

Kedge Construction Co., Ltd.
Parent Company Only Financial
Statements and Independent Auditors’
Report

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.

This financial report has not been reviewed or audited by independent certified public accountants.

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Table of Contents

Item	Page
I. Cover page	1
II. Table of Contents	2
III. Independent Auditors' Report	3
IV. Statement of Financial Position	4
V. Statement of Comprehensive Income	5
VI. Statement of Changes in Equity	6
VII. Statement of Cash Flows	7
VIII. Notes to parent company only financial statements	
(I) Company history	8
(II) Date and procedure for approving the financial statements	8
(III) Application of new and revised standards and interpretations	8 ~ 10
(IV) Summary of significant accounting policies	10 ~ 23
(V) Major accounting judgments, estimates, and major sources of uncertainty for assumptions	23 ~ 24
(VI) Description of important accounting items	24 ~ 46
(VII) Related party transactions	46 ~ 50
(VIII) Pledged assets	50
(IX) Significant contingent liabilities and unrecognized contractual commitments	50 ~ 51
(X) Losses from major disasters	51
(XI) Material events after the reporting period	51
(XII) Others	51 ~ 53
(XIII) Disclosures in Notes	
1. Information on significant transactions	53 ~ 55
2. Information on investees	55 ~ 56
3. Investment information in Mainland China	56
4. Information of major shareholders	56
(XIV) Segment information	56
IX. Statement of Significant Accounting Items	57 ~ 64

Independent Auditors' Report

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

Audit Opinions

We have reviewed the accompanying Statement of Financial Position of Kedge Construction Co., Ltd. (the "Company") as of December 31, 2024 and 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Kedge Construction Co., Ltd. as of December 31, 2024 and 2023, its financial performance and cash flows for the years then ended.

Basis for the audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Auditing Standards in the Republic of China. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We comply with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and are independent of Kedge Construction Co., Ltd.. We have also fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that we have determined to be communicated on the audit report are as follows:

Construction contract

For the accounting policies of the construction contracts, please refer to the parent company only financial statements Note 4 (14) for the recognition of revenue; for the accounting estimates and assumptions of the estimated total contract cost assessment of the construction contracts, please refer to Note 5 to the parent company only financial statements; For an explanation on revenue recognition and the accumulated costs that have incurred, please refer to the revenue from contracts with customers in Note 6(15) of the parent company only financial statements.

Description of Key Audit Matters:

The estimated total cost of a construction contract requires a high level of judgment by the management. The Company uses the percentage of completion method to recognize the construction income and cost, and the degree of completion is based on the cost incurred as a percentage of the estimated total cost as of the financial reporting date. The measurement of the degree of completion may result in a significant difference between the timing of profit and loss recognition and the current financial statements.

The corresponding audit procedures:

Our audit procedures for the key audit matters above include:

1. Understand the internal operating procedures for the estimated total cost evaluation, and randomly check the estimated total cost of major projects to ensure the consistency between the evaluation process and the internal operating procedures.
2. For the projects with the estimated total cost of major additions and revisions in the current period, random check the estimated total cost approved by the project management department, including the supporting documents of the additional or subtracted projects in the current period and major projects with pricing.
3. Obtain the details of the costs and expenses of the current period, and implement the relevant verification procedures, including checking the amount of costs of the current period incurred to the relevant document slips, to confirm that the input costs of the current period have been properly booked.

Responsibilities of the management level and the governing body for the parent company only financial statements

The responsibility of the management is to prepare the appropriate parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain the necessary internal control related to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free of significant misrepresentation.

In preparing the standalone financial statements, management is responsible for assessing Kedge Construction Co., Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The governing body of the Company (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditors' Responsibilities for Auditing the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance. However, the audit conducted in accordance with the R.O.C. Standards on Auditing cannot guarantee that material misstatements in the parent company only financial statements will be detected. Misstatements can arise from fraud or error. If the individual amounts or the total number of misstatements can be reasonably expected to affect the economic decisions made by the users of the parent company only financial statements, the misstatements are considered material.

We exercise professional judgment and professional skepticism during an audit in accordance with the R.O.C. Standard on Auditing. We also perform the following tasks:

1. Identify and assess the risks of material misstatement in the parent company only financial statements, whether due to fraud or error; design and execute appropriate countermeasures for the risks assessed; and obtain sufficient and appropriate audit evidence as the basis for the audit opinions. Because fraud may involve collusion, forgery, intentional omission, misrepresentation or violation of internal control, it is not detected that the risk of material misstatement resulting from fraud is higher than that resulting from error.
2. Obtain the necessary understanding of the internal control related to the audit in order to design appropriate audit procedures under the circumstances. Still, the purpose is not to express an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures made.
4. Based on the audit evidence obtained, make a conclusion on the appropriateness of the management's adoption of the accounting basis for continuing operations, and whether there are significant uncertainties in the events or conditions that may cause significant doubts about the ability of Kedge Construction Co., Ltd. to continue to operate. If we are of the opinion that there is a material uncertainty of such events or circumstances, we shall in the audit report remind the users of the parent company only financial statement to pay attention to the related disclosures in the parent company only financial statement, or modify our audit opinion when such disclosures are inappropriate. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statement (including relevant notes), and whether the parent company only financial statement presents the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of the investee under equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statement for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

Certified Public Accountant :

Approval reference number of the securities authority : Jin-Guan-Zheng-Shen-Zi No. 1090332798
March 7, 2025 : Jin-Guan-Zheng-Liu No. 0940129108

KEDGE CONSTRUCTION CO., LTD.

Statement of Financial Position

December 31, 2024 and 2023

Unit: NTD thousand

Assets		2024.12.31		2023.12.31		Liabilities and equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1) and (18))	\$ 4,234,400	33	4,970,473	40	2100	Short-term borrowings (Note 6(8), (18), and 8)	\$ 100,000	1	100,000	1
1170	Notes and accounts receivable, net (Note 6(3), (15), and (18))	1,449,251	11	940,572	8	2130	Contract liabilities - current (Note 6(15) and 7)	2,460,859	19	2,144,052	17
1180	Notes and accounts receivable - related parties, net (Notes 6(15), (18) and 7)	429,308	4	699,222	6	2150	Notes payable (Note 6(18) and 7)	285,583	2	254,823	2
1140	Contract assets - current (Note 6(15) and 7)	4,094,657	32	3,362,547	27	2170	Accounts payable (Note 6(18) and 7)	4,069,883	32	4,387,808	35
1410	Prepayments	440,800	4	208,315	2	2200	Other payables (Note 6(11), (18) and 7)	345,159	3	342,750	3
1470	Other current assets	38,621	-	34,140	-	2230	Current income tax liabilities	92,857	-	257,697	2
1476	Other financial assets - current (Note 6(18) and 7)	901,607	7	1,185,858	9	2300	Other current liabilities (Note 6(18))	22,398	-	30,400	-
		11,588,644	91	11,401,127	92			7,376,739	57	7,517,530	60
Non-current assets:						Non-current liabilities:					
1518	Equity instrument investment measured at fair value through other comprehensive income (Note 6(2) and (18))	27,995	-	21,368	-	2552	Long-term warranty provision (Note 6(9))	169,717	2	177,160	2
1550	Investment under equity method (Note 6(4))	1,019,628	8	812,402	7	2600	Other non-current liabilities (Note 6(18))	17,670	-	7,580	-
1600	Property, plant and equipment (Note 6(5) and 8)	134,061	1	149,261	1			187,387	2	184,740	2
1755	Right-of-use assets (Note 6(6))	15,758	-	21,620	-		Total liabilities	7,564,126	59	7,702,270	62
1760	Investment property, net (Note 6(7) and 8)	48,225	-	48,457	-		Equity (Note 6(13)):				
1780	Intangible assets	12,303	-	1,513	-	3100	Share capital	1,231,360	9	1,207,216	9
1840	Deferred income tax assets (Note 6(12))	36,626	-	39,651	-	3200	Capital reserve	518,809	4	518,634	4
1995	Other non-current assets - others	2,508	-	-	-	3300	Retained earnings	3,208,202	25	2,838,079	23
1975	Net defined benefit assets - non-current (Note 6(11))	10,187	-	6,947	-	3400	Other equity	381,918	3	241,744	2
1980	Other financial assets - non-current (Note 6(18))	8,480	-	5,597	-		Total equity	5,340,289	41	4,805,673	38
	Total non-current assets	1,315,771	9	1,106,816	8						
	Total assets	\$ 12,904,415	100	12,507,943	100		Total liabilities and equity	\$ 12,904,415	100	12,507,943	100

(Please refer to the attached Notes to the parent company only financial statements)

Chairman Ai-Wei Yuan

Manager: Yi-Fang Huang, Chun-Ming Chen

Accounting supervisor: Fang-Chia Chang

Kedge Construction Co., Ltd.
Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(10), (15) and 7)	\$ 14,165,581	100	14,219,639	100
5000	Operating cost (Notes 6(11), (16), 7, and 12)	12,876,079	91	12,728,064	90
	Gross operating profit	1,289,502	9	1,491,575	10
	Operating expenses:				
6200	Administrative expenses (Notes 6(11), (16), 7, and 12)	336,256	2	326,473	2
6450	Expected credit impairment reversal gain (Note 6(3) and (15))	(7,551)	-	-	-
		328,705	2	326,473	2
	Net operating profit	960,797	7	1,165,102	8
	Non-operating income and expenses:				
7100	Interest revenue (Note 6(17))	59,088	-	48,769	-
7010	Other income (Note 6(17) and 7)	6,622	-	1,011	-
7020	Other gains and losses (Note 6(17))	217	-	(6)	-
7050	Financial costs (Note 6(17))	(3,382)	-	(4,295)	-
7070	Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using equity method	73,645	1	41,997	-
		136,190	1	87,476	-
	Net income before tax from continuing operations	1,096,987	8	1,252,578	8
7950	Less: Income tax expenses (Note 6(12))	222,631	2	262,233	2
	Net income for the period	874,356	6	990,345	6
8300	Other comprehensive income:				
8310	Items not reclassified into profit or loss				
8311	Remeasurement of defined benefit plan	2,797	-	592	-
8316	Unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	140,174	1	112,450	1
		142,971	1	113,042	1
8300	Other comprehensive income for the period (net amount after tax)	142,971	1	113,042	1
	Total comprehensive income for the period	\$ 1,017,327	7	1,103,387	7
	Earnings per share (NTD) (Note 6(14))				
9750	Basic earnings per share (NTD)	\$ 7.10		8.04	
9850	Diluted earnings per share (NTD)	\$ 7.04		7.96	

(Please refer to the attached Notes to the parent company only financial statements)

Chairman:	Manager:	Accounting supervisor:
Ai-Wei Yuan	Yi-Fang Huang, Chun-Ming Chen	Fang-Chia Chang

Kedge Construction Co., Ltd.
Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Share capital		Retained earnings			Other equity	
	Common stock capital	Capital reserve	Legal reserve	Undistributed earnings	Total	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total equity
Balance as of January 1, 2023	\$ 1,166,392	518,540	418,972	1,953,047	2,372,019	129,294	4,186,245
Net income for the period	-	-	-	990,345	990,345	-	990,345
Other comprehensive income in the current period	-	-	-	592	592	112,450	113,042
Total comprehensive income for the period	-	-	-	990,937	990,937	112,450	1,103,387
Appropriation and distribution of earnings:							
Provision for legal reserve	-	-	105,077	(105,077)	-	-	-
Common stock cash dividends	-	-	-	(484,053)	(484,053)	-	(484,053)
Common stock dividends	40,824	-	-	(40,824)	(40,824)	-	-
Overdue cash dividends	-	94	-	-	-	-	94
Balance as of December 31, 2023	1,207,216	518,634	524,049	2,314,030	2,838,079	241,744	4,805,673
Net income for the period	-	-	-	874,356	874,356	-	874,356
Other comprehensive income in the current period	-	-	-	2,797	2,797	140,174	142,971
Total comprehensive income for the period	-	-	-	877,153	877,153	140,174	1,017,327
Appropriation and distribution of earnings:							
Provision for legal reserve	-	-	99,094	(99,094)	-	-	-
Common stock cash dividends	-	-	-	(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
Overdue cash dividends	-	141	-	-	-	-	141
Balance as of December 31, 2024	\$ 1,231,360	518,809	623,143	2,585,059	3,208,202	381,918	5,340,289

(Please refer to the attached Notes to the parent company only financial statements)

Chairman:
Ai-Wei Yuan

Manager:
Yi-Fang Huang, Chun-Ming Chen

Accounting supervisor:
Fang-Chia Chang

Kedge Construction Co., Ltd.
Statement of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	<u>2024</u>	<u>2023</u>
Cash flow from operating activities:		
Net income before tax for the current period	\$ 1,096,987	1,252,578
Adjustments:		
Income and expenses		
Depreciation expense	43,390	36,905
Amortization expense	3,534	382
Reversal gain of expected credit impairment	(7,551)	-
Interest expense	3,382	4,295
Interest revenue	(59,088)	(48,769)
Dividend income	(990)	(964)
Share of profit of subsidiaries, affiliates and joint ventures accounted for using the equity method	(73,645)	(41,997)
Total income and expense	(90,968)	(50,148)
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Decrease (increase) of notes and accounts receivable	(501,128)	953,333
Decrease (increase) of notes and accounts receivable - related parties	269,914	(129,101)
Increase of contract assets	(732,110)	(1,520,923)
Increase in prepayments	(241,953)	(76,596)
Decrease (increase) of other current assets	(4,481)	15,030
Decrease in other financial assets	284,911	413,035
Increase in other non-current assets - others	(2,508)	-
Increase of net defined benefit assets - non-current	(3,240)	(1,127)
Total net changes in assets related to operating activities	(930,595)	(346,349)
Net changes in liabilities related to operating activities:		
Increase (decrease) of notes payable	30,760	(81,676)
Increase (decrease) in accounts payable	(317,925)	47,733
Increase in contract liabilities	316,807	600,827
Increase (decrease) of other payables	2,317	(29,483)
Decrease in provisions	(7,443)	(1,566)
Increase (decrease) of other current liabilities	(4,698)	13,640
Increase in net defined benefit liabilities	2,797	592
Increase (decrease) of other non-current liabilities	10,383	(1,461)
Total net changes in liabilities related to operating activities	32,998	548,606
Total net changes in assets and liabilities related to operating activities	(897,597)	202,257
Total adjustment items	(988,565)	152,109
Cash inflow from operations	108,422	1,404,687
Interest received	58,528	50,538
Dividends received	990	964
Interest paid	(3,385)	(4,472)
Income tax paid	(384,446)	(270,945)
Net cash (outflow) inflow from operating activities	(219,891)	1,180,772
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(10,895)	(15,164)
Acquisition of computer software	(5,980)	(458)
Increase in other financial assets	(2,983)	(43)
Net cash outflow from investing activities	(19,858)	(15,665)
Cash flow from financing activities:		
Increase in short-term borrowings	559,000	430,000
Decrease in short-term borrowings	(559,000)	(815,000)
Increase in short-term bills payable	175,000	100,000
Decrease in short-term notes payable	(175,000)	(100,000)
Lease principal repayment	(13,438)	(15,940)
Distribution of cash dividends	(482,886)	(484,053)
Net cash outflow from financing activities	(496,324)	(884,993)
Increase (decrease) in cash and cash equivalents for the current period	(736,073)	280,114
Opening balance of cash and cash equivalents	4,970,473	4,690,359
Closing balance of cash and cash equivalents	<u>\$ 4,234,400</u>	<u>4,970,473</u>

(Please refer to the attached Notes to the parent company only financial statements)

Chairman:
Ai-Wei Yuan

Manager:
Yi-Fang Huang, Chun-Ming Chen

Accounting supervisor:
Fang-Chia Chang

Kedge Construction Co., Ltd.
Notes to parent company only financial statements
2024 and 2023
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company history

Kedge Construction Co., Ltd. (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's main business scope is comprehensive construction and the development and rental of housing and buildings.

II. Date and procedure for approving the financial statements

This parent company only financial statement was approved by the Board of Directors on March 7, 2025.

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 Company began to apply the following newly amended IFRS Accounting Standards on January 1, 2024, and there was no significant impact on the parent company only 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 Accounting Standards recognized by the FSC

The Company has assessed that the application of the following newly amended IFRSs effective on January 1, 2025 will not have a significant impact on the parent company only 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 Company as follows:

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

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 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.	January 1, 2027
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 Company is currently evaluating the impact of the above standards and interpretations on the financial position and operating results of the Company. The relevant impact will be disclosed when the evaluation is completed.

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.

(Continued)

The Company expects the following other new and amendments to standards that have not yet been approved to have no significant impact on the parent company only 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
- 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
- Amendment to IFRS 9 and IFRS 7 "Nature-dependent Electricity”

IV. Summary of significant accounting policies

The significant accounting policies adopted in the parent company only financial statements are summarized as follows. In addition to the explanations about accounting changes in Note 3, the following accounting policies have been consistently applied throughout the presentation period of the parent company only financial statements.

(I) Declaration of compliance

The parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis for preparation

1. Measurement basis

Except for the following important items on the balance sheet, the parent company only financial statements have been prepared on the basis of historical cost:

- (1) Financial assets measured at fair value through other comprehensive income as measured at fair value; and
- (2) The net defined benefit liability (or asset) is measured in accordance with the fair value of the pension fund assets less the present value of the defined benefit obligation and the effect of the upper limit stated in Note 4(15).

2. Functional currency and presentation currency

The Company's functional currency is the currency of the primary economic environment where it operates. The parent company only financial statements are presented in the Company's functional currency, New Taiwan Dollar (NTD). All financial information expressed in NTD is in the unit of NTD thousand.

(III) Foreign currency

1. Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

currency in accordance with the exchange rates prevailing on the transaction date. Monetary items denominated in foreign currencies on the reporting date (hereinafter referred to as the reporting date) are translated into the functional currency in accordance with the exchange rate on the reporting date. The non-monetary item denominated in foreign currency measured at fair value is translated into the functional currency in accordance with the exchange rate on the date the fair value is measured. The non-monetary item denominated in foreign currency measured at historical cost is translated in accordance with the exchange rate on the transaction date.

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

The 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 expected to be realized within 12 months after the reporting period; or
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 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.

(V) Cash and cash equivalent

Cash includes cash on hand and demand deposits. Cash equivalent is short-term investment with high liquidity that is readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized at time of generation. All other financial assets and financial liabilities are recognized when the Company becomes a party to the terms of a financial instrument contract. Financial assets that are not measured at

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

fair value through profit or loss (except accounts receivable that do not contain significant financial components) or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

If the purchase or sale of financial assets is in line with customary transactions, the Company's accounting treatment of all financial assets classified in the same way adopts the trade date or settlement date for all purchases and sales.

At the time of initial recognition, financial assets are classified as financial assets measured at amortized cost or financial assets at fair value through other comprehensive income. The Company only reclassifies all affected financial assets from the first day of the next reporting period when the business model for managing financial assets is changed.

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The cash flow on a specific date in accordance with the contractual terms of the financial asset is solely for the payment of the principal and the interest on the outstanding principal amount.

Such assets are subsequently measured at the initial recognized amount plus or minus the accumulated amortization calculated by the effective interest method, and any amortized cost of the loss allowance is adjusted. Interest revenue, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss. Upon derecognition, the profit or loss is recognized in profit or loss.

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

The Company may make an irrevocable choice at the time of initial recognition to present the subsequent fair value changes of the equity instrument investment not held for trading in other comprehensive income. The aforementioned selections are made on an instrument-by-instrument basis.

Investors in equity instruments are subsequently measured at fair value. Dividend income (unless obviously representing the recovery of part of the investment cost) is recognized in profit or loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

Dividend income from equity investments is recognized on the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income (for example, financial assets held for trading or managed at fair value with performance assessed) are measured at fair value through profit or loss, including derivative financial assets. At initial recognition, in order to eliminate or significantly reduce inappropriate accounting ratios, the Company may irrevocably designate financial assets that meet the conditions of measurement at amortized cost or fair value through other comprehensive income to be measured at fair value through profit and loss.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Impairment of financial assets

For the Company's financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits, other financial assets and so on) and expected credit losses of contract assets are recognized in loss allowance.

The following financial assets have loss allowance measured at the 12-month expected credit losses, and the rest are measured at the lifetime expected credit losses:

- Debt securities determined to have a low credit risk on the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of the financial instrument) has not increased significantly since the initial recognition.

The loss allowance for accounts receivable and contractual assets is measured at the expected credit losses throughout the duration.

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and provable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the Company's historical experience, credit assessment and analysis of forward-looking information.

If the credit risk rating of a financial instrument is equivalent to the "investment grade" defined by the world (S&P's investment grade BBB- , Moody's investment grade Baa3 or China Ratings investment grade twA, or higher), the Company deems that the credit risk of the debt securities is low.

The expected credit loss is the probability-weighted estimate of the credit loss

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

during the expected duration of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Company can collect in accordance with the contract and the cash flow that the Company expects to collect. Expected credit losses are discounted at the effective interest rate of financial assets.

The Company assesses whether credit impairment has occurred on each reporting date based on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. When one or more events that adversely affect the estimated future cash flow of a financial asset have occurred, the financial asset has credit impairment. Evidence of credit impairment of financial assets includes the observable data of the following matters:

- The major financial difficulties of the borrower or issuer;
- Breach of contract, such as delay or overdue for more than 90 days;
- Due to economic or contractual reasons related to the borrower's financial difficulty, the Company makes concessions to the borrower that would not have been considered;
- The borrower is likely to file for bankruptcy or undergo other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The loss allowance of financial assets measured at amortized cost is deducted from the book value of the assets. The loss allowance for debt instruments measured at fair value through other comprehensive income is adjusted and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the Company cannot reasonably expect all or part of the recovered financial assets, it will directly reduce the total book value of its financial assets. The Company analyzes the timing and amount of write-off on the basis of whether the recovery is reasonably expected. The Company expects that the written-off amount will not materially reverse. However, the written-off financial assets can still be enforced compulsorily to meet the Company's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

The Company only has contractual rights to the cash flows from the asset terminated, or transferred the financial asset and almost all risks and rewards of the ownership of the asset have been transferred to other enterprises, or has neither transferred nor retained almost all the risks and rewards, and the Company does not retain the control over the financial asset, the financial asset is derecognized.

When the Company enters into a transaction to transfer a financial asset, if all or almost all of the risks and rewards of the transferred asset ownership are retained, it will continue to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

(1) Classification of liabilities or equities

The Company's debt and equity instruments are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract in which the Company has residual equity after deducting all liabilities from assets. The equity instruments issued by the Company are recognized at the acquisition price net of the direct issue cost.

(3) Financial liabilities

Financial liabilities are classified as amortized cost or measured at fair value through profit or loss. If a financial liability is held for trading, derivative or designated at the time of initial recognition, it is classified as measured at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains and losses are recognized in profit or loss. Any profit or loss is recognized in profit or loss at the time of derecognition.

(4) Removal of financial liabilities

The Company derecognizes financial liabilities when contractual obligations are fulfilled, canceled, or expired. When the terms of a financial liability are amended and there is a significant difference in the cash flow of the liability after the amendment, the original financial liability is derecognized, and a new financial liability at the fair value based on the amended terms is recognized.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset against each other and reported in the balance sheet in net amount only when the Company has a legally enforceable right to offset against each other and there is an intention to settle in net amount, or the assets are realized and the liabilities are repaid at the same time.

(VII) Investment in subsidiaries

In preparing the parent company only financial statements, the Company has adopted the equity method to evaluate the invested company it has control over. Under the equity

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

method, the amortization amount attributed to the owners of the parent company is the same as the profit or loss and other comprehensive income for the period in the parent company only financial statements and the consolidated financial statements prepared on the consolidated basis. The equity attributable to the owners of the parent company in the financial statements is the same.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control are treated as equity transactions with owners.

(VIII) Investment property

Investment property refers to property that is held for earning rent or for asset appreciation or both, rather than for normal business sales, for production, for supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value are treated in accordance with the provisions of the property, plant and equipment.

The gain or loss on the disposal of investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

The rental income of investment property is recognized in the operating revenue using the straight-line method over the lease period. The lease incentives given to them are recognized as part of the lease income during the lease term.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

Property, plant and equipment that are significant in terms of their useful lives are treated as a separate item (a major component) when their useful lives are different.

The gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenses may be capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated at the cost of the asset less residual value and recognized in profit or loss using the straight-line method over the estimated useful life of each component.

Land is not depreciated.

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

The estimated useful lives for the current period and the comparative period are as follows:

- (1) Buildings 53 years
- (2) Other equipment 3-5 years

The Company reviews the depreciation method, useful years, and residual value on each reporting date, and makes appropriate adjustments if necessary.

(X) Lease

The Company assesses whether the contract is or contains a lease on the date of establishment of the contract. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

1. Lessee

The Company recognizes right-of-use assets and lease liabilities on the lease commencement date. Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities, adjusted for any lease payments paid on or before the lease commencement date, and added up the initial direct cost and the estimated cost of dismantling, removing the underlying asset and restoring the location or underlying asset, while deducting any lease incentives received.

The subsequent right-of-use assets are depreciated using the straight-line method from the lease start date to the end of their useful lives or the expiration of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use assets are impaired and handles any impairment losses that have occurred. The right-of-use assets are adjusted if the lease liabilities are remeasured.

Lease liabilities are initially measured at the present value of the unpaid lease payments on the lease starting date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the Company's incremental borrowing rate is used. Generally, the Company adopts its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

- (1) Fixed payments, including substantive fixed payments;
- (2) For the variable lease payment depending on a certain index or rate, the index or the rate on the lease commencement date is used as the initial measurement;
- (3) The residual guarantee amount expected to be paid; and
- (4) The exercise price or penalty when it is reasonably certain to exercise the purchase option or lease termination option.

Subsequent interest on lease liabilities is accrued using the effective interest method, and the amount is re-measured when:

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

- (1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) There is a change in the residual guarantee amount expected to be paid;
- (3) There is a change in the evaluation of the underlying asset purchase option;
- (4) There is a change in the estimate of whether to exercise the extension or termination of the option, and thus the assessment on the lease period is changed;
- (5) Modifications to the subject, scope, or other terms and conditions of the lease.

When a lease liability is remeasured due to a change in the index or rate used to determine lease payments, changes in the residual guarantee amount, or an evaluation change in the purchase, extension, or termination of an option, the book value of the right-of-use asset shall be adjusted accordingly. When the book value of the right-of-use assets is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For a lease modification that reduces the scope of the lease, the book value of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the remeasured amount of the lease liability and the difference is recognized in profit or loss.

The Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For short-term leases such as office equipment and leases of underlying low-value assets, the Company chooses not to recognize right-of-use assets and lease liabilities, but to recognize relevant lease payments as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions in which the Company is a lessor, the lease contract is classified based on whether it transfers almost all the risks and returns attached to the ownership of the underlying asset on the date of establishment of the lease. If so, it is classified as a financing lease; otherwise, it is classified as an operating lease. During the evaluation, the Company considers relevant specific indicators, including whether the lease period covers the main part of the economic life of the underlying assets.

If the Company is the sublessor, it shall manage the main lease and sublease transactions separately, and use the right-of-use assets generated from the main lease to assess the classification of the sublease transactions. If the main lease is a short-term lease and the recognition exemption is applicable, the sublease transaction of the main lease should be classified as an operating lease.

If the agreement includes lease and non-lease components, the Company uses IFRS 15 to allocate the consideration in the contract.

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

(XI) Intangible assets

1. Recognition and measurement

The intangible assets with finite useful life that the Company acquires are measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits of the relevant specific assets. All other expenses are recognized as income upon occurrence, including the goodwill and brand developed internally.

3. Amortization

The amortization is calculated in accordance with the asset cost less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful years from the intangible asset becoming available for use.

The estimated useful lives for the current period and the comparative period are as follows:

Computer software cost for 3 years

The Company reviews the amortization method, useful years and residual value of intangible assets on each reporting date, and makes appropriate adjustments if necessary.

(XII) Impairment of non-financial assets

The Company assesses whether there is any indication that the book value of non-financial assets (except inventories, contract assets and deferred income tax assets) may be impaired on each reporting date. If any sign exists, the recoverable amount of the asset shall be estimated.

For the purpose of impairment testing, the group of assets whose cash inflow is mostly independent of other individual assets or asset group is recognized as the smallest identifiable asset group.

The recoverable amount is the fair value of an individual asset or cash-generating unit less the cost of disposal and its value in use, whichever is higher.

If the recoverable amount of an individual asset or cash-generating unit is lower than the book value, it is recognized as impairment loss.

(XIII) Provisions

The provisions shall be recognized when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. The provision is discounted at the pre-tax discount rate that reflects the current market's assessment of the specific risk of the time value of money and liabilities; the amortization of the discount is recognized as interest expense.

The warranty provision is recognized upon completion of a project. The warranty

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

provision is measured according to the historical warranty information and all possible outcomes weighted by the relevant probability.

(XIV) Revenue recognition

1. Revenue from customer contracts

Revenue is measured based on the expected consideration for the right to be obtained from the transfer of goods or services. The Company recognizes revenue when the control of the product or labor service is transferred to the customer and the performance obligation is met. The main revenue items of the Company are described as follows:

(1) Construction contracts

The Company engages in the contracting business of residential real estate and public construction projects. As the assets are controlled by the customers at the time of construction, the income is gradually recognized over time based on the proportion of the construction costs incurred to date in the estimated total contract costs. The contract includes fixed and variable consideration. The customer makes a fixed amount of payment in accordance with the agreed schedule. Consideration for some changes (such as fines and price adjustments calculated based on the number of days past due) are estimated based on the expected value based on accumulated past experience, and the Company only recognizes it within the scope of the accumulated revenue level with no significant reversal income. If the amount of recognized revenue has not yet been paid, it is recognized as a contract asset; when the Company has an unconditional right to the consideration, the contract asset is transferred to accounts receivable.

If the degree of completion of the performance obligation under the construction contract cannot be reasonably measured, the contract revenue is recognized only within the range of the expected recoverable cost.

When the Company expects that the inevitable cost of fulfilling an obligation in a construction contract exceeds the economic benefits expected from the contract, the provision for the onerous contract is recognized.

If the situation changes, the estimates of revenue, cost and level of completion will be revised, and the resulting increase or decrease will be reflected in the profit or loss during the period in which the management is aware of the change and making revisions.

The Company provides standard warranty for residential real estate and public constructions in line with the agreed specifications, and has recognized the warranty reserve for the obligation. Please refer to Note 6(9).

2. Cost of contracts with customers

Cost of fulfilling contract

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

If the cost of performing a contract with customers is not within the scope of other standards (IAS 2 "Inventory", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Company will only pay the cost if it is directly related to a contract or identifiable expected contract, will generate or strengthen resources that will be used to meet (or continue to meet) the performance obligation in the future, and is expected to be recoverable. Such costs are recognized as assets.

General and administrative costs; costs of raw materials, labor or other resources wasted to fulfill the contract but not reflected in the contract price; costs associated with fulfilled (or partially fulfilled) performance obligations; and the costs related to the obligations or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(XV) Employee benefits

1. Definite contribution plan

The obligation of the defined contribution plan is recognized as an expense within the service period provided by the employee.

2. Defined benefit plan

The Company's net obligation to the defined benefit plan is converted to the present value of the future benefit amount earned by employees from the services in the current period or in the past for each benefit plan, and less the fair values of any planned assets.

Defined benefit obligations are calculated annually by a qualified actuary using the projected unit benefit method. When the calculation result may be favorable to the Company, the assets recognized shall be up to the present value of any economic benefit that can be derived from the refund of the contribution from the plan or the reduction of the contribution from the plan in the future. The calculation of the present value of the economic benefits takes into account the minimum capital contribution required.

The remeasurement of the net defined benefit liability, including actuarial gains and losses, plan asset returns (excluding interest), and any change in the impact of asset ceilings (excluding interest) is immediately recognized in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expense (revenue) of the net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and the discount rate at the beginning of the reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or curtailed, the changes in welfare related to the prior service cost or curtailment benefit or loss is recognized immediately in profit or loss. When the settlement occurs, the Company recognizes the settlement gain or loss of the

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the Company has a current legal or presumed payment obligation due to the past services provided by employees, and the obligation can be estimated reliably, the amount is recognized as liabilities.

(XVI) Income tax

Income tax includes current income tax and deferred income tax. Except for those related to business combination and recognized directly in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

The current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable from prior years. The amount is the best estimate of the expected payment or receipt based on the statutory tax rate or tax rate substantially enacted on the reporting date.

Deferred income tax is measured and recognized on temporary differences between the carrying amount of assets and liabilities and their tax bases at the reporting date. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Assets or liabilities originally recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss) and (ii) does not generate equivalent taxable and deductible temporary difference;
2. Temporary differences arising from investments in subsidiaries, affiliates and joint ventures, of which the Company can control the timing of temporary difference reversal and is very likely not to be reversed in the foreseeable future; and
3. The taxable temporary difference arising from the initial recognition of goodwill.

Unused tax losses and unused income tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets within the range of future taxable income that is likely to be available for use. The Company shall reevaluate it at each reporting date, and adjust the relevant income tax benefits to the extent that it is not very likely to be realized; or to reverse the amount of reduction in the range where it is very likely that there will be sufficient taxable income.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to be reversed, and based on the statutory tax rate or substantive tax rate at the reporting date.

The Company will offset the deferred income tax assets and deferred income tax

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

liabilities when the following conditions are met at the same time:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority:
 - (1) The same taxpayer; or
 - (2) Different taxable entities, but each entity intends to settle the current income tax liabilities and assets on a net basis, or realize assets and settlement of liabilities at the same time in each future period when significant amounts of deferred income tax assets are expected to be recovered and the deferred income tax liabilities are expected to be settled.

(XVII) Earnings per share

The Company presents the basic and diluted earnings per share attributable to the Company's common stock shareholders. The basic earnings per share of the Company is calculated by dividing the profit or loss attributable to the Company's common stock shareholders by the weighted average number of the outstanding common stock shares during the period. Diluted earnings per share is calculated by having the profit and loss attributable to the Company's common stock shareholders and the weighted average number of common stock shares outstanding adjusted for the effects of all potential diluted common stock shares, respectively.

(XVIII) Segment information

The Company has disclosed the department information in the consolidated financial statements; therefore, the department information was not disclosed in the parent company only financial statements.

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

When adopting accounting policies, where relevant information is not readily available from other sources, management must make relevant judgments and estimates about the future, including climate-related risks and opportunities, based on historical experience and other pertinent factors. Actual results may differ from estimates.

Management continually reviews estimates and underlying assumptions, which are consistent with the Company's risk management and climate-related commitments. Changes in estimates are recognized prospectively in the period of change and affected future periods. If a revision of an estimate only affects the current period, it is recognized in the period in which the revision is made; if a revision of an accounting estimate affects the current period and future periods, it is recognized in the period of the revision and future periods.

Main sources of estimation and assumption uncertainty:

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

(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 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, 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

(I) Cash and cash equivalent

	<u>2024.12.31</u>	<u>2023.12.31</u>
Petty cash	\$ 320	320
Demand deposits	142,327	228,172
Check deposits	991,753	633,845
Time deposit	3,100,000	3,008,789
Cash equivalents	-	1,099,347
Cash and cash equivalents	<u><u>\$ 4,234,400</u></u>	<u><u>4,970,473</u></u>

The cash equivalents referred to above are short-term notes, the maturity interval is January 2024, and the interest rate interval is 1.32% to 1.36%.

Please refer to Note 6(18) for the disclosure of the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Equity instruments measured at fair value through other comprehensive income:		
Domestic listed (OTC) company stock - Kindom Development Co., Ltd.	<u><u>\$ 27,995</u></u>	<u><u>21,368</u></u>

1. The Company's investments in these equity instruments 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. As the Company designated the investment in equity instrument listed above as measured at fair value through other comprehensive gain or loss, the dividend income recognized in 2024 and 2023 were NTD 990 thousand and NTD 964 thousand respectively.
3. The Company did not dispose of strategic investment in 2024 and 2023, and the accumulated gain or loss during that period was not transferred within the equity.

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

4. The Company's financial assets had not been provided as collateral guarantees as of December 31, 2024 and 2023.

5. For credit risk and market risk information, please refer to Note 6(18).

(III) Notes and accounts receivable

	2024.12.31	2023.12.31
Accounts receivable	\$ 1,449,251	948,123
Less: Loss allowance	-	(7,551)
	<u>\$ 1,449,251</u>	<u>940,572</u>

The Company uses simplified method to estimate expected credit losses for all notes and accounts receivable, that is, using expected credit losses throughout the duration. For this measurement, such notes and accounts receivable are the common credit risk characteristics of the ability to pay all amounts due in the contract terms and are grouped and included in the forward-looking information. Expected credit losses of notes and accounts receivable of the Company are analyzed as follows:

	2024.12.31		
	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	\$ 1,449,251	-	-
Overdue for more than 90 days	-	100%	-
	<u>\$ 1,449,251</u>		<u>-</u>
	2023.12.31		
	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>

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

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

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

The Company's accounts receivable were not provided as collateral on December 31, 2024 and 2023.

(IV) Investment under equity method

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

	2024.12.31	2023.12.31
Subsidiary	<u>\$ 1,019,628</u>	<u>812,402</u>

1. Subsidiaries

Please refer to the 2024 consolidated financial statements.

2. Guarantee

As of December 31, 2024 and 2023, the Company's investments under the equity method were not provided as collateral.

(V) Property, plant and equipment

The details of changes in the cost, depreciation and impairment loss of the Company's property, plant and equipment as of 2024 and 2023 are as follows:

	Land	Buildings	Transportation equipment	Other equipment	Total
Cost or recognized cost:					
Balance as of January 1, \$ 2024	106,400	25,333	-	101,152	232,885
Addition	-	-	720	10,411	11,131
Reclassification	-	-	-	1,124	1,124
Balance as of December 31, 2024	<u>\$ 106,400</u>	<u>25,333</u>	<u>720</u>	<u>112,687</u>	<u>245,140</u>
Balance as of January 1, \$ 2023	106,400	25,333	-	79,287	211,020
Addition	-	-	-	15,164	15,164
Reclassified from prepayments	-	-	-	6,701	6,701
Balance as of December 31, 2023	<u>\$ 106,400</u>	<u>25,333</u>	<u>-</u>	<u>101,152</u>	<u>232,885</u>
Depreciation and impairment loss:					
Balance as of January 1, \$ 2024	7,000	19,313	-	57,311	83,624
Depreciation in the current year	-	235	140	27,080	27,455
Balance as of December 31, 2024	<u>\$ 7,000</u>	<u>19,548</u>	<u>140</u>	<u>84,391</u>	<u>111,079</u>
Balance as of January 1, \$ 2023	7,000	19,078	-	33,987	60,065
Depreciation in the current year	-	235	-	23,324	23,559
Balance as of December 31, 2023	<u>\$ 7,000</u>	<u>19,313</u>	<u>-</u>	<u>57,311</u>	<u>83,624</u>

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Book value:					
December 31, 2024	\$ 99,400	5,785	580	28,296	134,061
January 1, 2023	\$ 99,400	6,255	-	45,300	150,955
December 31, 2023	\$ 99,400	6,020	-	43,841	149,261

Guarantee

Please refer to Note 8 for the details of the financing guarantee provided on December 31, 2024 and 2023.

(VI) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2024	\$ 17,965	5,600	11,549	35,114
Addition	1,416	3,763	4,662	9,841
Transferred out - lease expiry	(5,744)	(1,542)	(4,262)	(11,548)
Balance as of December 31, 2024	\$ 13,637	7,821	11,949	33,407
Balance as of January 1, 2023	\$ 2,302	3,603	10,577	16,482
Addition	15,576	1,997	4,394	21,967
Transferred out - lease expiry	-	-	(3,422)	(3,422)
Reclassification	87	-	-	87
Balance as of December 31, 2023	\$ 17,965	5,600	11,549	35,114

Depreciation and impairment

loss of right-of-use assets:

Balance as of January 1, 2024	\$ 6,979	1,823	4,692	13,494
Depreciation in the current year	7,885	3,179	4,639	15,703
Transferred out - lease expiry	(5,744)	(1,542)	(4,262)	(11,548)

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

	Land	Buildings	Transportation equipment	Total
Balance as of December 31, 2024	\$ 9,120	3,460	5,069	17,649
Balance as of January 1, 2023	\$ -	-	3,802	3,802
Depreciation in the current year	6,979	1,823	4,312	13,114
Transferred out - lease expiry	-	-	(3,422)	(3,422)
Balance as of December 31, 2023	\$ 6,979	1,823	4,692	13,494
Book value:				
December 31, 2024	\$ 4,517	4,361	6,880	15,758
January 1, 2023	\$ 2,302	3,603	6,775	12,680
December 31, 2023	\$ 10,986	3,777	6,857	21,620

(VII) Investment property

The details of changes in the cost, depreciation and impairment loss of the Company's investment property as of 2024 and 2023 are as follows:

	Land and buildings
Cost or recognized cost:	
Balance as of January 1, 2024	\$ 61,682
Balance as of December 31, 2024	\$ 61,682
Balance as of January 1, 2023	\$ 61,682
Balance as of December 31, 2023	\$ 61,682
Depreciation and impairment loss:	
Balance as of January 1, 2024	\$ 13,225
Depreciation in the current year	232
Balance as of December 31, 2024	\$ 13,457
Balance as of January 1, 2023	\$ 12,993
Depreciation in the current year	232
Balance as of December 31, 2023	\$ 13,225
Carrying amount:	
December 31, 2024	\$ 48,225
January 1, 2023	\$ 48,689
December 31, 2023	\$ 48,457

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

	<u>Land and buildings</u>
Fair value:	
December 31, 2024	<u><u>\$ 90,662</u></u>
December 31, 2023	<u><u>\$ 91,018</u></u>

The fair value of investment property is based on the comprehensive valuation made by independent appraisers (with relevant professional qualifications recognized) or the Company's comparative method (with reference to the real estate transaction quotation and the actual price registration information of the Ministry of the Interior). The input value used in the fair value valuation technique belongs to Class III.

The valuation of fair value is carried out under the income approach. If there is no current price in an active market, the valuation considers the estimated aggregate cash flows expected to be received from the lease of the property, and discounts it at a rate of return that reflects the specific risks inherent to the net cash flow to determine the value of the property. The rates of return adopted in 2024 and 2023 were 1.735% and 1.765%, respectively.

Please refer to Note 8 for the Company's investment property provided as collateral for financing as of December 31, 2024 and 2023.

(VIII) Short-term loans

The details of the Company's short-term loans are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Unsecured bank borrowings	<u><u>\$ 100,000</u></u>	<u><u>100,000</u></u>
Unused credit limit	<u><u>\$ 6,111,338</u></u>	<u><u>4,695,523</u></u>
Interest rate range	<u><u>1.79%</u></u>	<u><u>1.70%</u></u>

For the information on the exposure of the Company's interest rate and liquidity risks, please refer to Note 6(18).

Please refer to Note 8 for the Company's assets pledged as collateral for bank loans.

(IX) Provision for liabilities

	<u>Warranty</u>
Balance as of January 1, 2024	\$ 177,160
Liability reserve increased in the current period	14,244
Liability reserve used in the current period	<u>(21,687)</u>
Balance as of December 31, 2024	<u><u>\$ 169,717</u></u>
Balance as of January 1, 2023	\$ 178,726
Liability reserve increased in the current period	17,902
Liability reserve used in the current period	<u>(19,468)</u>
Balance as of December 31, 2023	<u><u>\$ 177,160</u></u>

The Company's warranty provision in 2024 and 2023 is mainly related to the

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

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.

(X) Operating lease

The Company leases out its investment properties. Since it has not transferred almost all the risks and rewards attached to the ownership of the underlying assets, the lease contracts are classified as operating leases. Please refer to Note 6(7) Investment properties.

The maturity analysis of lease payments is shown in the following table based on the total undiscounted lease payments to be received after the reporting date:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total undiscounted lease payments (less than one year)	<u>\$ 3,360</u>	<u>3,360</u>

The rent income generated from the investment property was NTD 3,360 thousand in both 2024 and 2023; in addition, no significant maintenance and repair expense has been incurred.

(XI) Employee benefits

1. Defined benefit plan

The present value of the Company's defined benefit obligation and the fair value of the plan assets are adjusted as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Present value of defined benefit obligation	\$ 8,639	13,582
Fair value of plan assets	<u>(18,826)</u>	<u>(20,529)</u>
Net defined benefit obligation assets	<u>\$ (10,187)</u>	<u>(6,947)</u>

The Company's defined benefit plan is appropriated to the labor pension reserve account at the Bank of Taiwan. The retirement payment of each employee under the Labor Standards Act is calculated based on the bases earned for the years of service and the average salary six months prior to retirement.

(1) Composition of plan assets

The pension fund appropriated by the Company in accordance with the Labor Standards Act is under the overall management of the Bureau of Labor Funds, Ministry of Labor. In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum income distributed each year in the final accounts for the use of the fund shall not be lower than the income calculated based on the local bank's two-year time deposit interest rate.

The Company's labor pension fund account at the Bank of Taiwan is with a balance of NTD 18,826 thousand as of the reporting date. Information on the utilization of assets of the Labor Pension Fund, including fund yield rate and fund asset allocation, is disclosed on the website of the Bureau of Labor Funds, Ministry of Labor.

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

(2) Changes in the present value of definite benefit obligations

Changes in the present value of the Company's defined benefit obligations as of 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Defined benefit obligation as of January 1	\$ 13,582	16,887
Current service cost and interest	170	211
Remeasurement of net defined benefit liabilities (assets)		
- Experience adjustment	(941)	(403)
Benefits paid by the plan	<u>(4,172)</u>	<u>(3,113)</u>
Defined benefit obligation as of December 31	<u><u>\$ 8,639</u></u>	<u><u>13,582</u></u>

(3) Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Fair value of the plan assets on January 1	\$ 20,529	22,707
Interest revenue	260	287
Remeasurement of net defined benefit liabilities (assets)		
- Return on plan assets (excluding interest for the current period)	1,856	189
Amount appropriated to the plan	353	459
Benefits paid by the plan	<u>(4,172)</u>	<u>(3,113)</u>
Fair value of the plan assets on December 31	<u><u>\$ 18,826</u></u>	<u><u>20,529</u></u>

(4) In 2024 and 2023, the Company had no ceiling effect on the defined benefit plan assets.

(5) Expenses recognized in profit or loss

The expenses to be recognized in profit or loss by the Company in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Net interest of net defined benefit liabilities (assets)	<u><u>\$ (90)</u></u>	<u><u>(76)</u></u>

The expenses are recognized in the following items in the statement of comprehensive income:

	<u>2024</u>	<u>2023</u>
Operating cost	<u><u>\$ (90)</u></u>	<u><u>(76)</u></u>

(6) Remeasurement of net defined benefit liabilities (assets) recognized as other comprehensive income

The remeasurement of net defined benefit liabilities (assets) cumulatively recognized as other comprehensive income by the Company as of December 31, 2024

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

and 2023 is as follows:

	2024	2023
Accumulated balance on January 1	\$ 5,756	5,164
Recognized in current period	2,797	592
Accumulated balance on December 31	<u>\$ 8,553</u>	<u>5,756</u>

(7) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation by the Company at the end of the financial reporting date are as follows:

	2024.12.31	2023.12.31
Discount rate	1.50%	1.25%
Future salary increase	2.00%	2.00%

The Company expects to pay NTD 353 thousand to the defined benefit plan within one year after the 2024 reporting date.

The weighted average duration of the defined benefit plan is 9.1 years.

(8) Sensitivity analysis

The impact of changes in major actuarial assumptions adopted on December 31, 2024 and 2023 on the present value of defined benefit obligations is as follows:

	Effect on defined benefit obligations	
	Increase	Decrease
December 31, 2024		
Discount rate (changed by 0.25%)	\$ (174)	178
Future salary increase (1% change)	742	(675)
December 31, 2023		
Discount rate (changed by 0.25%)	(321)	331
Future salary increase (1% change)	1,378	(1,237)

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liability in the Statement of Financial Position.

The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

2. Definite contribution plan

The Company's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly wage is appropriated to the individual

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

labor pension account with the Bureau of Labor Insurance. Under this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company has no legal or constructive obligation to make additional payments.

The Company's pension expense under the defined contribution plan was NTD 25,533 thousand and NTD 25,299 thousand in 2024 and 2023, respectively; also, it had been appropriated to the Bureau of Labor Insurance.

3. Liabilities for short-term paid leave

The employee benefit liabilities of the Company are as follows:

	2024.12.31	2023.12.31
Short-term paid leave of absence	\$ 12,415	12,330

(XII) Income tax

1. The details of income tax expenses of the Company for 2024 and 2023 are as follows:

	2024	2023
Current income tax expense		
Occurred in the current period	\$ 201,439	242,135
Adjustment of the current income tax of the previous period	(190)	(216)
Imposition on undistributed earnings	18,357	20,248
	<u>219,606</u>	<u>262,167</u>
Deferred income tax expense		
Occurrence and reversal of temporary difference	3,025	66
Income tax expense	\$ 222,631	262,233

2. The relationship between the Company's income tax expenses and net income before tax for 2024 and 2023 is adjusted as follows:

	2024	2023
Net income before tax	\$ 1,096,987	1,252,578
Income tax calculated in accordance with the domestic tax rate in the place where the Company is located	219,398	250,515
Adjustment of the current income tax of the previous period	(190)	(216)
Imposition on undistributed earnings	18,357	20,248
Investment gains under equity method	(14,729)	(8,399)
Tax-exempted income	(198)	(193)
Non-deductible expenses	117	385
Other	(124)	(107)
Total	\$ 222,631	262,233

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

3. Deferred income tax assets

(1) Unrecognized deferred income tax assets

The items that have not been recognized by the Company as deferred income tax assets are as follows:

	2024.12.31	2023.12.31
Deductible temporary difference	\$ 798	798

(2) Recognized deferred income tax assets

Movements in deferred income tax assets in 2024 and 2023 are as follows:

	Provision for liabilities	Employee bonus for unused vacation	Other	Total
January 1, 2024	\$ 35,432	2,466	1,753	39,651
Recognized in the income statement	(1,489)	17	(1,553)	(3,025)
December 31, 2024	\$ 33,943	2,483	200	36,626
January 1, 2023	\$ 35,745	2,261	1,711	39,717
Recognized in the income statement	(313)	205	42	(66)
December 31, 2023	\$ 35,432	2,466	1,753	39,651

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

(XIII) Capital and other equity

The Company's authorized capital amounted to NTD 1,800,000 thousand on December 31, 2024 and 2023, respectively, with 180,000 thousand shares issued at NTD 10 par value per share. The above-mentioned authorized capital stock is of common stock, and the issued shares are 123,136 thousand and 120,722 thousand, respectively. All payments on the issued shares have been collected.

1. Issuance of common shares

On May 29, 2024 and June 2, 2023, respectively, the Company's general shareholders' meetings resolved to increase capital by earnings, amounting to NTD 24,144 thousand and NTD 40,824 thousand, at NTD 10 per share, respectively. There shares were 2,414 thousand and 4,082 thousand shares, respectively. The aforementioned capital increase was approved by the Financial Supervisory Commission, Executive Yuan on June 26, 2024 and July 3, 2023, respectively. The ex-rights base date is August 4, 2024 and August 2, 2023, and the relevant statutory registration procedures have been completed.

2. Capital reserve

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

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

	<u>2024.12.31</u>	<u>2023.12.31</u>
Issued stock premium	\$ 383,109	383,109
Premium of corporate bond conversion	130,766	130,766
Changes in net equity of subsidiaries, affiliates and joint ventures recognized under the equity method	2,602	2,568
Overtime but unclaimed dividends	895	754
Others	1,437	1,437
	<u>\$ 518,809</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 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

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

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:

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

The Company's board of directors on March 7, 2025 resolved the amount of cash dividends for the 2024 earnings appropriation proposal and proposed the amount of stock dividends for the 2024 earnings appropriation. The amount of dividends distributed to the shareholders is as follows:

	<u>2024</u>	
	<u>Stock dividend rate (NTD)</u>	<u>Amount</u>
Dividends distributed to common stock shareholders		
Cash	\$ 3.20	394,035
Stocks	0.60	<u>73,882</u>
Total		<u>\$ 467,917</u>

4. Other equity (net amount after tax)

	<u>Unrealized gains or losses on financial assets at fair value through other comprehensive income</u>
Balance as of January 1, 2024	\$ 241,744
Unrealized gains or losses on financial assets at fair value through other comprehensive income	<u>140,174</u>
Balance as of December 31, 2024	<u>\$ 381,918</u>

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

	Unrealized gains or losses on financial assets at fair value through other comprehensive income
Balance as of January 1, 2023	\$ 129,294
Unrealized gains or losses on financial assets at fair value through other comprehensive income	<u>112,450</u>
Balance as of December 31, 2023	<u><u>\$ 241,744</u></u>

(XIV) Earnings per share

Calculations of the Company's 2024 and 2023 basic earnings per share and diluted earnings per share are as follows:

	<u>2024</u>	<u>2023</u>
Basic earnings per share		
Net profit attributable to the Company's common stock shareholders	<u>\$ 874,356</u>	<u>990,345</u>
Weighted average outstanding common stock	<u>123,136</u>	<u>123,136</u>
	<u>\$ 7.10</u>	<u>8.04</u>
Diluted earnings per share		
Net profit attributable to the Company's common stock shareholders	<u>\$ 874,356</u>	<u>990,345</u>
Weighted average outstanding common stock	123,136	123,136
Effect of potentially dilutive ordinary shares		
Effect of employee stock compensation	<u>1,099</u>	<u>1,339</u>
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	<u>124,235</u>	<u>124,475</u>
	<u>\$ 7.04</u>	<u>7.96</u>

(XV) Revenue from customer contracts

1. Breakdown of revenue

	<u>2024</u>	<u>2023</u>
Timing of revenue recognition:		
Construction transferred over time	\$ 14,161,663	14,216,279
Services gradually transferred over time	<u>3,918</u>	<u>3,360</u>
	<u>\$ 14,165,581</u>	<u>14,219,639</u>

2. Contract balance

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.1.1</u>
Notes and accounts receivable (including related party)	\$ 1,878,559	1,647,345	2,471,577
Less: Loss allowance	-	(7,551)	(7,551)
Total	<u>\$ 1,878,559</u>	<u>1,639,794</u>	<u>2,464,026</u>
Contract assets- construction project	\$ 4,094,657	3,362,547	1,841,624
Less: Loss allowance	-	-	-
Total	<u>\$ 4,094,657</u>	<u>3,362,547</u>	<u>1,841,624</u>
Contract liabilities- construction project	<u>\$ 2,460,859</u>	<u>2,144,052</u>	<u>1,543,225</u>

Please refer to Note 6(3) 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 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 in 2024 and 2023.

(XVI) 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 2024 and 2023 employee remuneration is estimated to be NTD 62,966 thousand and NTD 86,063 thousand, respectively, and that directors' remuneration is NTD 23,672 thousand and NTD 27,319 thousand, respectively. The Company's net income before tax deducting employees' and directors' remuneration and multiplying it by the appropriation percentage of employees' remuneration and directors' remuneration set out in the Articles of Incorporation of the Company, which is reported as operating costs and operating expenses for 2024 and 2023. The amount of remuneration distributed to employees and directors as resolved by the above-mentioned board meeting is no different from the estimated amount in the Company's 2024 and 2023 parent company only financial statements.

(XVII) Non-operating income and expenses

1. Interest revenue

The interest income of the Company for 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Bank deposits	\$ 51,296	37,877
Short-term bill interest income	7,790	10,891
Other interest income	<u>2</u>	<u>1</u>

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

<u>2024</u>	<u>2023</u>
<u><u>\$ 59,088</u></u>	<u><u>48,769</u></u>

2. Other income

The Company's other income as of 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Dividend income	\$ 990	964
Rental income	-	12
Other income	5,632	35
	<u><u>\$ 6,622</u></u>	<u><u>1,011</u></u>

3. Other gains and losses

The Company's other gains and losses as of 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Gain (loss) on foreign currency exchange	<u><u>\$ 217</u></u>	<u><u>(6)</u></u>

4. Financial costs

Financial costs of the Company in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Interest expense		
Bank borrowings	\$ 3,319	4,235
Other	63	60
	<u><u>\$ 3,382</u></u>	<u><u>4,295</u></u>

(XVIII) Financial instruments

1. Credit risk

(1) Credit risk exposure

The book value of financial assets and contract assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

The Company's 2024 and 2023 revenues were all derived from sales to domestic customers; the Company's customers were concentrated in the construction, technology, and public construction. Of the balances of notes and accounts receivable on both December 31, 2024 and 2023, 96% was composed of 4 and 5 customers respectively, but mainly due to companies within the Group, companies with good credit and government agencies. Therefore, there is no significant concentration of credit risk in the assessment of the Company. The Company still regularly evaluates the possibility of the recovery of accounts receivable and sets aside an allowance for bad debts. The bad debt losses are still within the management's expectation.

(3) Credit risk of receivables

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

For credit risk exposure information on notes receivable and accounts receivable, please refer to Note 6(3).

2. 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.

	Carrying amount	Contractual cash flow	Within one year	1-3 years	3-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Unsecured bank borrowings	\$ 100,000	101,193	101,193	-	-	-
Payable notes	285,583	285,583	285,583	-	-	-
Accounts payable	4,069,883	4,069,883	2,206,485	1,863,398	-	-
Other payables	345,159	345,159	345,159	-	-	-
Other current liabilities (lease liabilities)	9,163	9,381	9,381	-	-	-
Other non-current liabilities (lease liabilities)	5,957	6,070	-	6,070	-	-
	\$ 4,815,745	4,817,269	2,947,801	1,869,468	-	-
December 31, 2023						
Non-derivative financial liabilities						
Unsecured bank borrowings	\$ 100,000	101,132	101,132	-	-	-
Payable notes	254,823	254,823	254,823	-	-	-
Accounts payable	4,387,808	4,387,808	2,484,431	1,903,377	-	-
Other payables	342,750	342,750	342,750	-	-	-
Other current liabilities (lease liabilities)	12,467	12,783	12,783	-	-	-
Other non-current liabilities (lease liabilities)	6,250	6,356	-	6,356	-	-
	\$ 5,104,098	5,105,652	3,195,919	1,909,733	-	-

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

3. Interest rate analysis

The interest rate exposure of the Company's financial assets and financial liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of liabilities with floating interest rates is based on the assumption that the amount of liabilities outstanding on the reporting date has been outstanding throughout the year. The rate of change used in the Company's internal reporting of interest rates to key management is an

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

increase or decrease of 0.5%, which also represents management's assessment of the reasonably possible range of interest rates.

4. Other price 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:

<u>Securities price on the reporting date</u>	<u>2024</u>	<u>2023</u>
	Other	Other
	comprehensive	comprehensive
	income after	income after
	tax	tax
Up 10%	<u><u>\$ 2,800</u></u>	<u><u>2,137</u></u>
Down 10%	<u><u>\$ (2,800)</u></u>	<u><u>(2,137)</u></u>

5. Fair value information

(1) Types and fair values of financial instruments

Financial assets measured at fair value through other comprehensive income of the 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:

		<u>2024.12.31</u>			
		<u>Fair value</u>			
	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through other comprehensive income	\$ 27,995	27,995	-	-	27,995
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,234,400	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,878,559	-	-	-	-
Other financial assets- Liquidity	901,607	-	-	-	-
Other financial assets- Non-current	8,480	-	-	-	-
Subtotal	<u>7,023,046</u>	-	-	-	-
Total	<u><u>\$ 7,051,041</u></u>	<u><u>27,995</u></u>	-	-	<u><u>27,995</u></u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 100,000	-	-	-	-
Notes payable and accounts payable	4,355,466	-	-	-	-
Other payables	345,159	-	-	-	-

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

		2024.12.31			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Other current liabilities (lease assets)	9,163	-	-	-	-
Other non-current liabilities (lease assets)	5,957	-	-	-	-
Total	\$ 4,815,745	-	-	-	-

		2023.12.31			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	\$ 21,368	21,368	-	-	21,368
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,970,473	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,639,794	-	-	-	-
Other financial assets- Liquidity	1,185,858	-	-	-	-
Other financial assets- Non-current	5,597	-	-	-	-
Subtotal	7,801,722	-	-	-	-
Total	\$ 7,823,090	21,368	-	-	21,368
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 100,000	-	-	-	-
Notes payable and accounts payable	4,642,631	-	-	-	-
Other payables	342,750	-	-	-	-
Other current liabilities (lease assets)	12,467	-	-	-	-
Other non-current liabilities (lease assets)	6,250	-	-	-	-
Total	\$ 5,104,098	-	-	-	-

(2) Valuation technique for the fair value of financial instruments measured at fair value
Non-derivative financial instruments

If there is a quoted market price for the financial instrument, the quoted price on the active market is used as the fair value. The market price announced by the major exchanges and the TPEx for central government bonds that are judged to be popular are the basis for the fair value of TWSE/TPEx-listed equity instruments and debt instruments with open quotations on the active market.

If open quotations of financial instruments can be obtained in a timely manner from exchanges, brokers, underwriters, industrial associations, pricing service institutions or competent authorities, and the prices represent actual and frequently occurring fair market transactions, then the financial instruments have open quotations

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

in the active market. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large spread of the bid-ask spread, a significant increase in the spread of the bid-ask price, or a low trading volume are indicators of an inactive market.

If the financial instruments held by the Company belong to an active market, the fair value is listed as follows by category and attribute:

The shares of TWSE/TPEX listed companies are financial assets with standard terms and conditions and in the active market. The fair value is determined by reference to market quotations.

Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through valuation technique or by referring to the quotations of the counterparties. The fair value obtained through the valuation technique can be based on the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method or other valuation technique, including the value obtained by applying the model to the market information available on the reporting date. (e.g. reference yield curve of Taipei Exchange, average Reuters commercial paper interest rate quoted).

(3) There was no transfer between the Company's grades in 2024 and 2023.

(XIX) Financial risk management

1. Overview

The Company is exposed to the following risks due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

The Company's risk exposure information and the objectives, policies and procedures of the Company's risk measurement and management are disclosed in this note. Please refer to the notes to the parent company only financial statements for further quantitative disclosure.

2. Risk management framework

(1) Risk management policies:

In the course of business operations, enterprises often encounter many uncertainties that may threaten business operations. In order to detect and control risks at an early stage, and reduce the losses caused by risks, sound risk management policies are required. The Company's Board of Directors formulates overall risk management policies in accordance with the operating strategies, operating environment and department plans, which mainly include environmental aspects, internal and external operating procedures, and strategic decision-making. In addition, the board of directors

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

should also submit risk management reports on various risk management decisions, tasks, supervision, and subsequent implementation, so that when the management can refer to past experience and come up with better solutions when faced with similar issues.

(2) Organizational structure for risk management:

Each level or department in the Company is responsible for the risks. Once any abnormal situation is found, it should be reported to the Audit Office or senior management immediately, and a solution should be sought for as soon as possible. The decision-maker should also take action in the shortest time possible.

The organizational structure of risk management is as follows:

Name of the organization	Scope of responsibility
Board of Directors	Formulate a risk management policy Ensure the effective operation of a risk management mechanism and allocate resources
Senior management	Implement risk management measures resolved by the board Coordinate inter-departmental risk management matters
Audit Department	Audit daily risk management operations Supervise risk management and report on the implementation status to the Board of Directors
Other departments	Aggregate the results of risk management activities Perform daily risk management operations Determine the type of risk and formulate a plan to cope depending on the changes in the environment

3. Credit risk

Credit risk is the risk of financial loss incurred by the Company due to the failure of customers or financial instrument trading counterparts to fulfill contractual obligations, which mainly comes from the Company's accounts receivable from customers and securities investments.

(1) Accounts receivable and other receivables

The Company's credit risk exposure is mainly affected by the conditions of each individual customer. However, the management also considers the statistical data of the Company's customer base, including the default risk of the industry and country of the customer, as these factors may affect credit risk. In order to reduce the credit risk of receivables, the Company continuously evaluates the financial position of customers, and when necessary, requires the counterparty to provide collaterals or guarantees.

(2) Investment

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's Finance Department. As the counterparties of the Company are financial institutions, corporations and government agencies with good credit standing and there is no significant performance concern, there is no significant credit risk.

(3) Guarantee

According to the Company's policy, it can only provide financial guarantees to wholly owned subsidiaries and companies with whom we have business dealings. The endorsements/guarantees provided by the Company as of December 31, 2024 and 2023 were both NTD 14,192 thousand.

4. Liquidity risk

Liquidity risk is the risk that the Company may not be able to deliver cash or other financial assets to settle financial liabilities and fail to fulfill related obligations. The Company manages liquidity by ensuring that, under normal and stressed circumstances, the Company has sufficient liquidity to meet its liabilities as they fall due, without incurring unacceptable losses or risk of damage to the Company's reputation.

In general, the Company ensures that it has sufficient cash to meet the expected operating expenditure needs, including the performance of financial obligations, but excluding potential effects that cannot be reasonably expected under extreme circumstances, such as natural disasters. In addition, the Company's unused comprehensive borrowing facilities (including NTD loans, letters of credit and commercial paper facilities) as of December 31, 2024 and 2023 totaled NTD 6,411,338 thousand and NTD 4,845,523 thousand.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument prices will affect the Company's revenue or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to optimize investment returns.

(1) Interest rate risk

The Company's policy is to adopt a fixed interest rate basis for the risk exposure of borrowing interest rates. The Company achieves this objective by entering into fixed interest rate instruments and borrowing at floating interest rates in part through the use of interest rate swap contracts to avoid cash flow variations due to interest rate fluctuations.

(2) Other market price risks

The Company is exposed to the equity price risk due to the investment in the listed equity securities. The equity investment is not held for trading but is a strategic

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

investment. The Company does not actively trade such investments, and the Company's management manages risks by holding investment portfolios with different risks.

(XX) Capital management

The objectives of the Company's capital management are to ensure the ability to continue as a going concern, to continuously provide returns to shareholders and the interests of other stakeholders, and to maintain the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to pay off liabilities.

Similar to the industry peers, the Company manages capital based on the debt to equity ratio. The said ratio is net debt divided by total capital. Net liabilities are the total liabilities shown in the balance sheet less cash and cash equivalents. Total capital is all of the components of equity (i.e. capital stock, capital reserve, retained earnings and other equity) plus net liabilities.

The capital management strategy of the Company in 2024 is consistent with that in 2023, in order to ensure the financing at reasonable cost. The debt capital ratios as of December 31, 2024 and 2023 are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total liabilities	\$ 7,564,126	7,702,270
Less: Cash and cash equivalent	<u>(4,234,400)</u>	<u>(4,970,473)</u>
Net liabilities	3,329,726	2,731,797
Total equity	<u>5,340,289</u>	<u>4,805,673</u>
Adjusted capital	<u>\$ 8,670,015</u>	<u>7,537,470</u>
Debt capital ratio	<u>38%</u>	<u>36%</u>

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

The non-cash transaction investing activities of the Company in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 11,131	15,164
Add: Payables for equipment, beginning	-	-
Less: Payables for equipment, ending	<u>(236)</u>	<u>-</u>
	<u>\$ 10,895</u>	<u>15,164</u>

VII. Transactions with related parties

(I) Parent company and ultimate controller

Kindom Development Co., Ltd. is the parent company and the ultimate controller of the

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

group to which the Company belongs. It holds 34.18% of the outstanding common shares of the 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 Company during the period of the parent company only financial statements are as follows:

Name of related party	Relationship with the Company
Kindom Development Co., Ltd.	Parent company of the Company
Kuan Ching Electromechanical Co., Ltd.	Subsidiary of the Company
Dingtian Construction Co., Ltd.	Subsidiary 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 amount of significant sales to related parties is as follows:

		2024			
	Nature	Total contracting price	Estimated amount	Amount denominated in the current period	Revenue recognized in current period
Parent company- Kindom Development Corp.	Construction contracting	<u>\$ 16,318,771</u>	<u>7,463,591</u>	<u>3,155,716</u>	<u>3,206,552</u>

		2023			
	Nature	Total contracting price	Estimated amount	Amount denominated in the current period	Revenue recognized in current period
Parent company- Kindom Development Corp.	Construction contracting	<u>\$ 13,392,121</u>	<u>5,816,099</u>	<u>2,698,401</u>	<u>2,933,818</u>

(1) The price contracted by the 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

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

the contract is submitted to the supervisor for approval after price comparison and negotiation.

- (2) The transaction prices of the 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. Outsourcing projects

The value denominated for the contracted constructions awarded to the related parties in the current period is as follows:

	2024			2023		
	Total contract price	Priced amount	Amount denominated in the current period	Total contract price	Priced amount	Amount denominated in the current period
Subsidiary	\$ 2,097,991	912,872	530,202	1,995,250	382,671	262,637

The total contract price of the project is based on the negotiation between the two parties, and the payment is based on the progress of the project according to the contract signed after the negotiation.

3. Contract assets and receivables from related parties

The Company's receivable accounts-related parties are stated as follows:

Presentation item	Category of related party	2024.12.31	2023.12.31
Notes and accounts receivable	Parent company- Kindom Development Corp.	\$ 429,308	699,222
Contract assets	Parent company- Kindom Development Corp.	521,235	457,397
Contract assets (retained receivables)	Parent company- Kindom Development Corp.	365,254	136,295
		\$ 1,315,797	1,292,914

4. Contractual liabilities and payables to related parties

The Company's payable accounts-related parties are stated as follows:

Presentation item	Category of related party	2024.12.31	2023.12.31
Payable notes	Subsidiary	\$ 1,525	-
Accounts payable	Subsidiary	37,058	24,818
Other payables	Parent company	-	111
Contract liabilities	Parent company	39,846	84,711
		\$ 78,429	109,640

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

5. Endorsements/guarantees

The Company was the co-partner and joint debtor of the ultimate parent company, Kindom Development Corp. in the Zhongnan Market on December 31, 2024 and 2023, for an amount of NTD 14,192 thousand.

6. Leases

The Company leased an office building to its parent company, Kindom Development Corp., in 2024 and 2023, and a lease contract was signed with reference to the office rent in the neighborhood. The total contract value was NTD 294 thousand per month in both. The rent incomes were both NTD 3,360 thousand for 2024 and 2023.

In addition, the Company and the parent company, Kindom Development Corp. rented office buildings in 2024 and 2023 for a total contract value of NTD 575 thousand per month in both years. The rent expense for 2024 and 2023 is both NTD 6,571 thousand.

7. Others

- (1) The Company donated NTD 6,000 thousand and NTD 8,000 thousand to the Yushan Educational Foundation in 2024 and 2023, respectively, for the purpose of promoting affairs of the foundation.
- (2) The Company signed an information project service contract with Readycom Information Services Co., Ltd. in December 2021 for a total contract value of NTD 50 thousand per month. As of December 31, 2023, NTD 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 December 31, 2024 amounted to NTD 10,072 thousand.
- (4) From January 1 to December 31, 2024 and 2023, the earnings distributed by the parent company, Kindom Development Corp., were NTD 990 thousand and NTD 964 thousand, respectively.
- (5) The provision of consulting services between the Company and the related parties is as follows:

	2024		2023	
	Total contract price	Revenue recognized in current period	Total contract price	Revenue recognized in current period
Provision by the Company \$ to the parent company	292	279	-	-
Provision by the Company to other related parties	292	279	-	-
\$	584	558	-	-

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

	2024		2023	
	Total contract price	Expenses recognized in the current period	Total contract price	Expenses recognized in the current period
Provision by the parent company to the Company	\$ 4,815	4,586	3,000	2,857
Provision by subsidiaries to the Company	-	-	1,516	1,516
	\$ 4,815	4,586	4,516	4,373

(IV) Transactions by key management personnel

Remuneration to key management personnel includes:

	2024	2023
Short-term employee benefits	\$ 80,253	103,477
Post-employment benefits	1,497	223
	\$ 81,750	103,700

VIII. Pledged assets

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

Asset name	Subject matter of pledge guarantee	2024.12.31	2023.12.31
Other financial assets - current	Guarantee of loan limit, construction deposits and restricted assets	\$ 867,557	1,159,843
Property, plant and equipment, net	Guarantee of loan limit	99,400	99,400
Investment property, net	Guarantee of loan limit	48,225	48,457
		\$ 1,015,182	1,307,700

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

1. On December 31, 2024 and 2023, the Company undertook medium and major projects for an aggregate amount of NTD 74,433,229 thousand and NTD 51,701,505 thousand, respectively, and received payments of NTD 30,415,821 thousand and NTD 22,874,645 thousand in accordance with the agreements.
2. The letters of guarantee and guarantee notes issued by the Company for contracting projects are as follows:

2024.12.31	2023.12.31
\$ 5,068,287	3,397,844

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

3. As of December 31, 2023, the letter of credit issued but not used by the Company amounted to US\$1,008 thousand.
4. As approved by the Board of Directors on December 20, 2024 and December 29, 2023, the Company commits to donate to Kindom Yu Shan Educational Foundation for \$9,000 thousand and \$6,000 thousand for the promotion of the Foundation's affairs for 2025 and 2024, respectively.

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 function By nature	2024			2023		
	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expenses	\$ 558,526	166,296	724,822	595,033	169,159	764,192
Labor and national health insurance expenses	52,387	16,656	69,043	49,574	16,778	66,352
Pension expense	18,911	7,828	26,739	19,193	6,030	25,223
Remuneration to directors	-	27,392	27,392	-	30,888	30,888
Other employee benefit expenses	15,678	15,102	30,780	15,714	17,049	32,763
Depreciation expense	23,016	20,374	43,390	18,749	18,156	36,905
Depletion expense	-	-	-	-	-	-
Amortization expense	2,762	772	3,534	382	-	382

- (II) Additional information on the number of employees and employee benefit expenses in 2024 and 2023 is as follows:

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

	2024	2023
Number of employees	<u>1,009</u>	<u>937</u>
Number of Directors who are not also employees	<u>6</u>	<u>6</u>
Average employee benefit expense	<u>\$ 849</u>	<u>954</u>
Average employee salaries and wages	<u>\$ 723</u>	<u>821</u>
Average employee salary expense adjustment (Note)	<u>(11.94)%</u>	
Remuneration to supervisors	<u>\$ -</u>	<u>-</u>

Note: The salaries and wages of the Company reflect the manpower structure required for each year's operation and the performance in accordance with the progress of project completion reporting. The number of employees above includes foreign workers receiving basic wages. In 2024 and 2023, of the salaries and wages of the Company, the basic salary adjustments for the full-time non-managerial employees' salaries were 3.00% and 6.30%, respectively. 30%. For the two years, the number of labors account for 46% and 35% of the total number of employees, respectively. Average employee salaries and wages declined slightly due to the increase in the proportion of foreign workers.

(III) The Company's remuneration policy (including directors, managers and employees) information is as follows:

1. The Company's employee remuneration policy is committed to providing employees with compensation and benefits that conform to the dynamics of the salary market, changes in industry and economic conditions, and government regulations. Employees' remuneration mainly includes basic salary (including main salary and various fixed allowances), year-end and performance bonuses, and more. The Company formulates salary adjustment policies in a timely manner based on operating conditions and internal and external salary analysis; the average increase in the recent two years was about 4.65%.
2. The Company determines the total amount of year-end bonus and remuneration based on the Company's operating results, with reference to the domestic industry payment standards and the Company's Articles of Incorporation. The amount and distribution method are submitted by the Remuneration Committee to the Board of Directors for approval. The amount of payment to each employee is based on their duties, contributions and performance; in addition, the starting salary standards for those without work experience and for foreign workers comply with government regulations.
3. The remuneration policy for the Company's managerial officers is based on factors such as the Company's business strategy, profitability, performance, and job contribution, and with reference to the salary market level. The Remuneration Committee proposes to the Board of Directors for approval.

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

4. According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to the Company's Chairman and Directors in accordance with the extent of their participation in the Company's operations and the value of their contributions, with reference to the general standards of the industry. The Company's Articles of Incorporation also stipulates that no higher than 2% of the annual profit shall be used as the remuneration for directors; independent directors receive fixed remuneration on a monthly basis and do not participate in the aforementioned distribution of directors' remuneration.

XIII. Disclosures in Notes

(I) Information on significant transactions

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall further disclose the information of significant transactions in 2024 as follows:

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

Unit: NTD thousand

Serial number	Endorsing/guaranteeing company name	Counterparty of endorsements/guarantees Company name	Relationship (Note 1)	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
0	Kedge Construction	Kindom Development Corp.	Parent and Subsidiary	\$ 10,680,579	14,192	14,192	14,192	-	0.27%	10,680,579	-	Y	-
1	Dingtian Construction	Kindom Development Corp.	Parent and Subsidiary	57,915	14,192	14,192	14,192	-	24.50%	57,915	-	Y	-
1	"	Kedge Construction	"	8,687,263	1,376,500	1,376,500	1,376,500	-	2,376.76%	17,374,526	-	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 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

Notes to the parent company only financial statements of Kedge Construction Co., Ltd. (Continued)

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: NTD 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	\$ 27,995	0.10 %	27,995	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	621	56,096	- %	56,096	
"	Stock - Sinopac Holdings	-	"	235	5,374	- %	5,374	
"	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	477,090	1.69 %	477,090	
"	Stock - Fubon Financial Preferred Shares C (FBFHCPCSC)	-	"	11	582	- %	582	
"	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	89,976	0.32 %	89,976	
"	Stock - Fubon Financial Preferred Shares C (FBFHCPCSC)	-	"	10	517	- %	517	
"	Stock - Global Views Commonwealth Publishing Group	-	"	177	5,796	0.59 %	5,796	
"	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	552	49,824	- %	49,824	

4. Cumulative amount of the same securities purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. The amount of acquisition of real estate reaches NTD 300 million or more than 20% of the paid-in capital: None.

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

6. Disposal of real estate for an amount over NTD 300 million or 20% of the paid-in capital:
None.

7. The purchase or sale with related parties for an amount over NTD 100 million or 20% of the paid-in capital:

Unit: NTD thousand

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	\$ (3,155,716)	(21.99)%	The monthly payment collection according to the contract is generally slightly longer.	Equivalent	Slightly longer than general	794,562	18.56%	

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

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

Unit: NTD 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	\$ 794,562	3.93	-	-	132,707	-

9. Engagement in derivative transactions: None.

(II) Information on reinvestment businesses

Information on the Company's reinvestments in 2024 is as follows:

Unit: NTD Thousand/Thousand shares

Name of Investor	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%	702,775	37,697	37,689	Subsidiary
Kedge Construction	Kuan Ching Electromechanical	Taiwan	Electrical Appliance Installation and Fire Safety Equipment Installation Engineering	81,326	81,326	7,748	99.97%	316,853	35,966	35,956	"
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	16,500	16,500	-	30.00%	17,374	2,641	792	Sub-subsidiary
Kuan Ching Electromechanical	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	11,105	11,105	-	70.00%	40,541	2,641	1,849	"

Notes to the parent company only financial statements of Kedge Construction Co., Ltd.
(Continued)

Name of Investor	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			
Dingtian Construction	Readycom Information Services Co., Ltd.	Taiwan	IT software service and management consulting	15,000	15,000	1,400	46.67%	17,498	2,930	1,367	Investment 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

Please refer to the 2024 consolidated financial statements.

Kedge Construction Co., Ltd.
Statement of Cash and Cash Equivalents

December 31, 2024

Unit: NTD thousand

Item	Summary	Amount
Cash and petty cash		\$ 320
Bank deposits	Demand deposits	142,327
	Check deposits	991,753
	Time deposit	3,100,000
		<u><u>\$ 4,234,400</u></u>

Statement of Accounts Receivable

Customer name	Summary	Amount	Remarks
Company A	Construction payment	\$ 649,761	
Company B	"	575,307	
Company C	"	83,339	
Company D	"	81,886	
Other	"	<u>58,958</u>	The balance of each household does not reach 5% of the amount in this account.
		<u><u>\$ 1,449,251</u></u>	
Related party			
Investment in the Company under the equity method (parent company)	Construction payment	<u><u>\$ 429,308</u></u>	

Kedge Construction Co., Ltd.
Statement of Contract Assets/Liabilities

December 31, 2024

Unit: NTD
thousand

Project	Nature	Contract assets	Contract liabilities
081F	Construction receipts in advance and construction retention	176,105	73,286
091D	Estimated construction payment and construction retention	100,051	-
091E	Estimated construction payment and construction retention	411,586	-
101B	Construction receipts in advance and construction retention	40,412	120,351
101F	Estimated construction payment and construction retention	265,544	-
101G	Construction receipts in advance and construction retention	45,534	821,084
101I	Construction receipts in advance and construction retention	671,744	256,082
111A	Estimated construction payment and construction retention	170,368	-
111B	Estimated construction payment and construction retention	267,990	-
111C	Estimated construction payment and construction retention	119,119	-
111E	Estimated construction payment and construction retention	25,000	39,847
121A	Estimated construction payment and construction retention	95,245	-
121C	Estimated construction payment and construction retention	17,658	3,044
121D	Estimated construction payment and construction retention	228,563	394,828
121E	Estimated construction payment and construction retention	51,003	-

121F	Estimated construction payment and construction retention	48,519	-
121G	Estimated construction payment and construction retention	162,545	-
121H	Collections on construction works	-	596,813
121I	Estimated construction payment and construction retention	263,206	-
131A	Estimated construction payment and construction retention	41,146	11,210
131C	Estimated construction payment and construction retention	2,895	-
131E	Estimated construction payment and construction retention	1,113	142,291
131F	Estimated construction payment and construction retention	17,248	-
131G	Estimated construction payment and construction retention	5,952	-
131H	Estimated construction payment and construction retention	14,089	-
131J	Estimated construction payment and construction retention	341,079	-
131K	Collections on construction works	-	2,023
131L	Estimated construction payment and construction retention	6,660	-
141A	Estimated construction payment and construction retention	4,498	-
141B	Estimated construction payment and construction retention	1,637	-
Case closed	Construction retention	498,148	-
		<u>\$ 4,094,657</u>	<u>2,460,859</u>

Kedge Construction Co., Ltd.

Statement of Changes in Investment Using Equity Method

January 1, 2024 to December 31, 2024

Unit: thousand shares/NTD 1,000

Name	Opening balance		Increase in current period (Note)		Decrease in current period		Closing balance			Net value of equity		Guarantee, pledge or loan provided	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total price		
Jiechun Investment Co., Ltd.	16,396	\$ 552,185	-	150,590	-	-	16,396	99.98%	702,775	-	-	-	
Kuan Ching Electromechanical	7,747	260,217	1	56,636	-	-	7,748	99.97%	316,853	-	-	-	
		<u>\$ 812,402</u>		<u>207,226</u>		<u>-</u>			<u>1,019,628</u>		<u>-</u>		

Note: The increase in current period is the sum of 1 thousand shares donated by non-related parties at a cost of NTD 34 thousand, the share of profit of the subsidiaries recognized using the equity method of NTD 73,645 thousand, and the unrealized valuation gain of equity instrument investment measured at fair value through other comprehensive income of NTD 133,547 thousand.

Kedge Construction Co., Ltd.

Statement of Other Financial Assets - Current

December 31, 2024

Unit: NTD thousand

Item	Summary	Amount
Restricted assets		\$ 867,557
Construction deposits paid		23,894
Other receivables		6,459
Other		3,697
		<u>\$ 901,607</u>

Statement of Notes Payable

Item	Summary	Amount	Remarks
Company A	Construction	\$ 47,074	
	payment		
Company B	"	29,443	
Other	"	209,066	The balance of each household does not reach 5% of the amount in this account.
		<u>\$ 285,583</u>	

Statement of Accounts Payable

Vendor Name	Summary	Amount	Remarks
Other	Construction payment and retention	<u>\$ 4,069,883</u>	The balance of each household does not reach 5% of the amount in this account.

Kedge Construction Co., Ltd.
Statement of Operating Revenue
January 1, 2024 to December 31, 2024 **Unit: NTD thousand**

Item	Summary	Amount
Construction contract revenue	071P	\$ 497,677
	091D	434,750
	111A	749,862
	111B	554,115
	111C	376,647
	111E	211,438
	121A	365,662
	131C	16,401
	081F	808,600
	091A	337,555
	091E	1,167,743
	101B	461,604
	101F	624,122
	101G	772,053
	101I	844,268
	121C	119,731
	121D	1,812,842
	121E	492,234
	121F	417,774
	121G	437,019
	121H	814,508
	121I	549,468
	131A	660,770
	131E	169,724
	131J	517,481
	Other	(52,385)
	Subtotal	<u>14,161,663</u>
Revenue from service provision		558
Rent income from investment property		<u>3,360</u>
		<u>\$ 14,165,581</u>

Kedge Construction Co., Ltd.

Statement of Operating Cost

January 1, 2024 to December 31, 2024

Unit: NTD thousand

Item	Summary	Amount
Construction contract cost	071P	\$ 487,574
	091D	414,623
	111A	715,146
	111B	528,462
	111C	359,210
	111E	201,645
	121A	345,827
	131C	15,642
	081F	703,490
	091A	374,452
	091E	1,037,877
	101B	429,942
	101F	589,788
	101G	729,522
	101I	539,529
	121C	109,192
	121D	1,656,427
	121E	456,941
	121F	385,771
	121G	382,200
	121H	759,787
	121I	496,005
	131A	588,873
	131E	156,116
	131J	473,495
	Other	(61,689)
	Subtotal	12,875,847
Cost of lease of investment property		232
		\$ 12,876,079

Kedge Construction Co., Ltd.
Statement of administrative expenses
January 1, 2024 to December 31, 2024 **Unit: NTD thousand**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Wages and salaries		\$ 193,688	
Insurance premium		17,120	
Donation		7,400	
Employee benefits		8,510	
Labor service expense		14,189	
Miscellaneous purchases		2,810	
Other expenses		92,539	
		<u><u>\$ 336,256</u></u>	