Other payables	276,768	-	-	-	-
Total	<u>\$ 4,724,004</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 quotations
January 1, 2024	<u>\$ 6,428</u>
September 30, 2024	<u>\$ 5,914</u>
January 1, 2023	<u>\$ 6,766</u>
September 30, 2023	<u>\$ 5,887</u>

The above total profit or loss is reported in the “unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive gain or loss”. The assets still held on September 30, 2024 and 2023 are as follows:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Total profit or loss				
Recognized in other comprehensive income (reported)	<u>\$ (446)</u>	<u>1,465</u>	<u>(514)</u>	<u>(879)</u>

Kedge Construction Co., Ltd. and subsidiaries

Notes to the consolidated financial statements (Continued)

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
in “Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income”)				

(3) There was no transfer between the levels for the consolidated company from January 1 to September 30, 2024 and 2023.

(XX) Financial risk management

There is no significant change in the objectives and policies of the consolidated company's financial risk management as disclosed in Note 6(20) to the 2023 consolidated financial statements.

(XXI) Capital management

The objectives, policies and procedures of the consolidated company's capital management are consistent with those disclosed in Note 6(21) to the 2023 consolidated financial statements; in addition, the summarized quantitative information of the capital management items for the current period is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Total liabilities	\$ 7,383,821	7,778,998	7,357,423
Less: Cash and cash equivalent	(5,114,871)	(5,262,388)	(4,955,695)
Net liabilities	2,268,950	2,516,610	2,401,728
Total equity	4,921,410	4,805,897	4,425,825
Adjusted capital	<u>\$ 7,190,360</u>	<u>7,322,507</u>	<u>6,827,553</u>
Debt capital ratio	<u>32%</u>	<u>34%</u>	<u>35%</u>

(XXII) Investment and financing activities of non-cash transactions

The non-cash transaction investing activities of the consolidated company from January 1 to September 30, 2024 and 2023 are as follows:

	January to September 2024	January to September 2023
Purchase of property, plant and equipment	\$ 8,311	11,916
Add: Payables for equipment, beginning	-	-
Less: Payables for equipment, ending	(3,747)	-
	<u>\$ 4,564</u>	<u>11,916</u>

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

7. Transactions with related parties

(I) Parent company and ultimate controller

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

(II) Names of related parties and their relationships

The transaction related parties of the consolidated company during the period of the consolidated financial statements are as follows:

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Kindom Development Co., Ltd.	Parent company of the Company
Global Mall Co., Ltd.	Same ultimate parent company
Readycom Information Services Co., Ltd.	Affiliated enterprise
Kindom Yu San Education Foundation	The chairman of the board is a relative of 2nd degree of kinship to a director of the Company

(III) Major transactions with related parties

1. Sales of labor services to related parties

The significant sales amount of the consolidated company to the related parties is as follows:

		<u>July to September 2024</u>			
		<u>Total contracting price</u>	<u>Estimated amount</u>	<u>Amount denominated in the current period</u>	<u>Revenue recognized in current period</u>
Parent company - Kindom Development Corp.	Construction contracting	\$ 16,495,076	710,135	710,135	749,024

		<u>July to September 2023</u>			
		<u>Total contracting price</u>	<u>Estimated amount</u>	<u>Amount denominated in the current period</u>	<u>Revenue recognized in current period</u>
Parent company - Kindom Development Corp.	Construction contracting	\$ 13,465,226	852,189	852,189	900,434

		<u>January to September 2024</u>			
		<u>Total contracting price</u>	<u>Estimated amount</u>	<u>Amount denominated in the current period</u>	<u>Revenue recognized in current period</u>
Parent company - Kindom Development Corp.	Construction contracting	\$ 16,495,076	6,773,942	2,397,413	2,388,134

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

		January to September 2023			
		Total	Estimated	Amount	Revenue
		contracting	amount	denominated in	recognized in
		price		the current	current period
				period	
Nature					
Parent company - Kindom Development Corp.	Construction contracting	\$ 13,465,226	5,040,695	1,906,024	1,967,262

- (1) The price contracted by the consolidated company from the related party is in accordance with the regulations on the contracting of construction projects of the affiliated enterprise, the project budget is added with reasonable management fees and profits, and the price for the contract is submitted to the supervisor for approval after price comparison and negotiation.
- (2) The transaction prices of the consolidated company and related parties are determined by both parties through negotiation, and the payment term is one to three months, which is not materially different from that of general customers. The receivables between related parties have not been accepted as collateral, and after assessment, it is not necessary to recognize the impairment loss.

2. Claims, contract assets and liabilities

The claims, liabilities and contractual assets between the consolidated company and the related parties are as follows:

Presentation item	Category of related party	September 30, 2024	December 31, 2023	September 30, 2023
Notes and accounts receivable	Parent company - Kindom Development Corp.	\$ 477,552	705,505	683,388
Other receivables	Parent company - Kindom Development Corp.	7	-	-
Other payables	Parent company - Kindom Development Corp.	-	111	-
Contract assets	Parent company - Kindom Development Corp.	444,165	494,908	251,951
Contract assets (retained receivables)	Parent company - Kindom Development Corp.	252,306	139,652	104,516
Contract liabilities	Parent company - Kindom Development Corp.	-	66,810	-
		<u>\$ 1,174,030</u>	<u>1,406,986</u>	<u>1,039,855</u>

3. Endorsements/guarantees

The consolidated company was the co-partner and joint debtor of the parent company, Kindom Development Corp., for an amount of \$ 28,384 thousand as of September 30, 2024,

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

December 31, 2023, and September 30, 2023.

4. Leases

For January 1 to September 30, 2024 and 2023, the consolidated company leased an office building to its parent company, Kindom Development Corp., and a lease contract was signed with reference to the office rent in the neighborhood. The total contract value was \$ 294 thousand per month in both. The rental income for the three and nine months ended September 30, 2024 and 2023 were \$ 840 thousand, \$ 840 thousand, \$ 2,520 thousand, and \$ 2,520 thousand, respectively.

In addition, the consolidated company and the parent company, Kindom Development Corp. rented office buildings for January 1 to September 30, 2024 and 2023 for a total contract value of \$ 575 thousand per month in both years. The rental expenses for the three and nine months ended September 30, 2024 and 2023 were \$ 1,643 thousand and \$ 1,643 thousand, \$ 4,929 thousand, and \$ 4,929 thousand, respectively.

5. Others

- (1) The consolidated company donated \$ 4,500 thousand and \$ 6,000 thousand to the “Kindom Yu San Education Foundation” for January 1 to September 30, 2024 and 2023, respectively, for the promotion of services of the foundation.
- (2) The consolidated company signed an information project consulting service contract with Readycom Information Services Co., Ltd. in December 2021 for a total contract value of \$ 50 thousand per month. As of December 31, 2023, \$ 150 thousand has been paid and the contract was terminated in 2023.
- (3) The amounts of purchases paid by the Company to other related parties during the period from January 1 to September 30, 2024 amounted to \$ 7,497 thousand.
- (4) For January 1 to September 30, 2024 and 2023, the earnings distributed by the parent company, Kindom Development Corp., to the consolidated company were \$ 21,043 thousand and \$ 20,496 thousand, respectively.
- (5) The provision of consulting services between the consolidated company and the related parties is as follows:

	July to September 2024	
	Total contract price	Revenue recognized in current period
The consolidated company provides to the parent company	\$ 292	-
The consolidated company provides to other related party	292	-
	\$ 584	-
	Total contract price	Expenses recognized in the current period
The parent company provides to the consolidated company	\$ 4,815	-

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

	January to September 2024	
	Total contract price	Revenue recognized in current period
The consolidated company provides to the parent company	\$ 292	279
The consolidated company provides to other related party	292	279
	\$ 584	558

	Total contract price	Expenses recognized in the current period
The parent company provides to the consolidated company	\$ 4,815	4,586

	July to September 2023	
	Total contract price	Expenses recognized in the current period
The parent company provides to the consolidated company	\$ 3,000	-

	January to September 2023	
	Total contract price	Expenses recognized in the current period
The parent company provides to the consolidated company	\$ 3,000	2,857

(IV) Transactions by key management personnel

Remuneration to key management personnel includes:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Short-term employee benefits	\$ 8,898	16,339	44,992	66,511
Post-employment benefits	44	59	157	181
	\$ 8,942	16,398	45,149	66,692

VIII. Pledged assets

The book value of the pledged and restricted assets provided by the consolidated company is as follows:

Asset name	Subject matter of pledge guarantee	September 30,2024	December 31,2023	September 30,2023
Other financial assets - current	Construction deposits secured by loan facilities and restricted assets	\$ 788,922	1,159,843	1,268,311
Property, plant and equipment, net	Guarantee of loan limit	99,400	99,400	99,400
Investment property, net	Guarantee of loan limit	48,283	48,457	48,515
		\$ 936,605	1,307,700	1,416,226

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

1. On September 30, 2024, December 31, 2023, and September 30, 2023, the consolidated company undertook medium and major projects for an aggregate amount of \$ 66,796,614 thousand, \$ 51,877,810 thousand, and \$ 54,373,819 thousand, respectively, and received payments of \$ 26,724,868 thousand, \$ 22,943,300 thousand, and \$ 25,147,867 thousand in accordance with the agreements.
2. The letters of guarantee and guarantee notes issued by the consolidated company for contracting projects are as follows:

September 30,2024	December 31,2023	September 30,2023
<u>\$ 5,096,635</u>	<u>3,397,844</u>	<u>3,352,187</u>

3. As approved by the Board of Directors on December 29, 2023, and December 23, 2022, the consolidated company commits to donate to Kindom Yu Shan Educational Foundation for \$6,000 thousand and \$8,000 thousand for the promotion of the Foundation's affairs.

X. Losses from major disasters: None.

XI. Material events after the period: None.

XII. Others

- (I) Employee benefits, depreciation, depletion and amortization expenses by function are summarized as follows:

By nature	July to September 2024			July to September 2023		
	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expenses	\$ 129,768	47,435	177,203	139,911	40,163	180,074
Labor and national health insurance expenses	13,740	4,669	18,409	12,744	4,803	17,547
Pension expense	5,145	1,722	6,867	5,089	1,676	6,765
Other employee benefit expenses	3,760	3,315	7,075	3,710	4,965	8,675
Depreciation expense	5,164	5,545	10,709	5,280	4,692	9,972
Depletion expense	-	-	-	-	-	-
Amortization expense	811	258	1,069	140	-	140

Kedge Construction Co., Ltd. and subsidiaries

Notes to the consolidated financial statements (Continued)

By function	January to September 2024			January to September 2023		
	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
By nature						
Employee benefit expense						
Salary expenses	\$ 393,369	142,783	536,152	445,103	145,731	590,834
Labor and national health insurance expenses	38,924	13,625	52,549	38,156	13,576	51,732
Pension expense	14,763	5,214	19,977	15,290	4,876	20,166
Other employee benefit expenses	11,608	10,511	22,119	11,664	12,115	23,779
Depreciation expense	17,339	14,950	32,289	12,813	13,832	26,645
Depletion expense	-	-	-	-	-	-
Amortization expense	1,784	459	2,243	220	-	220

(II) Seasonality of operation: The operation of the consolidated company is not affected by seasonal or cyclical factors.

XIII. Disclosures in Notes

(I) Information on significant transactions

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the consolidated company shall further disclose the information of significant transactions during the nine months ended September 30, 2024 and 2023 as follows:

1. Loaning of funds to others: None.
2. Endorsements/guarantees made for others:

Unit: \$ thousand

Serial number	Endorsing/guaranteeing company name	Counterparty of endorsements/guarantees		Endorsement and guarantee limit for a single enterprise (Note 2)	Current maximum endorsement/guarantee balance	Ending balance of endorsements/guarantees	The actual amount drawn down	Endorsement/guarantee amount secured by property	Ratio of accumulated endorsement/guarantee amount to net worth as stated in the latest financial statement	Maximum amount of endorsements/guarantees (Note 2)	Endorsements/guarantees made by the parent company to subsidiaries	Endorsement/guarantee provided by the subsidiary to the parent company	Endorsements and guarantees in Mainland China
		Company name	Relationship (Note 1)										
0	Kedge Construction	Kindom Development Corp.	Parent and Subsidiary	\$ 9,842,361	14,192	14,192	14,192	-	0.29%	9,842,361	-	Y	-
1	Dingtian Construction	Kindom Development Corp.	Parent and Subsidiary	57,053	14,192	14,192	14,192	-	24.88%	57,053	-	Y	-
1	"	Kedge Construction	"	8,557,921	1,376,500	1,376,500	1,376,500	-	2,412.67%	17,115,842	-	Y	-

Note 1: There are 7 types of relationship between the endorser/guarantor and the endorsed/guaranteed party as follows, indicating the type is sufficient:

- (1) Companies with business transactions.
- (2) A company in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) A company in which the Company holds, directly or indirectly, more than 50% of the voting shares of the Company.
- (4) Among companies in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies in the same industry or co-builders that require mutual guarantees in accordance with contractual provisions based on the needs of contracting projects.
- (6) Companies that are endorsed and guaranteed by all contributing shareholders in accordance with their shareholding ratios for joint investment.
- (7) The peers in the same trade are engaged in joint guarantees for the performance of the pre-sale house sales contract in accordance with the regulations of the Consumer Protection Act.

Note 2: 1. The Company's endorsement and guarantee measures stipulate that the total amount of external

Kedge Construction Co., Ltd. and subsidiaries

Notes to the consolidated financial statements (Continued)

endorsements/guarantees shall not exceed 200% of the Company's net worth as stated in its latest financial statement, and the amount of endorsement and guarantee made to a single enterprise shall not exceed 200% of the Company's net worth as stated in its latest financial statement. However, the total amount of guarantees for construction projects shall not exceed 10 times the net worth of the Company in the latest financial statements. The total amount of construction engineering guarantees for a single enterprise shall not exceed 5 times the net worth of the Company in the latest financial statements.

2. The amount of endorsement and guarantee provided by Dingtian Construction: The total amount of external endorsement and guarantee shall not exceed 100% of the net worth of the company in its latest financial statement, and the amount of endorsement and guarantee to a single enterprise shall not exceed 100% of the net worth of the company in its latest financial statement. However, the total guarantee for construction projects shall not exceed 300 times the net worth of the company in its latest financial statement. The total amount of construction project guarantee for a single enterprise shall not exceed 150 times the net worth of the company in its latest financial statement.

Note 3: The above transactions have been eliminated when the consolidated financial statements were prepared.

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

Unit: \$ thousand

Companies in possession	Type and name of marketable securities	Relationship with the securities issuer	Presentation account	End of period				Remarks
				Number of shares (thousand shares)	Carrying amount	Shareholding ratio	Fair value	
Kedge Construction	Stock - Kindom Development Corp.	Kedge Construction is a subsidiary of the company	Financial assets measured at fair value through other comprehensive income - non-current	550	\$ 26,730	0.10 %	26,730	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	592	53,484	- %	53,484	
"	Stock - Sinopac Holdings	-	"	235	5,691	- %	5,691	
"	Stock - Kindom Development Corp.	Jiequn Investment Co., Ltd. is the sub-subsidiary of the company	Financial assets measured at fair value through other comprehensive income - non-current	9,373	455,532	1.69 %	455,532	
"	Stock - Fubon Financial Preferred Shares C (FBFHCPCSC)	-	"	11	572	- %	572	
"	Stock - Taiwan Calcom International Computer Graphic Co., Ltd.	-	"	405	-	0.78 %	-	
Kuan Ching Electromechanical	Stock - Kindom Development Corp.	Guanqing Electromechanical Co., Ltd. is a sub-subsidiary of the company	"	1,768	85,910	0.32 %	85,910	
"	Stock - Fubon Financial Preferred Shares C (FBFHCPCSC)	-	"	10	508	- %	508	
"	Stock - Global Views Commonwealth Publishing Group	-	"	177	5,914	0.59 %	5,914	

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

Companies in possession	Type and name of marketable securities	Relationship with the securities issuer	Presentation account	End of period				Remarks
				Number of shares (thousand shares)	Carrying amount	Shareholding ratio	Fair value	
"	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	525	47,504	-	47,504	

4. Cumulative amount of the same securities purchased or sold reaching \$ 300 million or more than 20% of the paid-in capital: None.
5. The amount of acquisition of real estate reaches \$ 300 million or more than 20% of the paid-in capital: None.
6. Disposal of real estate for an amount over \$ 300 million or 20% of the paid-in capital: None.
7. The purchase or sale with related parties for an amount over \$ 100 million or 20% of the paid-in capital:

Unit: \$ thousand

UNITED STATES DOLLARS											
Purchasing (selling) company	Name of counterparty	Relationship	Transaction status				Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (sale) goods	Amount (Note)	Percentage in total purchase (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
Kedge Construction	Kindom Development Corp.	An investment in Kedge Construction under the equity method	Contract engineering projects	\$ (2,353,556)	(22.31)%	The monthly payment collection according to the contract is generally slightly longer.	Equivalent	Slightly longer than general	717,309	18.35%	

Note: Refers to the denominated amount in the current period.

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

Unit: \$ thousand

Company with receivables listed	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Subsequent recovery amount of receivables from related parties	Amount of loss allowance
					Amount	Treatment method		
Kedge Construction	Kindom Development Corp.	An investment in Kedge Construction under the equity method	\$ 717,309	6.03	-	-	97,757	-

9. Engagement in derivative transactions: None.
10. Business relationships and important transactions between the parent company and its subsidiaries:

Serial number	Trader's Name	Trading counterpart	Relationship with the counterparty	Transactions with each other			
				Account title	Amount	Trading terms and conditions	As a percentage of consolidated total operating revenue or total assets
0	Kedge Construction Co.	Kuan Ching Electromechanical	1	Contract liabilities	\$ 98,132	Equivalent to general transaction	0.80%
0	"	"	1	Accounts payable	14,757	"	0.12%

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

Serial number	Trader's Name	Trading counterpart	Relationship with the counterpart	Transactions with each other			
				Account title	Amount	Trading terms and conditions	As a percentage of consolidated total operating revenue or total assets
0	"	"	1	Operating cost	349,880	"	3.53%
0	"	Dingtian Construction Co., Ltd.	1	Contract liabilities	50	"	-%
0	"	"	1	Accounts payable	25,368	"	0.21%
0	"	"	1	Operating cost	46,641	"	0.47%
1	Kuan Ching Electromechanical	Kedge Construction Co.	2	Contract assets	98,132	"	0.80%
1	"	"	2	Accounts receivable	14,757	"	0.12%
1	"	"	2	Operating revenue	349,880	"	3.53%
2	Dingtian Construction Co., Ltd.	Kedge Construction Co.	2	Contract assets	50	"	-%
2	"	"	2	Accounts receivable	25,368	"	0.21%
2	"	"	2	Operating revenue	46,641	"	0.47%

Note 1. The method of filling in the serial number is as follows:

- 1.0 for the parent company.
2. Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: Relationships with counterparties are indicated as follows:

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

Note 3: The above transactions have been eliminated when the consolidated financial statements were prepared.

(II) Information on reinvestment businesses

The consolidated company's reinvestment for the nine months ended September 30, 2024 and 2023 is as follows:

Unit: \$ Thousand/Thousand shares

Name of Investment Company	Name of investee	Location of the Company	Main business items	Initial investment amount		Held at end of period			Investee profit or loss for the period	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	General investment	\$ 163,935	163,935	16,396	99.98%	678,281	34,766	34,758	Subsidiary
Kedge Construction	Kuan Ching Electromechanical	Taiwan	Electrical Appliance Installation and Fire Safety Equipment Installation Engineering	81,326	81,326	7,748	99.97%	305,527	28,593	28,586	"
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	16,500	16,500	-	30.00%	17,116	1,779	534	Sub-subsidiary
Kuan Ching Electromechanical	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	11,105	11,105	-	70.00%	39,937	1,779	1,245	"
Dingtian	Readycom	Taiwan	IT software	15,000	15,000	1,400	46.67%	16,784	1,400	653	Investment

Kedge Construction Co., Ltd. and subsidiaries
Notes to the consolidated financial statements (Continued)

Name of Investment Company	Name of investee	Location of the Company	Main business items	Initial investment amount		Held at end of period			Investee profit or loss for the period	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
Construction	Information Services Co., Ltd.		service and management consulting								under the equity method

Note: Transactions of the subsidiaries and sub-subsidiaries listed above have been eliminated when the consolidated financial statements were prepared.

(III) Information on investments in Mainland China:

1. Name and principal business activities of investees in Mainland China: None.
2. Limit on investment in Mainland China: None.
3. Significant transactions with investee companies in Mainland China: None.

(IV) Information of major shareholders:

Unit: shares

Name of major shareholder	Shares of Stock	Number of shares held	Shareholding ratio
Kindom Development Co., Ltd.		42,093,444	34.18%
Yu-De Investment Co., Ltd.		10,202,378	8.28%

XIV. Segment information

The consolidated company's reportable operating segment only has the construction segment. The construction department mainly manages the overall work of the construction and management of the projects and the department's income, department's assets and liabilities are consistent with the financial statements. Please refer to the consolidated balance sheet and consolidated statement of comprehensive income.