Stock Code：2546

Annual Report
2023

Kedge Construction Co., Ltd.

Published date: April 25, 2024
This Annual Report can be accessed from: Market Observation Post System: https://mops.twse.com.tw

I. Spokesperson or Acting Spokesperson of the Company:
Spokesperson: Chin-Hua Fan
Title: Assistant General Manager
E-mail: gfan@kindom.com.tw
Acting Spokesperson: Chun-Ming Chen
Title: General Manager
E-mail: adchen@kindom.com.tw
Tel: (02) 2378-6789
Fax: (02) 2739-6710

II.Head Office, Branch Offices and Factories: No branch or factory
Address: 6F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Tel: (02) 2378-6789
Fax: (02) 2739-6710

III.Share Transfer Agency
Name: CTBC Bank Transfer Agency
Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
Tel.: (02) 6636-5566
Website: https://ecorp.ctbcbank.com/cts/index.jsp

IV.Certified Public Accountants for the Most Recent Fiscal Year:
Name of Accounting Firm: KPMG Taiwan
Name of CPAs: Hsin-Lien, Han, Kuo-Yang, Tseng,
Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Tel: (02) 8101-6666
Website: http://www.kpmg.com.tw

V.Information on Overseas Securities: None

VI.Company Website: https://www.kedge.com.tw

Table of Contents

One. Report to Shareholders

Dear Shareholders,

Thank you for attending the 2024 Annual General Meeting of Shareholders and thank you all for your support. The Company adheres to the business philosophy of "integrity, quality, service, innovation, and sustainability". We operate pragmatically undertaking diversified projects, and is committed to providing quality construction services focusing on project quality and making good use of technology tools to integrate construction management. We persist in the constant refining of the integration of technical and construction methods providing higher-value services to business owners and lead supply chain partners to upgrade technology.

Looking back to 2023, the international building materials manufacturers reduced production, and the construction industry's promotion of green buildings and low-carbon projects resulted in extra construction costs. Faced with unresolved problems of additional construction costs and shortages of labor, with the price surge in labor and materials, the Company mitigated the impact by adopting flexible procurement, subcontracting and splitting strategies. In addition to prudently digesting the number of projects at hand, the Company also spared no effort to strive for highly competitive buildings, roads and bridges, and expand the project sources of railways, tunnels, and cutting-edge technology plants as we aim to create emerging business performance and enhance the Company's value.

I. 2023 Business results

In 2023, we undertook a total of 30 projects with an amount of NTD 61 billion. Among them, the new contracts or contracts included Ta Chen Group's corporate headquarters, TSMC AP5B, AP6B, F18 Park 25 land transportation and abandonment, F22P1-SUPPORT, MediaTek Causeway Park plant and Kindom Taichung G5 project, with the contract amount of about NTD 8.3 billion; the settlement of completion includes TSMC's F18, AP6B, zero waste center and other factory projects, the South Gate Building and Market renovation turnkey project, and Kindom An Mu Ju and other residential projects. The contract amount was about NTD 9.1 billion.

The 2023 consolidated operating revenue recognized by the Company based on the full-process operation progress of cases in hand was NTD 14.292 billion, slightly increasing by 0.61% from NTD 14.205 billion in 2022; the consolidated net profit after tax was NTD 990 million, which decreased by 5.5% from NTD 1.048 billion in 2022. Moreover, the 2023 consolidated operating revenue includes construction revenue and non-operating revenue, with a total of NTD 14.367 billion, an increase of NTD 96 million or 0.67% compared to 2022, of which the construction revenue accounted for the proportion of stable revenue scale based on the progress of the construction period. The 2023 consolidated operating expenses totaled NTD 13.115 billion, including construction costs, operating expenses and non-operating expenses, an increase of NTD 170 million or 1.31% over 2022.

II. 2024 Business Plan

The Company adheres to the business philosophy of "Integrity, Quality, Service, Innovation, and Sustainability" and strives to do a good job in the quality construction service business. When contracting for the main business in 2024, we will maintain the goal of aiming for high-tech and high value-added construction tenders. The target of our main revenue momentum is still directed towards project sources of high-tech proprietors' new process capacity, the government's development of the railroad economy construction, and leading excellent third-party contractors to compete for project sources with high competitive advantages and in line with social development trends. Aside from balancing the on-hand inventory and the future performance layout strategy, we also implement the sharing of benefits and common growth, in order to become a long-term cooperative partner of quality proprietors.

In line with the international climate change management trend, the Company will promote the optimal and modular building-related businesses, and specifically invest in greenhouse gas inventory. In June 2023, the Company has completed the greenhouse gas inventory better than the law, and obtained the third-party verification agency certificate. In addition, it also successfully passed the "Science Based Targets initiative (SBTi)" review in March 2024, and pledged to reduce Scope 1 and Scope 2 greenhouse gases by 42%, and Scope 3 greenhouse gas reduction by 25% by 2030. To expand the influence, we continue to invite contractors to jointly implement the ESG action goals, such as the introduction of digital technology, introduction of recycled building materials and modular methods to strengthen the application of smart construction, smart building materials and AI, to reduce carbon emissions and build a healthy city. We are committed to the goal of innovative development, environmental sustainability, and social co-prosperity, and jointly pursue the vision of sustainable development.

In face of the shortage of manpower in the market, by accommodating the Ministry of Labor's lowering of the employment threshold for public construction projects, flexible adjustment of work assignments for foreign workers currently in Taiwan, and applications for the Liberalization of Migrant Workers for the introduction of migrant workers from Indonesia, Thailand, the Philippines, and Vietnam, we also organize cultural exchange activities to help migrant workers integrate into the society.

As for the internal and external challenges such as shortage of materials in the market and price fluctuations, the Company optimizes the construction management process, integrates technology system tools, and introduces R&D technical methods to create a win-win, mutually beneficial and cooperative development model to ensure the quality and cost of construction, progress, and safety and health to maintain competitiveness.

III. Impacts of the external competitive environment, regulatory environment and overall business environment

In recent years, due to the impact of the Russo-Ukrainian War and the intensification of extreme climate changes, global raw material supplies have been insufficient. Every country subsequently implements large scale loose monetary policies to stimulate economic growth, which resulted in serious global inflationary pressure. To control inflation, the U.S. Federal Reserve has adopted interest rate hike measures, and the interest rate in Taiwan has also risen correspondingly, resulting in an increase in financing costs, and intensifying the test of the construction industry, which is already severely hampered by a lack of labor and raw materials, and has also caused the construction cost to gradually increase.

There is no room for downward cost in the short term, but as the cost is already high relative to the base period, it is estimated that the upward trend will slow down. The Company's countermeasures are to ensure that the follow-up construction business is promoted on schedule and quality. It includes implementing flexible procurement, adjusting construction schedule, combining technology applications, improving work efficiency, and many more to create joint collaborations working with owners, suppliers, and employees in the pursuit of performance and results of sustainable construction projects for mutual growth benefit.

IV. Future development

Looking to the future, the Company will accelerate the pace of sustainable transformation. Apart from focusing on the construction business, we have been strengthening our core competitiveness striving to achieve the goals of the Group's sustainable strategy blueprint. It consists of five major ESG pillars, namely, "implementing corporate governance," "promoting low-carbon engineering transformation," "creating a sustainable supply chain," "digital service innovation," and "employee well-being and social inclusion". Through the use of innovative technologies to reduce the impact of buildings on the environment and continue to care for the local and the disadvantaged, we are moving toward the sustainability goals in fulfilling our corporate responsibilities to the shareholders and society, and in turn create a better future.

Wishing you

Good health and all the best

KEDGE CONSTRUCTION CO., LTD.

Chairman Ai-Wei Yuan

Company Profile

I. Date of establishment: April 13, 1982.

II. Company history

April 1982	The Company was incorporated and registered in Taoyuan County with a capital of NTD 3 million.
October 1987	The capital was increased to NTD 7.5 million.
February 1990	Promoted to a Grade-A construction company, and increased capital by NTD 22.5 million in the same year.
December 1994	Relocated to 6F, No. 131, Section 3, Heping East Road, and increased capital by NTD 190 million in the same year.
December 1995	Accredited with ISO 9002, the national quality certification for the second time in Taiwan.
September 2006	Passed the assessment of the R.O.C. Quality Control Association and won the "Quality Control Organization Award"; in the same year, the capital increased to NTD 368,500 thousand; and won the Golden Stone Award for Architecture of the R.O.C. - construction quality category.
June 1997	The capital was increased to NTD 461,175,000, and the Company was elected as an excellent construction company by the Department of Construction, Ministry of the Interior.
December 1997	Incorporation and registration of reinvestment in Kuan Ching Electromechanical Co., Ltd..
January 1998	Incorporation and registration of the investee Jiechun Investment Co., Ltd..
May 1998	Accredited with ISO 14001, an international environmental certification.
July 1998	The stock was listed on TPEx.
August 1998	The capital was increased to NTD 530,351,000; the Company was again elected as an excellent construction company in Taiwan.
July 2009	Won the Gold Medal Award for Excellent Trademark Design by Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs.
May 2000	The capital was increased to NTD 676,993,000.
September 2000	The shares were transferred to public listing.
May 2001	Capital reduction amounted to NTD 671,063,000.
October 2001	Capital reduction amounted to NTD 661,063,000.
July 2009	Issued the first domestic secured convertible bonds totaling NTD 240 million.
October 2009	Constructed National Taiwan University Children's Hospital building and awarded the green building label by the Ministry of the Interior.
April 2010	After the corporate bonds were converted into common shares, the paid-in capital was increased to NTD 664,041,000.
October 2010	Issued the first cash capital increase of 27,200 shares, and the paid-in capital was increased to NTD 958,007,000.
April 2011	After the corporate bonds were converted into common shares, the paid-in capital was increased to NTD 1,040,118,000.
August 2011	After the corporate bonds were converted into common shares, the paid-in capital was increased to NTD 1,079,497,000.
November 2012	The paid-in capital was reduced to NTD 1,060,357,000 after the cancellation of treasury shares; the "New Construction Project of the Office Building of the Straits Exchange Foundation" won the 14th National Golden Award for Architecture - National First Award in the category of construction quality.
December 2012	"YCL-121 Yuanlin Viaduct Project" was shortlisted for the Public Works Golden Award in the Engineering Category.

October 2014	"Fuguo Road Rainwater Sewer Project" won the Public Works Golden Award for Outstanding Construction.
May 2015	The "Construction Turnkey Project of Sports Center at Yonghe, Xizhi, Shuling in New Taipei City" won the 2014 New Taipei City Industrial Safety Award - Excellence Award for Public Works, and the "Fuguo Road Storm Drainage Project" won the Taipei City Labor Safety Award 2014 - Excellent Organization Award.
November 2015	Received the "2015_Taiwan Corporate Sustainability Award", the "Taiwan Corporate Sustainability Report" and the "Taiwan Corporate Sustainability Performance Innovation and Growth Award."
October 2016	"Construction of Shulin Sports Center in New Taipei City, Taiwan" won the 2016 New Taipei City Government Public Construction Quality Award.
November 2016	The "Construction Turnkey Project of the Sports Center in Yonghe Xizhilin, New Taipei City" won the 16th Public Construction Quality Excellence Award - Gold Award in the Architectural Category.
June 2017	Conferred the “New Taipei City Yonghe, Xizhi, and Shulin Civic Sports Center Construction Turney Project” for Engineering Excellence Award presented by Chinese Institute of Engineers.
November 2017	Won the Gold Award in the Real Estate and Construction Industry at the 2017 TCSA.
January 2018	Certified for new version of National Quality Management ISO 9001: 2015
November 2018	The Company won the Gold Award of Sustainability Report Award of the "2018_TCSA Taiwan Corporate Sustainability Awards", and took the lead in obtaining the first International Building Information Model (BIM) certification.
December 2018	Obtained the nation's first occupational safety and health management ISO 45001 certification for civil engineering.
July 2019	Obtained the carbon footprint verification statement for the C1 Project of the Anshuo–Caopu Section of South Link Highway, Provincial Highway 9.
September 2019	Won the Ministry of Labor's Public Construction 13th Golden Safety Award - Excellent Award for the civil engineering and general mechanical and electrical engineering of the C712A Pu'an–Jinlun Section. Obtained the first ISO 19650 BIM certificate in Taiwan.
November 2019	Conferred the “12 Term of TCSA Taiwan Corporate Sustainability Awards” Sustainability Reporting Award - Gold Award and Innovative Growth Award. Awarded the 2019 Urban Engineering Quality Gold Award and Green Building Gold Award by the Kaohsiung City Government for the Fengshan Hospital BOT Phase I Project. Awarded the 2019 Green Procurement Performance Excellence Award by the New Taipei City Government.
December 2019	Obtained the first BS 8001 circular economy audit certificate in Taiwan.
September 2020	Awarded the Excellent Entity for Promoting Occupational Safety and Health by the Ministry of Labor for the Fengshan Hospital BOT Phase I Project.
October 2020	Awarded the first place in Outstanding Construction at the Golden Way Awards by the Ministry of Transportation and Communications for the New Construction Project of the C1 Bridge in the Anshuo–Caopu Section of South Link Highway, Provincial Highway 9.
November 2020	Awarded the TOP 50 Corporate Sustainability Awards and the Gold Award of the Corporate Sustainability Reports Award in the Real Estate and Construction Industry at the TCSA. Awarded the 2020 Urban Engineering Quality Gold Award by the

	Kaohsiung City Government for the Phase I Fengshan Hospital BOT Project. Awarded the Excellence Award in the Private Construction Group at the 14th Golden Safety Awards by the Ministry of Labor for the Kindom–Xinzhuang– Zhongyuan construction project B.
December 2020	Won the 2021_TASS Taiwan Circular Economy Awards Innovative Service Excellence Award and Supply Chain Excellence Award. Awarded the 2020 Green Procurement Performance Excellence Award by the Environmental Protection Department, New Taipei City Government. Obtained the BSI Carbon Footprint Inventory Statement for the C4 Project in South Link Highway, Provincial Highway 9. 2021: September Awarded the Excellence Award at the 10th New Taipei City Occupational Safety Award for the Kindom Development’s Residential Project in the Sanzhong–Zhongxing Section. Won the first place in Road Engineering Association of Asia and Australasia’s Mino Best Construction Award for the construction project of the Anshuo–Caopu Section of South Link Highway, Provincial Highway 9. Won the Taipei City Labor Safety - Excellent Entity Award for the Building Construction in the Beian Section and the Ruian Section
October 2021	Won the Excellence Award in the construction audit by the Railway Bureau for the civil engineering and general mechanical and electrical engineering of the C712A Pu'an–Jinlun Section.
November 2021	Awarded the New Taipei City Government's 2021 Public Construction Quality Award for the Baogao Industrial Park Turnkey Project in Xindian District, New Taipei City. Awarded the Gold Award of the 2021 Happy Enterprises in the Construction Industry. Won the 2021 Taiwan Corporate Sustainability Excellence Award and the Gold Award of the Sustainability Report Award at TCSA. Awarded the 2021 Green Procurement Performance Excellence Award by the Environmental Protection Department, New Taipei City Government. Awarded the Excellence Award at the 15th Excellent Construction Golden Safety Award by the Ministry of Labor for the construction project of the G8 station of Wenxin–Beitun Line. Won the Supply Chain Responsibility Award of the 4th ASSET Social Innovation Award. "C712A tender civil engineering and general electromechanical engineering of Pu'an-Jinlun Section" was awarded the Beautification and Landscape Engineering - Excellence Award by the Chinese Society of Civil Engineering and Hydraulic Engineering Society; "Taiwan Route 9 South Circular Circular Route to Anshuo-Caopu Section Project" was awarded the Engineering Ecology and Environment Award Category - Special Award.
August 2022	Awarded the Excellence Award at the 11th New Taipei City Occupational Safety Award for the Kindom Development’s Residential Project in the Sanzhong–Zhongxing Section. The capital was increased to NTD 1,166,392,000.
February 2023	Won the Social Co-Prosperity Award of the 5th ASSET Social Innovation Award.
June 2023	The Company passed the third-party verification of SGS for "ISO 14064-1 Greenhouse Gas Inventory".
July 2023	The Rui'an section of Taipei City government-led urban renewal project won the "Golden Award for Best Construction Quality" of the National

	Construction Excellence Award.
	Won the three Taipei City occupational safety awards: "Excellent Project Award", "Excellent Personnel" and "Big Heart Boss" awards.
	Won the "SDG11 Gold Award" of the 3rd TSAA Taiwan Sustainability Action Award.
August 2023	The Nanmen Market Building project won the "Golden Award for Public Construction" and the "Excellence Award for Public Construction" of Taipei City.
	The "Sustainable Works Office" project passed the BS8001 circular economy "Maturity Optimization" certification.
	The capital was increased to NTD 1,207,216,000.
November 2023	Awarded the "Golden Construction Industry Award" as a Blissful Enterprise by 1111 Job Bank.
	Honored with three awards - "Top 100 Model Sustainability Enterprises", "Sustainability Report Platinum Award" and "Leader Award for Social Inclusion" at the 16th Taiwan Corporate Sustainability Awards (TCSA).
	Awarded "2022 Green Procurement-Excellent Award" by New Taipei City.
January 2024	The Company passed the third-party inspection by SGS for ISO14001.
February 2024	The Company's 2030 near-term carbon reduction goal has been reviewed by the Science-Based Targets initiative (SBTi).

III. Mergers and acquisitions and reorganizations of investees in the last year up till the publication date of this annual report: None.

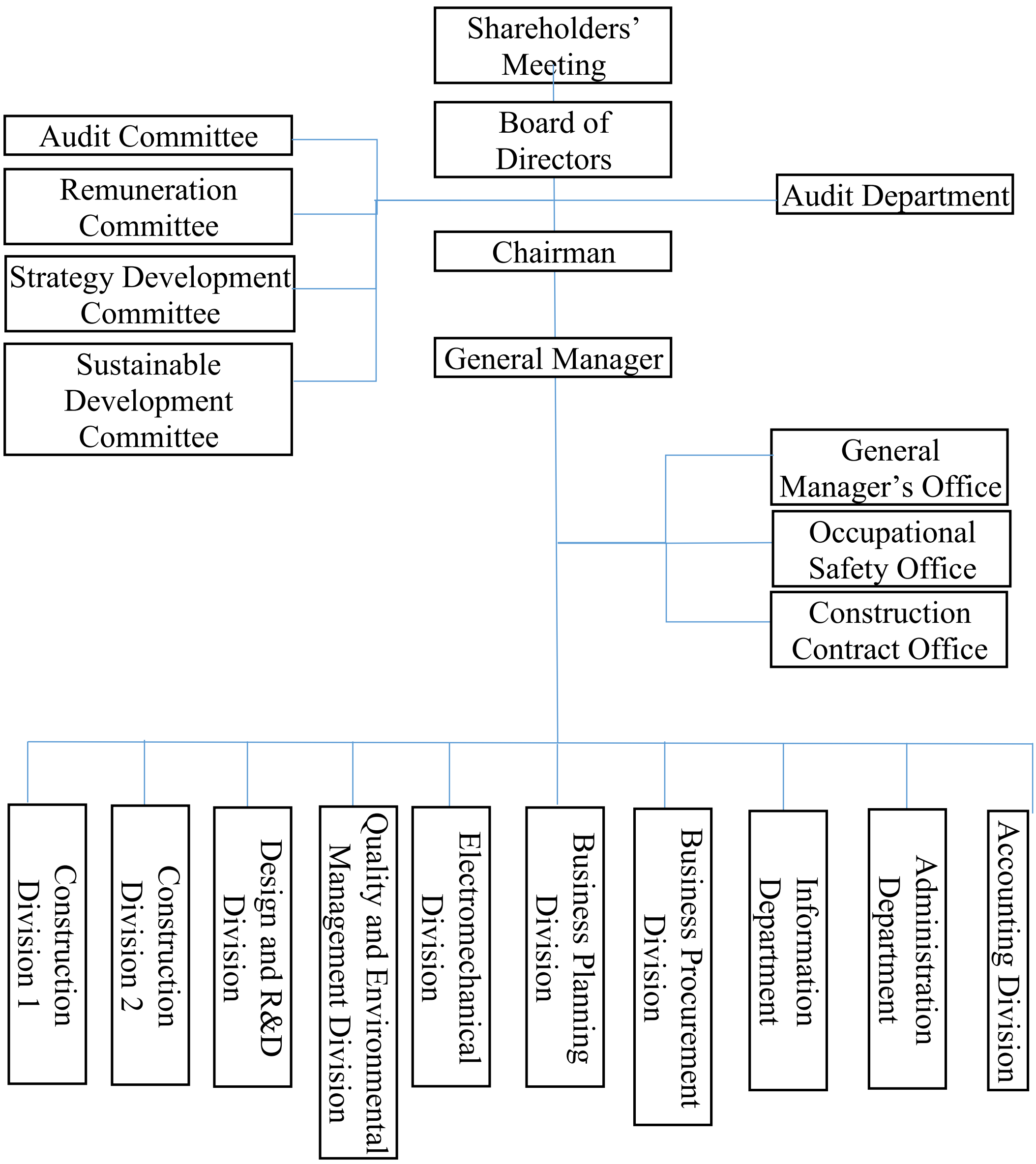
IV. Massive transfer or replacement of equity interests of directors, supervisors or major shareholders holding more than 10% of the shares during the most recent year and up to the date of publication of the annual report: None.

V. Changes in management rights, major changes in operating methods or business contents, or other important events that can affect shareholders' equity and impact on the company in the most recent year and up to the date of publication of the annual report: None.

Three. Corporate Governance Report

I. Organizational system:

(I) Organizational structure of the Company:



(II) Business activities of each main department:

Department Name	Scope of Operations
Audit Committee	Assist the Board of Directors in decision-making and supervise the fair presentation of the Company's financial statements, the election (dismissal) and the independence and performance of the CPAs; and matters related to internal control, legal compliance and risk control.
Remuneration Committee	1. Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors, supervisors and managers. 2. Regularly assess and determine the remuneration to directors, supervisors, and managers.
Strategy Development Committee	Assist the Company to formulate development strategies, organizational operations and management matters, supervise the implementation of annual operating goals, and evaluate the implementation.
Sustainable Development Committee	Executing the Group's sustainable development strategy, responsible for undertaking and implementing the Group's sustainable development strategy, and promoting sustainability-related matters.
Audit Department	1. Audits of all departments and construction sites are conducted in accordance with the annual audit plan and ISO regulations. 2. Assist in the follow-up of each unit's self-assessment on the deficiencies and matters for ratification, and report to the Board of Directors and the Audit Committee.
General Manager’s Office	Assist the President in management, coordination, professional technical support, promotion of policies and related general administration.
Occupational Safety Office	1. Plan and implement labor safety and health management, and formulate occupational disaster prevention plans. 2. Management and control of labor safety and health operations of engineering projects, including reviewing and formulating construction safety plans, safety facility standards, and assessing dangerous workplaces.
Construction Contract Office	1. Review the client's contract documents, drawings and bidding conditions. 2. Review the contractor's scope of responsibility, material specifications, working methods, etc. 3. Assist in reviewing the suitability of the documents of the construction site to avoid subsequent disputes in the contract determination.
Construction Division 1	Responsible for the scheduling, construction planning management, project cost control and quality management of factory-office, turnkey, roads, bridges and projects.
Construction Division 2	Responsible for the schedule, construction planning management, project cost control and quality management of residential, commercial and projects.
Design and R&D Division	Research and development of innovative construction methods and technologies, BIM technology application development and

Department Name	Scope of Operations
	management, and project technical support.
Quality and Environmental Management Division	Promote project quality and establish environmental protection standards and systems that comply with laws and regulations, and coordinate with the Occupational Safety and Health Office to complete quality, environmental protection, and safety and health related work.
Electromechanical Division	Formulate, analyze and review electromechanical standard operations, establish self-organized and subcontracted management, control the quality and progress of electromechanical systems, test electromechanical systems and review.
Business Planning Division	1. Operation Management Department: Control and check the timeliness planning, progress pricing and review of construction projects, and formulate relevant management measures for construction project support. 2. Cost Management Department: Cost control of engineering projects, control and review the engineering budget and cost control of each project, and formulate the support management procedures for construction projects.
Business Procurement Division	1. Sales Department: Formulate business contracting plans, be responsible for business development and integrated bidding, and maintain the relationship with proprietors for the provision of services. 2. Planning Department: Build corporate brand image to enhance market competitiveness and visibility, assist in industrial innovation and competitiveness analysis of benchmarking standards, plan and execute corporate image promotion activities, and manage the official website and social media. 3. Procurement Department: formulate the procurement operation specifications, implement procurement and outsourcing operations and schedule control, including price comparison and bid award, contract signing, vendor development, credit investigation and evaluation.
Information Department	Responsible for the development planning and execution of information software and hardware; assists in data utilization analysis, data management and information security; constructs the information system required for future development; maintains and manages computer equipment.
Administration Department	1. Human Resources Department: human resources strategic planning, competency improvement training plan, employee compensation and benefit operations, employee care, and handling labor-management issues. 2. General Affairs Department: Responsible for property management, general affairs procurement matters and general administration. 3. Legal Affairs Department: 3.1 Execute and control legal risks and provide legal related consultation.

Department Name	Scope of Operations
	3.2 Review of various contracts and official documents, and control of the use of seals. 3.3 Litigation or non-litigation dispute cases and compliance consultation and suggestions.
Accounting Division	1. Responsible for the operation of the financial accounting system, and participates in management and decision-making. 2. Finance and Accounting Department: responsible for accounting, stock affairs, budget management and review. 3. Management Department: Analysis of operating results, new business financial planning and risk assessment, new business target budget preparation, tracking and review.

II. Information on directors, independent directors, President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches:

Job title (Note 1)	Nationality or place of registration	Name	Gender/Age	Date of Election (Inauguration)	Term (year)	Date of initial election (Note 2)	Shares Held at the Time of Election		Current shareholding		Shares held by spouse and underage children		Shares Held in the Name of Others		Main experience (academic) (Note 3)	Positions held in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Remark (Note 4)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Chairman	Republic of China	KINDOM DEVELOPMENT CO., LTD. Representative: Ai-Wei Yuen	Male 60-65 years old	2023.06.02	3	2014.06.17	39,872,544 -	34.18% -	41,268,083 -	34.18% -	-	-	-	-	Department of Civil Engineering, National Taiwan University	Chairman, KEDGE CONSTRUCTION CO., LTD.	-	-	-	-
Director	Republic of China	KINDOM DEVELOPMENT CO., LTD. Representative: Chih-Kang Ma	Male 46-50 years old	2023.06.02	3	2020.06.15	39,872,544 2,014,046	34.18% 1.73%	41,268,083 2,084,537	34.18% 1.73%	-	-	-	-	Master of Statistics, Columbia University	1. Chairman, Global Mall Co., LTD. 2. Director, Yu-De Investment Co., Ltd. 3. Director, Kuan Ching Electromechanical 4. Director of Jiequn Investment Co., Ltd. 5. Director, Guan Ding Global Co., Ltd. 6. Kindom Yu San Education Foundation Directors 7. Chairman, KINDOM DEVELOPMENT CO., LTD.				-
Director	Republic of China	KINDOM DEVELOPMENT CO., LTD. Representative: Sui-Chang Liang	Male 65-70 years old	2023.06.02	3	. .	39,872,544 -	34.18% -	41,268,083 -	34.18% -	-	-	-	-	Department of Law, National Taiwan University	1. Principal, Sui-Chang Liang Law Firm 2. Kindom Yu San Education Foundation Supervisor 3. Director, KINDOM DEVELOPMENT CO., LTD.	-	-	-	-
Director	Republic of China	KINDOM DEVELOPMENT CO., LTD. Representative: Chen-Tan He	Male 71-75 years old	2023.06.02	3	. .	39,872,544 -	34.18% -	41,268,083 -	34.18% -	-	-	-	-	Master of Arts, University of Virginia	1. Director, KINDOM DEVELOPMENT CO., LTD. 2. Independent Director, PChome Online 3. Independent Director, Groundhog Inc. 4. Independent Director, Yang Ming Marine Transport Corp.				-
Director	Republic of China	KINDOM DEVELOPMENT CO., LTD. Representative: Yi-Fang Huang	Male 61-65 years old	2023.06.02	3	2014.03.13	39,872,544 -	34.18% -	41,268,083 -	34.18% -	-	-	-	-	Department of Civil Engineering, National Taiwan University	President, KEDGE CONSTRUCTION CO., LTD.	-	-	-	-

Director	Republic of China	KINDOM DEVELOPMENT CO., LTD. Representative: Chun-Ming Chen	Male 56-60 years old	2023.06.02	3	. .	39,872,544 759	34.18% 0.01%	41,268,083 785	34.18% 0.01%	10,000	*	-	-	Department of Civil Engineering, National Chiao Tung University	President, KEDGE CONSTRUCTION CO., LTD.	-	-	-	-
Independent Directors	Republic of China	Hung-Chin Huang	Male 56-60 years old	2023.06.02	3	2017.06.19	-	-	-	-	-	-	-	-	Master of Accounting, Shanghai University of Finance and Economics	1. Independent director, KINDOM DEVELOPMENT CO., LTD. 2. CPA, Heng Hui Accounting Firm 3. Assistant Professor, Department of Accounting, Fu Jen Catholic University	-	-	-	-
Independent Directors	Republic of China	Shen-Yu Kung	Male 66-70 years old	2023.06.02	3	2017.06.19	-	-	-	-	-	-	-	-	Master of Business Administration, National Chengchi University	1. Independent director, KINDOM DEVELOPMENT CO., LTD. 2. Chief Investment Officer, Sinar Mas Paper (China) Investment Co., Limited 3. Representative of juridical person director of PharmaEssentia Corp. 1. Independent director, EVER POWER IPP CO., LTD.	-	-	-	-
Independent Directors	Republic of China	Kuo-Feng Lin	Male 66-70 years old	2023.06.02	3	2020.06.15	-	-	-	-	-	-	-	-	PhD, Civil Engineering, University of Pittsburgh, USA	1. Independent director, KINDOM DEVELOPMENT CO., LTD. 2. Distinguished Professor, Department of Civil Engineering, National Taiwan University 3. Independent Director, Ruentex Engineering & Const.Co 4. Independent Director, TaiMed Biologics Inc.	-	-	-	-

(I) Information of directors and independent directors: March 31, 2024 (Unit: shares)

Note 1: For the major shareholders of directors representing institutional shareholders who are the major shareholders of such corporate shareholders, please refer to Table 1 on the next page for the descriptions of the major shareholders.

Note 2: List the time when the person first serves as a director or supervisor of the Company; if there is any interruption, it should be explained in the notes.

Note 3: Experience related to the current position. If the employee served in a CPA firm or an affiliated company during the aforementioned period, the job title and responsibilities should be detailed.

Note 4: If the chairman of the board of directors and the general manager or equivalent position of the company are the same person, spouses or relatives within the first degree of kinship, it is necessary to explain the reason, rationality, necessity and relevant information of response measures.

Major shareholders of the corporate shareholders in Table 1: March 31, 2024

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)
Kindom Development Co., LTD.	Yu-De Investment Co., Ltd. (19.12%)
	Mei-Chu Liu (11.84%)
	Guan Yi Investment Co., Ltd. (2.88%)
	Chi-Kang Ma (2.07%)
	Jiechun Investment Co., Ltd. (1.69%)
	Million Co., Ltd. (1.09%)
	Lu-Min Chen (1.05%)
	Shao-Ling Ma (1.01%)
	Yi-Mou Chen (0.96%)
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Vanguard Emerging Markets Stock Index Fund (0.92%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder shall be filled in.
Note 2: Fill in the names and shareholding ratios of the major shareholders (top 10 shareholders) of the corporate shareholders. If the dominant shareholder is a juristic person, please complete the following table 2.
Note 3: If the institutional shareholder is not a company organizer, the names of the shareholders and shareholding percentage, and the names of the investors or donors and their capital contribution or donation ratio should be disclosed.

Major shareholders of major corporate shareholders listed in Tables 2 and 1: March 31, 2024

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)
Yu-De Investment Co., Ltd.	Cathay United Bank Company Limited Trust Account (43.70%); Chih-Kang Ma (29.92%); Shao-Ling Ma (13.19%); MA,MING-NAI (13.19%)
Guan Yi Investment Co., Ltd.	Kai-Chou Li (14.73%); Kai-Ting Li (14.71%); Yi-Mou Chen (8.97%); Ming Chen (17.08%); Kun-Chi Li (8.70%); Mi-Mi Hung (7.63%), Chao-Feng Chen (0.13%)
Jiechun Investment Co., Ltd.	KEDGE CONSTRUCTION CO., LTD. (99.98%); Mei-Chu Liu (0.005%); Shao-Ling Ma (0.005%); Rung-Tai Chen (0.005%); Kun-Chi Li (0.005%)

Note 1: If the major shareholder in Table 1 above is a juristic person, the name of the juridical person shall be filled in.
Note 2: Fill in the names of the major shareholders of the juristic person (whose shareholding ratio accounts for the top ten) and their shareholding ratio.
Note 3: If the institutional shareholder is not a company organizer, the names of the shareholders and shareholding percentage, and the names of the investors or donors and

their capital contribution or donation ratio should be disclosed.

(II) Information of directors and independent directors:

I. Disclosure of directors' and independent directors' professional qualifications and independent directors' independence: March 31, 2024

Condition / Name	Professional qualifications and experience (Note 1)	Meeting independence criteria (Note 2)	Concurrent position in other public companiesNumber of directors
Chairman Ai-Wei Yuan	1. He has extensive and complete qualifications within the Group and has served successively as Assistant Vice President of the Planning and Design Department, Vice President, Senior Vice President of the Company and Representative Director of the Company. 2. Possess a complete background in architectural planning and design, and the operational judgment,Business administration, industry knowledgeand decision-making leadership ability and experience. 3. At present, he is the Chairman of the Company. 4. Not subject to the provisions of Article 30 of the Company Act.	(Not applicable)	None
Directors Chih-Kang Ma	1. Within the Group, he served in the sales department and the development department of Kindom Development Corp., and successively served as the vice president and general manager of Global Mall, the general manager of the development and investment department of the Company, and the representative of the Company's corporate director. 2. Possess a solid background in business management, business judgment,Business administration, industry knowledge,Financial accountingand decision-making leadership ability and experience. 3. At present, he is the Chairman of Kindom Development Corp. and Global Mall. 4. Not subject to the provisions of Article 30 of the Company Act.	(Not applicable)	None
Directors Sui-Chang Liang	1. Possessed work experience in commerce, legal affairs, finance, accounting, or corporate operations. 2. Director of the Company 3. Not subject to the provisions of Article 30 of the Company Act.	(Not applicable)	None
Directors Chen-Tan He	1. Possessed work experience in commerce, legal affairs, finance, accounting, or corporate operations. 2. Director of the Company 3. Not subject to the provisions of Article 30 of the Company Act.	(Not applicable)	3
Directors Yi-Fang Huang	1. He has extensive experience in the industry and has served as President's Office, Assistant Vice President of the Engineering Project Department, Vice President of the	(Not applicable)	None

Condition / Name	Professional qualifications and experience (Note 1)	Meeting independence criteria (Note 2)	Concurrent position in other public companiesNumber of directors
	Engineering System, and Vice President of the Civil Engineering Division; currently, he is the Supervisor of Engineering Department I and the President of the Company, and the Company's director representative. 2. Possess a complete background in civil engineering, and the operational judgment,Business administration, industry knowledge and decision-making leadership ability and experience. 3. Not subject to the provisions of Article 30 of the Company Act.		
Directors Chun-Ming Chen	1. He has extensive and complete qualifications within the Group, having served as the Assistant Vice President of the Construction Department of the Company, Senior Assistant Vice President of the President Office, and Vice President of the Engineering Department; currently, he is the President of the Company and concurrently serves as the Chief of the Engineering Division II. 2. Possess a complete background in civil engineering, and the operational judgment,Business administration, industry knowledge and decision-making leadership ability and experience. 3. Not subject to the provisions of Article 30 of the Company Act.	(Not applicable)	None
Independent Directors Hung-Chin Huang	1. Convener of the Audit Committee and the Remuneration Committee. He has previously served in PwC Taiwan and served as Director of the Tax Agents Association. He is currently the Director of Heng Hui CPAs, Assistant Professor of Accounting Department of Fu Jen Catholic University, and Independent Director of Fu Jen Catholic University. 2. Possess a sound background in finance and accounting, as well as business judgment,Business administration, industry knowledge, financial accounting and decision-making leadership ability and experience. 3. Not subject to the provisions of Article 30 of the Company Act.	1. The Company's independent directors meet the requirements of independence. 2. The director, his/her spouse, and relative within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. Does not hold any shares of the Company and is not a director, supervisor or employee of a company with a specific relationship with the Company. 3. No compensation was obtained for providing commercial, legal, financial or accounting services to the Company or other affiliated companies in the last 2 years.	1

Condition / Name	Professional qualifications and experience (Note 1)	Meeting independence criteria (Note 2)	Concurrent position in other public companiesNumber of directors
Independent Directors Shen-Yu Kung	1. Member of the Audit Committee, has previously served as an independent director of DONPON PRECISION INC. successively. Currently, he is the investment director of Gold Paper (China), representative of juristic person director of PharmaEssentia Corp., independent director of EVER POWER IPP CO., LTD., and independent director of Kindom Development Corp.. 2. Possess a sound business background, andBusiness administration, industry knowledge, financial accounting and decision-making leadership ability and experience. 3. Not subject to the provisions of Article 30 of the Company Act.	1. The Company's independent directors meet the requirements of independence. 2. The director, his/her spouse, and relative within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. Does not hold any shares of the Company and is not a director, supervisor or employee of a company with a specific relationship with the Company. 3. No compensation was obtained for providing commercial, legal, financial or accounting services to the Company or other affiliated companies in the last 2 years.	1
Independent Directors Kuo-Feng Lin	1. Member of the Audit Committee and the Remuneration Committee. Currently, he is a Distinguished Professor of the Department of Civil Engineering of National Taiwan University, an independent director of Ruentex Engineering & Const.Co and TaiMed Biologics, and an independent director of Kindom Development Corp.. 2. Possessed extensive professional knowledge and technical background in the field of civil engineering,industry knowledge and decision-making leadership ability and experience. 3. Not subject to the provisions of Article 30 of the Company Act.	1. The Company's independent directors meet the requirements of independence. 2. The director, his/her spouse, and relative within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. Does not hold any shares of the Company and is not a director, supervisor or employee of a company with a specific relationship with the Company. 3. No compensation was obtained for providing commercial, legal, financial or accounting services to the Company or other affiliated companies in the last 2 years.	3

Note 1: Professional qualifications and experience: The professional qualifications and experience of individual directors and supervisors are stated. If a member of the Audit Committee has accounting or finance expertise, the accounting or finance background and work experience should be disclosed. State whether there have been circumstances under Article 30 of the Company Act.

Note 2: For independent directors, specify their independence, including but not limited to whether themselves, their spouse, relatives within 2nd degree of kinship are directors, supervisors, or employees of the Company or its affiliated companies; number and percentage of shares held by relatives (or in the name of another person); whether or not he/she holds a position as a director, supervisor, or employee in a company that has a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5 - 8 of the Regulations for Appointment of Independent Directors and Compliance Matters); the amount of remuneration received for providing commercial, legal, financial, accounting services to the Company or its affiliates in the last 2 years.

II. Diversity and independence of the Board of Directors:

(I) Diversity of the Board of Directors:

1. To implement the diversity policy, the Company has formulated Article 20 of the "Corporate Governance Best Practice Principles" with respect to the Company's operation, business model and development needs, in order to formulate an appropriate diversity policy, to strengthen corporate governance and promote the development of board composition and structure, including but not limited to the following two aspects:

(1) Basic conditions and values: gender, age, nationality, and culture.
(2) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

2. The Company's board members should generally possess the knowledge, skills and literacy necessary to perform their duties. In order to achieve the ideal goals of corporate governance, the board of directors as a whole should have the main capabilities including: operational judgment, business management, industry knowledge, financial and accounting analysis, and leadership decision-making, and so on in order to grasp the possible impact of changes in the international market on the Company's business strategy and provide necessary guidance on crisis management.

3. The Company's board of directors currently consists of nine directors. The specific management objectives and achievements of the board diversity policy are as follows:

Management Goals	Status of Achievement
The number of independent directors exceeds one third of the total number of directors.	Achieved
It is advisable that the number of directors who also serve as the Company's managerial officers shall not exceed one-third of the total number of directors	Achieved
Independent directors who have served less than 3 terms	Achieved
Adequate and diversified professional knowledge and skills	Achieved

4. The diversity of the composition of the Board of Directors is shown in the following table:

Diversified Core Items / Name of Director		Basic composition					Professional ability					Background				
		Nationality	Gender	Age: 40-59 years old	Age: 60 years old or above	Serving as an employee of the (parent) company concurrently	Business judgment	Business administration	Industry knowledge	Financial accounting analysis	Decision-making and leadership	Business	Law	Construction civil engineering	Land management	Accounting
Directors	Ai-Wei Yuan	Republic of China	Male		✓		✓	✓	✓		✓			✓		
Directors	Chih-Kang Ma	Republic of China	Male	✓			✓	✓	✓	✓	✓	✓				
Directors	Sui-Chang Liang	Republic of China	Male		✓		✓	✓	✓		✓		✓			
Directors	Yi-Fang Huang	Republic of China	Male		✓	✓	✓	✓	✓		✓			✓		
Directors	Chen-Tan He	Republic of China	Male		✓		✓	✓	✓	✓	✓	✓		✓		

Diversified Core Items / Name of Director		Basic composition					Professional ability					Background				
		Nationality	Gender	Age: 40-59 years old	Age: 60 years old or above	Serving as an employee of the (parent) company concurrently	Business judgment	Business administration	Industry knowledge	Financial accounting analysis	Decision-making and leadership	Business	Law	Construction civil engineering	Land management	Accounting
Directors	Chun-Ming Chen	Republic of China	Male	✓		✓	✓	✓	✓		✓			✓		
Independent Directors	Hung-Chin Huang	Republic of China	Male	✓			✓	✓	✓	✓	✓					✓
Independent Directors	Shen-Yu Kung	Republic of China	Male		✓		✓	✓	✓	✓	✓	✓				
Independent Directors	Kuo-Feng Lin	Republic of China	Male		✓		✓		✓		✓			✓		

5. Diversity management: Article 20 of the Company's "Corporate Governance Best Practice Principles" stipulates that the composition of the board of directors should take diversity into account. The Company's board of directors currently consists of 9 directors, including 6 directors and 3 independent directors. The directors have a wealth of experiences and professionalism crossing the fields of civil engineering, accounting and finance, business, law, and management. Furthermore, the Company also pays attention to gender equality in the composition of the Board of Directors. At this stage, the goal is to have at least one female director (in the next board re-election, we will evaluate and plan the nomination of candidates). In the future, we will continue to strengthen the goal of achieving the target ratio of female directors to more than 25%.

(II) Independence of the Board of Directors:

1. The procedures for the election of all directors of the Company are open and fair, and comply with the Articles of Incorporation, the Regulations Governing the Election of Directors, the Corporate Governance Best Practice Principles, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the Securities and Exchange Act According to Article 14-2". The Board of Directors is currently composed of 3 independent directors (33%) and 6 non-independent directors (67%). The term of independent directors shall not exceed three consecutive terms, and the number of independent directors of other public companies shall not exceed three concurrently, and the tenure of independent directors shall range from 3 to 7 years.
2. The Company's Board of Directors is responsible for guiding the Company's strategies, supervising the management, and exercising its powers in accordance with laws and regulations, the Company's Articles of Incorporation, or the resolutions of the Shareholders' Meeting, and in accordance with the internal systems and arrangements of corporate governance, emphasizing independent operation and transparency, and all directors and independent directors exercise powers

independently and with a high degree of self-discipline. When a proposal listed in the Board of Directors is in conflict with themselves or the legal person it represents, they shall explain the important content of the interest in that meeting of the Board of Directors, recused themselves from the discussion and voting due to conflict of interest, and that there shall be no other director exercising voting rights on behalf of him/her.

(3) Information on the President, Vice Presidents, Assistant Vice Presidents, and supervisors of various departments and branches:

March 31, 2024 (Unit: shares)

Title	Nationality	Name	Gender	Date of inauguration	Number of shares held		Shares held by spouse and underage children		Shares Held in the Name of Others		Main experience (academic) (Note 1)	Positions in other companies	Managers who are a spouse or a relative within the second degree of kinship			Remark (Note 2)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
General Manager	Republic of China	Yi-Fang Huang	Male	2009.05.01	-	-	-	-	-	-	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
General Manager	Republic of China	Chun-Ming Chen	Male	2006.03.01	785	-	10,000	0.01%	-	-	Department of Civil Engineering, National Chiao Tung University	Director of Jiequn Investment Co., Ltd.				
Senior Vice President	Republic of China	Chin-Hua Fan	Male	2015.12.01	55,885	0.05%	2,568	-	-	-	Department of Civil Engineering, National Taiwan University	1. Chairman, Kuan Ching Electromechanical 2. Director, Global Mall Co., LTD. 3. Director, Kindom Yu San Education Foundation	-	-	-	-
Acting Vice President	Republic of China	Chih-Kuo Tseng	Male	2012.12.27	-	-	-	-	-	-	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Assistant Vice President	Republic of China	Chao-Ming Chen	Male	2010.12.20	-	-	-	-	-	-	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Senior Assistant V.P.	Republic of China	Li-Ya Chen	Female	2018.01.01	-	-	-	-	-	-	Institute of Business Administration, Chung Yuan Christian University	-	-	-	-	-
Senior Assistant V.P.	Republic of China	Wen-Hsiung Chou	Male	2012.01.01	-	-	-	-	-	-	Department of Civil Engineering, National Taiwan University		-	-	-	-
Senior Assistant V.P.	Republic of China	Hsien-Chin Chiu	Male	2012.01.01	-	-	-	-	-	-	Department of Civil Engineering, Tamkang University	-	-	-	-	-
Senior Assistant V.P.	Republic of China	Chun-Cheng Liang	Male	2015.08.03	-	-	-	-	-	-	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Assistant Vice President	Republic of China	Chong-Te Hsiao	Male	2014.07.01	-	-	-	-	-	-	Department of Civil Engineering, Nan Ya University of Technology	-	-	-	-	-

Title	Nationality	Name	Gender	Date of inauguration	Number of shares held		Shares held by spouse and underage children		Shares Held in the Name of Others		Main experience (academic) (Note 1)	Positions in other companies	Managers who are a spouse or a relative within the second degree of kinship			Remark (Note 2)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Assistant Vice President	Republic of China	Wen-Chin Lee	Male	2013.09.01	-	-	-	-	-	-	Department of Architecture, Hwa Hsia University of Technology	-	-	-	-	-
Assistant Vice President	Republic of China	Ru-Ping Chang	Male	2018.08.16	-	-	-	-	-	-	Department of Conservation Technology, Pingtung Institute of Technology	-	-	-	-	-
Assistant Vice President	Republic of China	Ming-Chung Lin	Male	2016.10.01	-	-	-	-	-	-	Department of Business Administration, Hsuan Chuang University	-	-	-	-	-
Assistant Vice President	Republic of China	Chin-Chih Hsu	Male	2016.12.01	-	-	-	-	-	-	Department of Civil Engineering, National Central University	-	-	-	-	-
Assistant Vice President	Republic of China	Hsu-Yuan Yeh	Male	2018.01.16	-	-		-	-	-	Institute of Architecture, National Cheng Kung University	-	-	-	-	-
Assistant Vice President	Republic of China	Chia-Hsing Li	Male	2019.07.08	20,205	0.02%	1,247	-	-	-	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Assistant Vice President	Republic of China	Chun-Jen Huang	Male	2020.06.01	-	-	-	-	-	-	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Assistant Vice President	Republic of China	Wei-Wen Chen	Male	2021.01.01	16,728	0.01%	1,138	-	-	-	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Assistant Vice President	Republic of China	Hui-Kuo Hsu	Male	2023.04.12	-	-	-	-	-	-	Department of Electrical Engineering, St. John's University	-	-	-	-	-
Acting Assistant Vice President	Republic of China	Ming-Hsiu Lee	Male	2021.01.18	-	-	-	-	-	-	Institute of Construction Engineering, National Taiwan University of Science and Technology	-	-	-	-	-
Acting Assistant Vice President	Republic of China	Yu-Da Wang	Male	2022.04.01	-	-	-	-	-	-	Department of Civil Engineering, Tamkang University	-	-	-	-	-
Acting	Republic	Yi-Long	M	2022.04.01	-	-	-	-	-	-	Department of Architecture,	-	-	-	-	-

Title	Nationality	Name	Gender	Date of inauguration	Number of shares held		Shares held by spouse and underage children		Shares Held in the Name of Others		Main experience (academic) (Note 1)	Positions in other companies	Managers who are a spouse or a relative within the second degree of kinship			Remark (Note 2)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Assistant Vice President	of China	Shih	ale								National Taiwan University					
Acting Assistant Vice President	Republic of China	Po-Ming Liu	Male	2022.10.01	-	-	-	-	-	-	Department of Harbor & River Engineering, National Taiwan Ocean University	-	-	-	-	-
Acting Assistant Vice President	Republic of China	Chih-Sheng Lin	Male	2022.10.01	-	-	-	-	-	-	Department of Civil Engineering, National Central University	-	-	-	-	-
Accounting Supervisor	Republic of China	Fang-Chia Chang	Female	2023.01.01	27,416	0.02%	51,957	0.04%	-	-	Department of Accounting, Tamkang University	-	-	-	-	-
Financial Supervisor	Republic of China	Si-Fan Pan	Female	2023.01.01	-	-	-	-	-	-	Institute of Finance, National Taiwan University of Science and Technology	Supervisor of Jiequn Investment Co., Ltd.	-	-	-	-
Corporate Governance Officer	Republic of China	Hsin-Yu Li	Female	2023.11.10	-	-	-	-	-	-	Master of Law, National Taipei University	-	-	-	-	-

Note 1: None of the above personnel had any work experience in the Company's attesting CPA firm or any affiliated company during the aforementioned period.

Note 2: When the general manager or manager of an equivalent post (the highest level manager) and the chairperson are the same person, spouses, or relatives within the first degree of kinship, the Company shall disclose the reason for, reasonableness, necessity, and measures taken in response (e.g. increasing the number of independent directors, and more than half of the directors are not employees or managers concurrently).

III. Corporate governance:

(I) Information on the operation of the Board of Directors:

The Board of Directors held 8 meetings (A) in the most recent year, and the attendance is as follows:

Job Title	Name (Note 1)	Actual attendance rate (B)	Frequency of attendance by proxy	Actual attendance (as observers) rate (%) "B/A" (Note 2)	Remarks
Chairman	KINDOM DEVELOPMENT CO., LTD. Representative: Ai-Wei Yuen	8	0	100.00%	Required attendance: 8 times
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Chih-Kang Ma	8	0	100.00%	Same as above
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Yi-Fang Huang	8	0	100.00%	Same as above
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Ching-Sung Tseng	2	1	66.67%	Dismissed on 2022.6.2, should attend 3 times
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Mei-Chu Liu	0	3	0%	Dismissed on 2022.6.2, should attend 3 times
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Shih-Hsuan Chou	3	0	100.00%	Dismissed on 2022.6.2, should attend 3 times
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Chun-Ming Chen	4	1	80.00%	New onboard on 2022.6.2; five attendances expected
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Sui-Chang Liang	5	0	100.00%	New onboard on 2022.6.2; five attendances expected
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Chen-Tan He	5	0	100.00%	New onboard on 2022.6.2; five attendances expected

Independent Director	Hung-Chin Huang	8	0	100.00%	Required attendance: 8 times
Independent Director	Shen-Yu Kung	8	0	100.00%	Same as above
Independent Director	Kuo-Feng Lin	8	0	100.00%	Same as above

Other information to be disclosed:

I. If the operation of the board of directors meets any of the following circumstances, the date and session of the board of directors, the contents of the motions, the opinions of all independent directors, and the Company's handling of the opinions of the independent directors should be stated:
   (I) Matters listed in Article 14-3 of the Securities and Exchange Act: None.
   (II) Except for the aforementioned matters, any independent directors objected to or with reservations that are recorded or stated in a written statement for resolutions of the Board of Directors: None.

II. For implementation of a director's recusal due to a conflict of interest, the name of the director, the content of the proposal, the reason for recusal, and the participation in the voting shall be stated:
   (I) On August 11, 2023, the 3rd meeting of the 12th term Board of Directors discussed the appointment of the second Sustainable Development Committee and the standard transportation allowance. Chairman Ai-Wei Yuan, Director Chun-Ming Chen, Independent Director Hung-Chin Huang and Independent Director Kuo-Feng Lin were the stakeholders in the discussion. Director Chih-Kang Ma, was designated by the Chairman of the Board to act on his/her behalf. The proposal was unanimously approved by other present directors as it was.
   (II) The 5th meeting of the 12th board on December 29, 2023:
      1. Discussion of the 2024 audit plan: DirectorYi-Fang Huang and Director Chun-Ming Chen were the stakeholders and recused themselves from the discussion and voting. The proposal was approved by other attending directors without objection.
      2. Discussion on the change of members of the Company's "Sustainable Development Committee": Director Chen-Tan He and Director Chun-Ming Chen recused themselves during the discussion and voting of the proposal. The proposal was approved unanimously by other attending directors.
      3. Donation to Kindom Yu San Education Foundation: Director Chih-Kang Ma and Sui-Chang Liang are both directors and supervisors of the Foundation. The stakeholder of this case, therefore, recused from the discussion and voting. The proposal was approved unanimously by other attending directors.

III. Implementation of the evaluation of the Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Annually	2023/01/01~12/31	Overall Board of Directors	Internal self-evaluation of the Board of Directors "Self-Evaluation Questionnaire for Performance	The evaluation items include: participation in the company's operations, improvement of the quality of the board of directors' decision-making,

				Evaluation of the Board of Directors"	composition and structure of the board of directors, election of directors and continuing education, and internal control, with a total of 45 evaluation indicators.	
		2023/01/01~12/31	Individual Board Member	Self-evaluation of individual directors "Self-Evaluation Questionnaire for Self-Evaluation of Board Performance"	The evaluation items include: personal mastery of the company's goals and mission, directors' awareness of responsibilities, participation in the company's operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control, and a total of 23 evaluation indicators.	
		2023/01/01~12/31	Functional committees (Audit Committee, Remuneration Committee, and Sustainability Committee)	Self-evaluation of functional committee members "Self-Evaluation Questionnaire for Performance Evaluation of Functional Committees"	Items evaluated include: participation in the company's operations, awareness of functional committee responsibilities, improvement of functional committee decision-making quality, composition and selection of functional committee members, and internal control.	
	The evaluation is	2023/01/01~12/31	"Composition and Structure of the Board of	The Taiwan Corporate Governance	1. The Company may establish a formal	

	conducted by an external professional independent institution once every three years		Directors," "Election and Continuing Education of Directors," "Board of Directors' Participation in Corporate Operations," "Improving the Quality of Board of Directors' Decision Making," "Internal Control," "Environmental, Social, and Governance" and "Creating Values" " and so on.	Association was commissioned to conduct the "data review", "online self-evaluation questionnaire", "on-site interview" and other methods, and to write an external assessment and analysis report.	orientation system for the new directors to help new directors perform their duties. 2. The company may report the implementation of corporate social responsibility or ESG to the shareholders' meeting, and regularly report the planning of the succession system to the board of directors. 3. To improve the whistle-blowing mechanism, mailboxes can be set up for independent directors to send and receive reports in person, or an impartial and neutral professional organization can be commissioned as a window through which to receive reports.

IV. Enhancements to the functionality of the Board of Directors in the current year and the most recent year (e.g. establishment of an Audit Committee, enhancement of information transparency, etc.) and evaluation of their implementation:

(I) To implement the following objectives of strengthening the functions of the board of directors:

1. Notify directors and independent directors of the motions before a board meeting; take into full consideration each director's opinions when discussing a motion; send the minutes to each director within 5 days after the board meeting.
2. Members of the Board of Directors of the Company actively participated in the operation of the Board of Directors. The attendance rate of directors in 2023 was

98.1%, higher than that in 2022. 3. The Company's board members actively participate in various continuing educations. In 2023, all board members have spent a total of 87 hours of continuing education. 4. The Audit Committee of the Company is composed of all independent directors to exercise its supervisory duties and achieve the goal of strengthening the functions of the Board of Directors. 5. The Company upholds transparent operations and emphasizes the interests of shareholders. There is an "Investor Section" on the corporate website to provide relevant information and announce important resolutions of the Board of Directors. (II) At the end of each year, at least one evaluation is conducted for the overall operation of the Board of Directors, the performance of individual directors, and the performance evaluation of functional committees in accordance with the "Procedures for Performance Evaluation of the Board of Directors" amended on November 9, 2022; An independent professional institution or external experts and scholars will be engaged to conduct one evaluation at least every three years. The evaluation of the performance of the Board of Directors in 2023 was favorable, and the outcome was reported to the Board of Directors and disclosed on the Company's website on March 12, 2024.

Note 1: If a director or supervisor is a juristic person, the name of the juridical person shareholder and the name of its representative shall be disclosed.

Note 2: (1) If a director resigns before the end of the year, the date of resignation should be indicated in the remarks column; the actual attendance attendance rate (%) is based on the number of board meetings convened during service, and the actual attendance of the board of directors are counted.

(2) Before the end of the year, if there is a re-election of directors or supervisors, the new and old directors and supervisors shall be listed down, and whether the director or supervisor is old, new, or re-elected and the re-election date shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors and the actual number of attendance during his/her term of office.

(II) Operation of the Audit Committee:

The Audit Committee of the Company held 5 (A) meetings in 2023, and the attendance is as follows:

Job Title	Name (Note 1)	Actual attendance rate (B)	Frequency of attendance by proxy	Actual attendance (as observers) rate (%) [B/A] (Note 2)	Remarks
Independent Directors	Hung-Chin Huang	5	0	100.00%	Required attendance: 6 times
Independent Directors	Shen-Yu Kung	5	0	100.00%	Same as above
Independent Directors	Kuo-Feng Lin	5	0	100.00%	Same as above

Other information to be disclosed:

I. The purpose of the Company's Audit Committee is to assist the Board of Directors in monitoring the quality and integrity of the Company's accounting, financial reporting process and financial control, as well as internal control, legal compliance and audit or potential risk management.

II. All members of the 12th Board of Directors elected the independent Director Hung-Chin Huang as the convener. In addition to complying with the Company Act, the Securities and Exchange Act, and other standards and regulations announced by the competent authorities, the Company has also established the organizational charter of the Audit Committee, and the following matters as the primary focus of the review of the Audit Committee, including:

1. Appropriate presentation of the Company's financial statements, and effective implementation of accounting policies and procedures.
2. Internal control, internal audit and related policies and procedures amendment and effective implementation.
3. Amendment and effective implementation of the procedures for handling major asset or derivative transactions.
4. Amendments and effective implementation of the Procedures for Handling Endorsement or Guarantee for Material Loan of Funds. .
5. Offering, issuance or private placement of equity-type securities.
6. Compliance with relevant laws and regulations for the Company's purpose and business needs.
7. Matters involving the interests of directors.
8. Whistle-blowing and grievance reports related to ethical corporate management.
9. Information security policies and procedures, fraud prevention plans, and project reports.
10. Management and control of existing or potential risks of the Company.
11. Appointment, dismissal, independence and performance of CPAs.
12. Appointment and dismissal of financial, accounting or internal auditing officers.

III. If the operation of the Audit Committee is under any of the following circumstances, the meeting date and period, the contents of the motions, the independent directors' dissenting opinions, qualified opinions or major recommendations, the Audit Committee's resolutions, and the Company's handling of the Audit Committee opinions shall be stated disposal.

(1) Matters specified in Article 14-5 of the Securities and Exchange Act.

(II) Any matters other than the aforementioned matters which are not passed by the Audit Committee but are subject to the consent of two-thirds or more of all directors through a resolution.

Item: None.

Audit Committee Date and Term	Proposal Content	Dissenting opinions, qualified opinions, or major recommendations of independent directors	Resolution of the Audit Committee	The Company's handling of the Audit Committee's opinions
1st Term 16th Meeting 2023.03.14	1.Presented a copy of "Statement of Internal Control System" for 2022. 2Proposal to amend some provisions of the Company's "Articles of Incorporation" and "Rules of Procedure for Shareholder Meetings." 3. Amendments to certain provisions of the "Corporate Governance Best-Practice Principles." 4.Preparation of the Company's 2022 business report and financial statements. 5.The Company's 2022 earnings appropriation. 6. To expand the business and improve the financial structure, the Company planned to appropriate the dividend to shareholders with NTD 40,823,729 of the distributable earnings for 2022 for capital increase, and 4,082,372 common shares were issued	None	Agreed by all attending members	Agreed by all attending members
1st Term 17th meeting 2023.05.11	The Company's consolidated financial statements for 2023 Q1.	None	Agreed by all attending members	Agreed by all attending members
2nd Term The first meeting on August 11, 2023	1. The Company's consolidated financial statements for the 2nd quarter of 2023 2. The Company won the tender from Taiwan Semiconductor Manufacturing Co., Ltd..	None	Agreed by all attending members	Agreed by all attending members
2nd Term 2nd Meeting on November 10, 2023	1.The Company's consolidated financial statements for 2023 Q3. 2.The Company won the tender of GREAT WALL ENTERPRISE CO., LTD.. 3. The revision of the system manual and part of the procedure for the internal control system of the Company.	None	Agreed by all attending members	Agreed by all attending members
2nd Term Third meeting on December 29, 2023	1.Proposal of the Company's 2024 audit plan. 2. Assessing the independence and suitability of the CPAs appointed by the Company. 3.Establishment of the Company's "Cyber Security Policy." 4The Company won the tender of MediaTek Inc.. 5. The Company won the new construction project of the 1st plant in Linkou District of ASML from YANKEY ENGINEERING Co., LTD..	None	Agreed by all attending members	Agreed by all attending members

IV. Recusal of independent directors due to conflict of interest, with independent directors' names, content of the motions, reasons for recusal, and participation of voting specified: None.

5. Communication between independent directors and internal auditing officers and accountants (including major issues, methods, and results of communication on the Company's financial and business status).

(I) The Company's independent directors have direct communication channels with the internal audit officer and CPAs; they conduct regular inspections of the Company's financial and business conditions as required by the competent authority, and communicate directly with the management and governance units.

1. The Company's internal audit officer regularly reports on internal audits at quarterly Audit Committee meetings. The implementation of audited operations, the

improvement and follow-up of identified defects, and their results have been fully communicated. The internal audit officer provides monthly written audit reports to independent directors, and conducted individual project business reports in accordance with the recommendations of each independent director.

2. The Company's CPAs, at the Audit Committee's meeting or at a separate meeting convened before and after the annual audit of the Ministry of Finance, to report to the independent directors on the key audit matters, financial status and audit results of the Company and its subsidiaries, and to report on the internal control recommendations.

(II) Communication between independent directors and internal auditing officers:

1. The Company's Chief Auditor delivers the previous month's audit report (including audit follow-up matters) to each independent director for review and communication, and the audit business proposals are discussed in the Audit Committee. The Chief Auditor is listed as non-voting attendance.
2. The CPAs report the Company's financial status and audit results to the independent directors at least once a year, and communicate on major adjustments, amendments to laws and regulations, and internal control recommendations.
3. The summary of the main communication matters in 2023 is as follows:

Audit Committee Meeting	**Communication matters**	**Recommendations and results**
16th Meeting of the 1st Board 2023.03.14	Audit report for October 2022 to February 2023.	Reported to the Audit Committee and the Board of Directors, without objection from the independent directors.
17th Meeting of the 1st Board 2023.05.11	March 2023 audit report.	Reported to the Audit Committee and the Board of Directors, without objection from the independent directors.
1st meeting of the 2nd term 2023.08.11	Audit business report from April to June 2023.	Reported to the Audit Committee and the Board of Directors, without objection from the independent directors.
2nd meeting of the 2nd term 2023.11.10	Audit business report from July to September 2023.	Reported to the Audit Committee and the Board of Directors, without objection from the independent directors.
Independent communication meeting between independent directors and internal auditing officers 2023.11.17	2023 Audit Business Integration Report.	The independent directors had no objection.
The 3rd meeting of the 2nd term 2023.12.29	2024 Internal audit plan.	Reported to the Audit Committee and the Board of Directors, without objection from the independent directors.

(III) The communication between independent directors and the CPAs is good. The main communication matters in 2023 are summarized as follows:

Audit Committee Meeting	Communication matters	Result of communication
Communication of Key Audit Matters in Financial Statements 2023.03.14	Results of audit on the 2022 financial statements and key audit matters are described.	The independent directors had no objection.

Note: (1) If an independent director resigned recently, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) should be calculated based on the number of Audit Committee meetings held and the number of actual attendances during his/her service.

(2) Before the end of the year, if an independent director is re-elected, both new and old independent directors shall be listed, and whether the independent director is old, new, or re-elected and the date of re-election shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings held during active duty and the number of actual attendance.

(III) Status of corporate governance and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company and its subsidiaries (hereinafter referred to as the "consolidated company") have established the "Corporate Social Responsibility Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", and it is disclosed on the Company's website and MOPS. The consolidated company always pays attention to the development of domestic and foreign corporate social responsibility systems and changes in the corporate environment, to improve the corporate social responsibility system established by the Company, and to review the fulfillment of corporate social responsibility, in order to improve the effectiveness of corporate social responsibility fulfillment.	No difference
II. The Company's shareholding structure and shareholders' rights and interests (I) Does the Company have internal operating procedures to handle shareholders' suggestions, , doubts, disputes and litigation matters, and shall be implemented in accordance with the procedures ?	✓ ✓ ✓		(I) The consolidated company has set up a dedicated shareholder service unit in the accounting office and a section for shareholders on the consolidated company's website to receive suggestions, doubts and resolve disputes from shareholders. There has been no litigation with shareholders. (II) The consolidated company maintains close contact with major shareholders, and uses the shareholder	No difference No difference No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(II) Does the Company have a list of the Company's major shareholders and the ultimate controllers of such major shareholders? (III) Has the Company established and implemented risk control and firewall mechanisms with its affiliates? (IV) Has the Company established internal regulations to prohibit insiders from trading securities using undisclosed information in the market?	✓		registry provided by the stock agency to keep abreast of the shareholdings of major shareholders and their ultimate controllers. (III) The consolidated company and its affiliated companies operate independently in terms of operations and finance, and have established the "Procedures for Management of Transactions with Related Parties," "Procedures for Management of Supervision over Subsidiaries," "Procedures for Loaning Funds to Others," "Procedures for Endorsements and Guarantees," and the "Procedure for the Acquisition or Disposal of Real Estate, Equipment, or Right-of-use Assets" to establish a control and firewall mechanism between the Company and affiliated companies. (IV) The consolidated company has specified in the "Procedures for Handling Material Inside Information" that insiders are prohibited from using undisclosed information in the market to trade securities, and regularly educates insiders and reminds them of the principles.	No difference
III. Composition and duties of the Board of Directors (I) Has the Board of Directors established a diversity policy with respect to the composition of its members, with specific management goals and implementation?	✓		(I) Article 20 of the Company's "Corporate Governance Best Practice Principles" stipulates that the composition of the board of directors should take diversity into account. The Company's board of directors currently consists of 9 directors, including 6 directors and 3 independent directors. The directors have a wealth of	No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(II) In addition to establishing the Remuneration Committee and the Audit Committee as required by law, has the Company established other functional committees voluntarily? (III) Has the Company established rules and methods for evaluating the performance of the Board of Directors? Is the performance evaluation conducted on a regular basis every year? Does the Company submit the results of the performance evaluation to the Board of Directors and use it as a reference for individual directors' remuneration and nomination?	✓ ✓ ✓		experiences and professionalism crossing the fields of civil engineering, accounting and finance, business, law, and management. Furthermore, the Company also pays attention to gender equality in the composition of the Board of Directors. At this stage, the goal is to have at least one female director (in the next board re-election, we will evaluate and plan the nomination of candidates). In the future, we will continue to strengthen the goal of achieving the target ratio of female directors to more than 25%. For related management objectives and implementation, please refer to the description of "Board Diversity and Independence". The Company's diversity policy on the composition of the board of directors is also disclosed on the Company's website. (II) Further to establishing the Remuneration Committee and the Audit Committee in accordance with the law, the Board of Directors of the Company passed a resolution on July 15, 2022 to establish the "Sustainable Development Committee Charter" and appoint 4 members and an executive secretary of the Sustainable Development Committee , the committee has established five major working groups, namely the Green and Low-Carbon Working Group, Sustainable Supply Chain Working Group, Innovative Service Working Group, Employee Well-being and Social Inclusion Working Group, and Corporate Governance Working Group. Each Working Group is responsible for	No difference No difference No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(IV)Does the Company regularly assess the independence of the CPAs?			the promotion of various sustainable development action projects and execution. (III)The Board of Directors has resolved on November 9, 2022 to amend the "Procedures for Performance Evaluation of the Board of Directors". The amendment on: (1) The evaluation indicators are to be determined based on the operation and needs. Every year, the performance evaluation shall be reviewed once on aspects relating to the overall operation status of the board, the performance of individual directors and of the functional committees. And, (2) the evaluation is to be conducted by an external professional independent institution once every three years. The 2023 evaluation of the Board of Directors' performance was reported to the Board of Directors on March 12, 2024. The consolidated company's Board of Directors' performance had a good result. Please refer to Note 1 for details of the evaluation results. (IV)To implement corporate governance, the Accounting Division regularly evaluates the independence and suitability of CPAs in accordance with the "Assessment of Independence and Suitability for Financial Reports," and prepares written records. The evaluation results are summarized annually and approved by the accountable manager and then reported to the Audit Committee and the Board of Directors. The Company's Evaluation	

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			Table on the Independence and Competency of CPAs in the Report of the Audit Committee and the Board of Directors on December 29, 2023. Please refer to Note 2 for the results of the independence evaluation items for 2024. Upon assessment, the attesting CPAs appointed by the Company all meet the assessment criteria, including: (1) There is no direct or indirect financial interest or kinship with the Company or directors; (2) Meeting the independence criteria as stated in the Norm of Professional Ethics for Certified Public Accountants Bulletin 10. The service quality and timeliness of the auditing, taxation, etc., of the accountants are all in line with the standards, and they are substantively independent and competent enough to be expected to serve as the Company's certified public accountants.	

IV. Whether the listed company appoints competent and appropriate corporate governance personnel, and appoints a corporate governance officer to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors to comply with the laws, handling matters related to the Board of Directors and Shareholders' Meetings meeting legal standards, and preparing minutes of the Board of Directors and Shareholders' meetings)?	✓		(I) Upon approval by the Remuneration Committee on November 10, 2023 and the resolution of the Board of Directors on November 07, 2023, the Company designated Deputy Manager Hsin-Yu Li as the corporate governance officer. She is qualified as a lawyer and has more than 3 years of management experience in publicly listed companies. The Company has 1 dedicated staff responsible for stock affairs and 1 to 2 co-organizers to coordinate and execute relevant corporate governance affairs with the corporate governance officer. (II) Corporate governance-related tasks include handling matters related to the meetings of the Board of Directors and shareholders' meetings in accordance with the law, preparing the minutes of the Board of Directors and shareholders' meetings, assisting directors in onboarding and continuing education, providing directors with information needed to carry out their duties, assisting directors in complying with laws and regulations, protecting shareholders' rights and interests, strengthening the functions of the Board of Directors, and disclose information on corporate governance, stakeholders, and corporate social responsibility on the Company's website. (III) The annual key points of corporate governance-related operations and the continuing education of corporate governance officers are disclosed on the Company's website. Please visit https://www.kedge.com.tw/Investor and Stakeholder Area/Corporate Governance Officer/.	No difference
V. Whether the Company has established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set	✓		The consolidated company has a spokesperson and a stock affairs unit responsible for communication, and has a "Corporate Social Responsibility Section" and a "Stakeholders Section" on the Company's website to	No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
up a stakeholder section on the Company's website, and responded appropriately to important corporate social responsibility issues of concern to stakeholders?			appropriately respond to important corporate social responsibility issues of concern to stakeholders.	
VI. Does the Company appoint a professional shareholder service agency to handle shareholders' meeting affairs?	✓		The Company has commissioned the agency department of CTBC Bank to handle the shareholders' meeting-related affairs, and has duly implemented the relevant laws and regulations.	No difference
VII. Information Disclosure (I) Has the Company set up a website to disclose financial and corporate governance information? (II) Has the Company adopted other measures (such as an English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the webcasting investors conference, etc.) to disclose information? (III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements and the monthly operation status?	✓ ✓ ✓		(I) The consolidated company has set up a website in accordance with the laws and regulations to disclose financial, business and corporate governance information, and regularly update and maintain it. (II) The consolidated company discloses information on the Market Observation Post System in accordance with the regulations, appoints dedicated personnel to collect and disclose information, and implements a spokesperson system for immediate external clarification. (III) The consolidated company's 2022 financial statement, 2023 Q1to Q3 financial statements, and the 2023 monthly announcements and reports on operations are completed by the prescribed deadlines.	No difference No difference No difference
VIII. Does the Company have other important information for better understanding the	✓		(I) Employee rights, employee care, supplier relations, and stakeholders' rights: Please refer to the information on	No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?			environmental protection expenditure, labor-management relations and suppliers in "V. Business Overview" of this annual report. (II) Investor relations: The consolidated company has set up a website in accordance with the laws and regulations to disclose financial, business and corporate governance information, and regularly update the information for investors' reference. (III) Continuing education of directors: The consolidated company has regularly disclosed information on directors' continuing education and attendance at the Board of Directors on the Market Observation Post System. (IV) Implementation of risk management policies and risk measurement standards: Please refer to "Review and Analysis of Financial Position and Financial Performance and Risk Matters" of this annual report. (V) Implementation of customer policy: Established by the Business Planning Division of the consolidated company The sales and service team maintains a stable and good relationship with customers. (VI) Liability insurance purchased by the Company for directors: The consolidated company has purchased the "Directors' and Managers Liability Insurance" on June 10, 2023, and has disclosed important details such as the amount insured, scope of coverage and premium rate for reporting to the Board of Directors dated July	

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			12, 2023.	

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Status of Operation</th><th rowspan="2">Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">IX. Please explain improvements made pursuant to the Taiwan Stock Exchange Corporation Corporate Governance Center's corporate governance assessment results issued in the most recent year, and explain any matters and measures to be strengthened as a first priority in areas where improvements have not yet been made.</td></tr>
</table>

Question No.	Evaluation Indicators	Improvements made	Description
1.6	Has the Company convened a shareholders annual general meeting before the end of May?	No	The 2024 annual general meeting will be held on May 29, 2024.
2.9	Has the Company established a succession plan for the members of the Board of Directors and key management personnel, and disclosed its operation on the Company's website or annual report?	No	The Company has formulated the succession plan for the members of the Board of Directors and key management personnel and announced it on the Company's official website.
2.14	Has the Company established any non-statutory functional committees such as Nomination Committee, Risk Management Committee or Sustainability Committee? The committee members shall consist of at least three members, at least half of whom are independent directors, and at least one member has the required professional skills, and disclose its composition, responsibilities and operation?	Yes	On July 15, 2022, the Board of Directors of the Company passed the Articles of Incorporation for the Sustainable Development Committee, and disclosed the relevant information of the Sustainable Development Committee on the official website.
2.22	Has the Company established risk management policies and procedures approved by the Board of Directors, to disclose the scope of risk management, organizational structure and operation status, and reported to the Board of Directors at least once a year?	Yes	On November 9, 2022, the Company's Board of Directors approved the risk management policy and law, and on December 29, 2023, the status of risk management operations was reported to the Board of Directors.
2.23	Are the rules for performance evaluation of the board of directors established by the company approved by the board of directors, specifying that an external evaluation should be conducted at least once every three years, and that the evaluation has been conducted in the year under evaluation or in the past two years, and the implementation and evaluation results have been disclosed on the company's website or annual report?	Yes	On November 19, 2022, the Board of Directors of the Company approved the amendments to perform external evaluation at least once every three years, and disclose the implementation and evaluation results on the Company's website. The Company conducted external evaluation in February 2023 and disclosed the evaluation results on the official website of the Company.
2.30	Does the Company have at least one of its internal auditors certified as international internal auditors, international computer auditors, or CPA exams?	Yes	The Company's internal auditors have passed the CPA exam.
3.14	Does the Company's annual report disclose the link between the performance evaluation and remuneration of directors and managers?	Yes	The Company has disclosed the performance evaluation and remuneration of directors and managers in the annual report.
3.20	Is the company invited (or voluntarily) to hold at least two investor conferences, and is the interval between the	Yes	The Company convened the investor conference on August 31, 2023 and December 13, 2023.

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	

	first and last two investor conferences of more than three months?		

Note 1: Results of the performance evaluation of the Board of Directors:

i.Evaluation by external professional independent institutions:

The 2022 "Board Performance Evaluation" was commissioned to Taiwan Association of Board Governance. The "Board Performance Evaluation Working Group" (evaluation committee members and convener: Sheng-Yuan Chen, De-Wei Chou, and Ching-Hai Yeh) has on February 8, 2023 performed the evaluation using the "Self-Evaluation Questionnaire," "On-site Interview," and so on methods. The scope of this review covers: "Composition and Structure of the Board of Directors," "Election and Continuing Education of Directors," "Board of Directors' Participation in Corporate Operations," "Improving the Quality of Board of Directors' Decision Making," "Internal Control," "Environmental, Social, and Governance" and "Creating Values" " and so on.

Conclusion and recommendation:
Overall, the governance and operation of the Company's Board of Directors has mostly complied with the regulations on corporate governance practices and board of directors' evaluations proposed by the Taiwan Stock Exchange and Taipei Exchange. Specifically, the advantages of board governance include: 1. The board members have diversified professional backgrounds. The general directors have rich experience in the construction industry, and the independent directors have expertise in accounting, business management, and civil engineering.

2. The Board of Directors leads by example. In addition to conducting self-evaluation and reporting the results of the evaluation to the Board of Directors, the Board of Directors also commissions an external independent agency to evaluate the performance of the Board of Directors every three years.

3. The Company actively plans net zero carbon emissions measures such as carbon inventory and carbon reduction paths. In addition to working with upstream customers to promote ESG, the company also advocates the implementation of ESG with its suppliers.

4. The Company values community care, and the "Circulation of Kindness" is implemented by the Planning Department, and immediate assistance is provided to earthquake-stricken households or disadvantaged families.

5. The Company carefully controls the risks including construction period execution, cost reduction procurement and construction quality risks, so both the performance and profits have grown in recent years.

However, it is suggested that the Company can improve the governance of the board of directors in the following directions:

1. The Company may establish a formal orientation system for the new directors to help new directors perform their duties.

2. The company may report the implementation of corporate social responsibility or ESG to the shareholders' meeting, and regularly report the planning of the succession system to the board of

directors.

3. To improve the whistle-blowing mechanism, mailboxes can be set up for independent directors to send and receive reports in person, or an impartial and neutral professional organization can be commissioned as a window through which to receive reports.

ii.Self-evaluation of the Board of Directors:

I. Results of the overall performance evaluation of the Board of Directors:

Aspect	Number of questions	Evaluation result (Total Score 5)	Evaluation result
Involvement in company operations	12	4.42	The self-evaluation results were Excellent (above the average) and Significantly Above the Standard.
Improvement to the quality of the board decision-making process	12	4.83	
Composition and structure of the board	7	4.57	
Election of directors and their continuing education	7	4.14	
Internal control	7	4.43	
Total/Average score	45	4.51	

II. Results of the self-evaluation of the internal directors:

Aspect	Number of questions	Evaluation result (Total Score 5)	Evaluation result
Alignment with company goals and tasks	3	4.81	The self-evaluation results were Excellent (above the average) and Significantly Above the Standard.
Awareness of directors' responsibilities	3	4.89	
Involvement in company operations	8	4.76	
Internal relations management and communication	3	4.78	
Directors’ professionalism and their continuing education	3	4.78	
Internal control	3	4.78	
Total/Average score	23	4.79	

III. The results of the internal Remuneration Committee's self-evaluation:

Aspect	Number of questions	Evaluation result (Total Score 5)	Evaluation result
Involvement in company operations	4	5.00	The self-evaluation results of the convener and attending committee members were both rated
Awareness of the duties of the functional committee	5	5.00	

Improvement of the decision-making quality of functional committees	7	5.00	as "Excellent" and "Significantly Above the Standards."
Composition of the functional committee and election of its members	3	5.00	
Total/Average score	19	5.00	

IV. Results of the Internal Audit Committee's self-evaluation:

Aspect	Number of questions	Evaluation result (Total Score 5)	Evaluation result
Involvement in company operations	4	4.69	The self-evaluation results were Excellent (above the average) and Significantly Above the Standard.
Awareness of the duties of the functional committee	5	4.73	
Improvement of the decision-making quality of functional committees	7	4.71	
Composition of the functional committee and election of its members	3	4.77	
Internal control	3	4.67	
Total/Average score	22	4.71	

V. Results of the Sustainable Development Committee's self-evaluation:

Aspect	Number of questions	Evaluation result (Total Score 5)	Evaluation result
Involvement in company operations	4	4.88	The self-evaluation results were Excellent (above the average) and Significantly Above the Standard.
Awareness of the duties of the functional committee	3	4.58	
Improvement of the decision-making quality of functional committees	7	4.93	
Composition of the functional committee and election of its members	2	4.88	
Total/Average score	16	4.84	

Note 2: Please refer to the following table for the results of the 2023 evaluation on the independence and suitability of CPAs.

Evaluation Items	Evaluation results	Compliance
1. Does the attesting CPA have a close business relationship or potential employment relationship with the Company or its affiliated companies?	No	Yes

Evaluation Items	Evaluation results	Compliance
2. Do the CPAs hold or broker the shares or other securities issued by the Company or any of its affiliated companies?	No	Yes
3. Do the CPAs act as the defender or representative of the Company or its affiliated companies to coordinate conflicts with other third parties?	No	Yes
4. Does the attesting CPA have a relative relationship with the Company's directors, managers or personnel who have a significant impact on the audit?	No	Yes
5. Have any co-practicing accountants of the CPAs' associated accounting firm served as the Company's directors, managers, or positions that have a significant impact on the audit within one year after retirement?	No	Yes
6. Have CPAs provided audit services for the Company for 7 consecutive years?	No	Yes
7. Have the CPAs complied with the independence requirements specified in CPA Professional Ethics Bulletin No. 10?	Yes	Yes
8. Do the CPAs and the audit service team make appropriate recommendations and keep records of the company's management system and internal control system audits?	Yes	Yes
9. Do the CPAs and the audit service team provide the Company with legal updates, amendment information and provide courses?	Yes	Yes

(IV) Composition, duties and operation of the Remuneration Committee:

1. Information on the members of the Remuneration Committee: March 31, 2024

<table>
<tr><th colspan="2">Condition
Identity (Note 1) Name</th><th>Professional qualifications and experience (Note 2)</th><th>Status of independence (Note 3)</th><th>Number of other public entities in which the committee member of the company is also the committee member thereof</th></tr>
<tr><td>Independent Directors</td><td>Hung-Chin Huang</td><td>• Master of Accounting, Shanghai University of Finance and Economics
• Major: Finance
• Certified Public Accountant</td><td rowspan="3">• Satisfies the independence specified in Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange
• Not subject to the provisions of Article 30 of the Company Act</td><td>1</td></tr>
<tr><td>Independent Directors</td><td>Kuo-Feng Lin</td><td>• PhD, University of Pittsburgh
• Major: Civil Engineering
• Distinguished Professor, Department of Civil Engineering, National Taiwan University</td><td>1</td></tr>
<tr><td>Committee members</td><td>Tung-Xuan Wan</td><td>• PhD, Institute of Management Science, Tamkang University
• Major: Business Administration/Civil Engineering
• CEO of Enterprise Service Center, Ming Chuan University</td><td>1</td></tr>
</table>

Note 1: Please specify the seniority, professional qualifications, experience, and independence of each Remuneration Committee member in the table. In the case of independent directors, please refer to Table 1 Directors and Supervisors on Page 3 for the description Information (1) Related content. Please fill in the identity whether as an independent director or others (if the convener, please specify).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence criteria: Members of the Remuneration Committee meet the independence criteria, including but not limited to whether the member, his/her spouse, or a relative within the second degree of kinship serves as a director, supervisor, or employee of the Company or its affiliated companies; spouse, relative within the second degree of kinship (or in the name of a third party), and the number and percentage of shares held in the company; whether or not he holds the position as a director, supervisor, or employee in a company that has a specific relationship with the Company (refer to Sub-Paragraph 5-8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); any compensation received from the Company or its affiliated enterprises for the provision of commercial, legal, financial, or accounting services in the last two years.

2. Information on the operation of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) The term of office of the current members: From June 2, 2023 to the date of re-election of directors in 2026, the Remuneration Committee held 6 meetings (A) in the most recent year, and the qualifications and attendance of members are as follows:

Job Title	Name	Number of attendances in person (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Hung-Chin Huang	6	0	100%	Required attendance: 6 times
Committee members	Kuo-Feng Lin	6	0	100%	Same as above
Committee members	Tung-Xuan Wan	6	0	100%	Same as above

Other information to be disclosed:

I. I. If the Board of Directors does not adopt or amend the recommendation of the remuneration committee, it shall state the date, session, content of the resolution, and the result of the Board of Directors' resolution and the Company's action in response to the advice of the remuneration committee (e.g. if the board has approved remuneration higher than the recommended remuneration by the Remuneration Committee, the difference and the reason should be stated): None.

II. If the resolutions of the remuneration committee have written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion, the date, session, content of the resolution, the opinions of all members and the action in response to the opinions of the member of the remuneration committee shall be stated: None.

III. The operation of the Remuneration Committee in the last year:

Remuneration Committee	Proposal content and follow-up treatment	Resolution Result	The Company's handling of the opinions of the Remuneration Committee
4th Term 14th meeting 2023.03.10	1. Proposal for the establishment of the Company's "Regulations Governing the Performance Evaluation and Remuneration of Directors and Managers". 2. Announcement of the Company's human rights policy. 3. Proposal to establish the Company's "Regulations Governing Year-end Bonus." 4. Proposal for the appropriation and distribution	Agreed by all attending members	Submitted to the Board of Directors and unanimously approved by all directors present at the meeting.

	of the 2022 employees' remuneration and directors' remuneration.		
4th Term 15th meeting 2023.05.09	Proposal for the promotion and salary adjustment of the Company's managerial officers.	Agreed by all attending members	Submitted to the Board of Directors and unanimously approved by all directors present at the meeting.
5th Term 1st meeting 2023.07.10	1. Remuneration to the members of the 12th board of directors, the members of the 2nd board of Audit Committee, and the members of the 5th board of Remuneration Committee and fees for performing duties. 2. Adjustment of the salary structure of the Chairman Mr. Ai-Wei Yuan. 3. Appointment of Managerial Officer, Assistant Vice President Hui-Kuo Hsu.	Agreed by all attending members	Submitted to the Board of Directors and unanimously approved by all directors present at the meeting.
5th Term 2nd meeting 2023.08.09	1. The adjustment of the organizational structure of the Company. 2. Adjustments to the salaries of the Company's managers. 3. The appointment of the information security officer of the Company. 4. Members of the Company's 2nd Sustainable Development Committee and the standard of transportation allowance.	Agreed by all attending members	Submitted to the Board of Directors and unanimously approved by all directors present at the meeting.
5th Term 3rd meeting 2023.11.07	1. Adjustments to the salaries of the Company's managers. 2. Proposal for the change of the Company's corporate governance officer.	Agreed by all attending members	Submitted to the Board of Directors and unanimously approved by all directors present at the meeting.
5th Term 4th meeting 2023.12.27	1. The adjustment of the organizational structure of the Company. 2. Adjustment to the Company's salary structure. 3. Change of members of the Company's Sustainable Development Committee. 4. Adjustments to the duties and salaries of the Company's managers. 5. Ratification of managerial officers' adjustment and salary adjustment.	Agreed by all attending members	Submitted to the Board of Directors and unanimously approved by all directors present at the meeting.

Note: (1) If any member of the Remuneration Committee resigned before the end of the year, the date of resignation and the actual attendance rate (%) during tenure, which is calculated according to the number of Remuneration Committee meetings held and the number of actual attendances, should be indicated in the remarks column.

(2) Before the end of the year, if there is a re-election of the Remuneration Committee, the new and old members of the Remuneration Committee shall be listed and kept in the record keeping. Indicate in the remarks column whether the member is in the previous office, the new office, or re-election and the date of the re-election. The actual attendance rate (%) is calculated based on the number of meetings held by the Remuneration Committee and the number of actual attendances during tenure.

(VI) Implementation of ethical corporate management:

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and plans I) Has the Company established an ethical corporate management policy approved by the Board of Directors and stated in its Articles of Incorporation or external correspondence about the ethical management policies and practices, as well as the commitment of the Board of Directors and senior management to actively implement the operating policies?	✓		(I) To establish a corporate culture of ethical corporate management and a reference framework for good business operations, the Company has established the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," and "Operation Procedures and Guidelines for Ethical Management" to regulate the Company and its directors, managers, employees, mandataries, and persons with substantial control shall follow the ethical standards and code of conduct when performing their duties.	Compliant
II) Has the company established a mechanism for assessing the risk of dishonest acts, regularly analyzed and evaluated the business activities within the scope of business that have a higher risk of dishonest acts, and formulated a program for prevention of dishonest acts based on such plan, which at least covers the preventive measures mentioned in paragraph 2 of Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(II) To ensure the implementation of ethical corporate management, the consolidated company has established effective accounting and internal control systems, and internal auditors regularly audit the compliance of the aforementioned systems. In addition, when selecting contractors, the Company selects suitable partners, and it is clearly stipulated in the Affidavit Letter "no gifts, entertainment or improper benefits."	Compliant
III) Has the Company established the program to prevent unethical conduct, including operational procedures, guidelines, penalties for violations, and a complaint system, and implemented the program, and regularly	✓		(III)On March 26, 2021, the consolidated company established the "Procedures for Ethical Corporate Management and Guidelines for Conduct" and the "Act for Detecting Violation of Ethical Corporate	Compliant

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
review and amend the aforementioned programs?			Management" was passed in October 2021. The directors, managers, employees, mandataries and persons with substantial control of the Company and Group enterprises and organizations are subjected to the regulations of this Procedures. It is prohibited to offer or accept bribes, offer illegal political contributions, improper charitable donations or sponsorships, offer or accept inappropriate gifts or other improper gains, leaking of the Company's trade secrets, intellectual property infringement, unfair competition, or services that harm consumers or other stakeholders and other unethical conducts. Complaint channel has been provided for reporting on these unethical conducts. Adding to the personnel regulations such as the "Employee Work Rules," the consolidated company clearly stipulates that employees shall not have unethical behaviors, and the preventive operating procedures are included in the new employee training or other personnel education and training courses.	
II. Implementing ethical corporate management (I) Has the Company evaluated the ethical records of its trading counterparts, and specified the ethical conduct clauses in the contracts signed with its trading counterparts?	✓		(I) When the consolidated company selects partners, it selects suitable partners through credit investigation, and it is clearly stated in the affidavit letter "no gifts, entertainment or improper benefits."	Compliant

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(II) Has the Company set up a dedicated unit under the Board of Directors to promote corporate ethical management, and report the implementation of the ethical management policies and prevention programs against unethical behaviors to the Board of Directors on a regular basis (at least once a year)?	✓		(II) The consolidated company's human resources unit is responsible for the formulation and promotion of corporate operating policies and regulations, and the audit unit performs compliance checks and reports to the board of directors.	Compliant
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate channels of communication, and implement such policies?	✓		(III) The consolidated company has established the "Procedures for Ethical Corporate Management and Guidelines for Conduct" on March 26, 2021. The Audit Office, the Administration Division and the Finance Department have jointly established the Ethical Corporate Management Working Group. The Human Resources Department of the Administration Division is the contact for personnel to speak. They are also discussed with the ethical corporate management team for further discussion, implementation, and reporting to the Board of Directors on a regular basis.	Compliant
(IV) Whether the Company has established an effective accounting system and internal control system to implement ethical corporate management, and has the internal audit unit formulate relevant audit plans based on the assessment results of the risks of unethical behaviors, and used to audit the compliance of the prevention of unethical behaviors? Or appoint a CPA to	✓		(IV) The consolidated company's audit unit conducts audits on various business activities on a regular or irregular basis to ensure the effective implementation of various systems.	Compliant

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
perform the audit?				
(V) Does the Company organize internal and external training on ethical corporate management on a regular basis?	✓		(V) The consolidated company upholds the business philosophy of integrity, and advocacy will be enhanced at management meetings for fulfilment.	Compliant
III. The operation of the Company's whistle-blowing system (I) Has the Company established a specific whistle-blowing and reward system, established a channel to facilitate reporting, and assigned appropriate dedicated personnel to handle the reported cases?	✓		(I) The consolidated company has a whistle-blowing mailbox and hotline. The Human Resources Department is responsible for handling related matters, and handling complaints and disciplinary actions in accordance with the Company's operating procedures.	Compliant
(II) Has the Company established standard operating procedures for the investigation of whistle-blowing matters, the follow-up measures to be taken after the investigation is completed, and the related confidentiality mechanism?	✓		(II) When accepting whistleblowing matters, the human resources department of the consolidated company shall be responsible for the confidentiality of the information of the parties concerned.	Compliant
(III) Has the Company taken measures to protect the whistleblower from improper treatment due to their whistle-blowing?	✓		(III) The consolidated company has established a confidentiality system in its whistle-blowing process, and the whistle-blower will not be punished for the whistleblowing conduct.	Compliant
IV. Strengthening information disclosure (I) Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles and results on its website and Market Observation Post System?	✓		(I) The Company has established a website with an "ESG section" to clearly disclose that "integrity" is the most fundamental business philosophy, and to convey the company spirit of "Focus on integrity, adherence to	Compliant

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Status of Operation</th><th rowspan="2">Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>quality, sincere service, innovation and progress, and sustainability management".</td><td></td></tr>
<tr><td colspan="5">V. If the Company has established its own ethical corporate management best-practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviations from the TWSE/TPEx Best-Practice Principles:
(I) To fulfill corporate social responsibility and promote the balanced and sustainable development of economy, society and environment, the Board of Directors on March 24, 2016 approved the "Ethical Corporate Management Best Practice Principles".
The implementation is regularly reviewed in accordance with the principles and improvements are made accordingly. So far, there have been no discrepancies in the implementation.
(II) The Company attaches great importance to ethical corporate management and has organized educational training courses related to ethical corporate management issues in 2023 (such as the training for new recruits with the theme of corporate culture and ethical management etc) for 547 persons and a total of 585 hours.</td></tr>
<tr><td colspan="5">VI. Other important information that is helpful in understanding the Company's ethical corporate management practices (e.g., the circumstance in which the Company is reviewing and amending the Company's ethical corporate management best practice principles):
(I) The consolidated company shall comply with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the regulations related to listing on the TWSE or TPEx, or other laws and regulations related to business activities, as the basis for the implementation of ethical corporate management.
(II) The consolidated company's "Regulations Governing Procedures for Board of Directors Meetings" has a recusal clause for directors, which clearly stipulates that a director with self-interests or a corporate representative with interests, which will harm the company’s interests, he/she may express opinions and answer questions, and may not participate in and avoid discussion and voting, and may not exercise voting rights on behalf of other directors.
(III) The consolidated company has "Procedures for Handling Internal Material Information" expressly stating that directors, supervisors, managers and employees are not allowed to divulge to others any material internal information that they are informed of, nor shall they inquire or collect from any person who is informed of material internal information of the Company that is not relevant to their personal duties, and also shall not divulge to others any material internal information of the Company that they are not informed of through their official duties.
(IV) The consolidated company has "Ethical Corporate Management Best Practice Principles", which clearly stipulates that directors, managers, employees, appointees or persons with substantial control shall not directly or indirectly offer, promise, requesting or accepting any illegal benefits, or engaging in other dishonest conducts that violate integrity, that are illegal or or are a breach of fiduciary duty in order to obtain or maintain benefits.</td></tr>
</table>

(VII) If the Company has established the Corporate Governance Best Practice Principles and related regulations, the inquiry methods shall be disclosed:

The consolidated company has established the "Corporate Governance Best Practice Principles", which is disclosed on the Market Observation Post System and is available on the Company's website.

(VIII) Other important information that is sufficient to enhance the understanding of the Company's corporate governance and may be disclosed together: None

(IX) Implementation of the internal control system:

1. Declaration of internal control:

KEDGE CONSTRUCTION CO., LTD.
Declaration of Internal Control System

Date: March 12, 2024

The Company states the following with respect to its 2023 internal control system based on the results of a self-assessment:

I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's board of directors and managers. The Company has established such a system. The purpose is to reasonably ensure effective and efficient operations (including profitability, performance, and asset security), reporting reliability, timeliness, and transparency, and compliance with applicable laws and regulations.

II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, there is a self-monitoring mechanism in place for the Company's internal control system. Once a defect is identified, the Company will take corrective actions.

III. The Company judges the effectiveness of the design and implementation of its internal control system in accordance with the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria for determining the internal control system adopted in the Regulations are based on the process of management control. The internal control system is divided into five elements: 1. Control environment; 2. Risk assessment; 3. Control operations; 4. Information and communications, and 5. Supervision operations. Each component further includes several items. Please refer to the "Governing Regulations" for details.

IV. The Company has adopted the abovementioned criteria to assess the effectiveness of the design and execution of its internal control system.

V. 5.Based on the findings of the above evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This statement shall form an integral part of the Company's annual report and prospectus, and shall be disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was passed by the Board of Directors in their meeting held on March 12, 2024, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

KEDGE CONSTRUCTION CO., LTD.

Chairman: Ai-Wei Yuan, Signature/Seal

Yi-Fang Huang

President: Signature/seal

Chun-Ming Chen

2. Appointment of CPAs to examine the internal control system: None.

(X) The punishment on the Company and its internal personnel according to law, the punishment on the Company's internal personnel for violating the provisions of the internal control system in the most recent year up to the publication date of the annual report, and the main deficiencies and improvements: None.

(XI) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report:

1. Important resolutions of the shareholders annual general meeting:

<table>
<tr><th>Meeting time</th><th colspan="2">Important resolution matters</th><th>Status of implementation</th></tr>
<tr><td rowspan="7">2023.06.02</td><td rowspan="2">Matters of recognition</td><td>Passed recognition of the Company's 2022 business report and financial statements</td><td>Handled in accordance with the resolution of the shareholders' meeting</td></tr>
<tr><td>Passed recognition of the Company's 2022 earnings appropriation.</td><td>Cash dividends per share of NTD 4.15 were distributed on August 23, 2023. Stock dividends, NTD 0.35 per share, ex-dividend date August 2, 2023.</td></tr>
<tr><td rowspan="3">Matters for Discussion</td><td>Approved the amendments to the Company's "Articles of Incorporation."</td><td>Handled in accordance with the resolution of the shareholders' meeting</td></tr>
<tr><td>Approved the issuance of new shares by capitalization of 2022 earnings.</td><td>Handled in accordance with the resolution of the shareholders' meeting</td></tr>
<tr><td>Approved the amendments to the Company's "Rules of Procedure for Shareholders’ Meetings."</td><td>Handled in accordance with the resolution of the shareholders' meeting</td></tr>
<tr><td>Election matters</td><td>Election of the Company's 12th board of directors (including independent directors).</td><td>Elected nine directors (including three independent directors) and implemented the results in accordance with the election results.</td></tr>
<tr><td>Other proposals</td><td>Approved the lifting of non-compete restrictions on Directors.</td><td>Handled in accordance with the resolution of the shareholders' meeting</td></tr>
</table>

2. Important resolutions of the board of directors:

Date	Term of Board of Directors	Important resolution matters
2023/03/14	11th Term 22nd Meeting	1. Proposal to amend some provisions of the "Sustainable Development Best Practice Principles" of the Company. 2. Proposal for the establishment of the Company's "Regulations Governing the Performance Evaluation and Remuneration of Directors and Managers". 3. Announcement of the Company's human rights policy. 4. Establishment of the Company's "Regulations Governing Year-end Bonus." 5. Proposal for the appropriation and distribution of the 2022 employees' remuneration and directors' remuneration. 6. Lifting of non-compete restrictions on the Company's manager Chun-Ming Chen. 7. Approval of the "Statement of Internal Control System" for 2022. 8. Proposal to amend some provisions of the Company's "Articles of Incorporation" and "Rules of Procedure for Shareholder Meetings." 9. Proposal to amend some provisions of the Company's "Corporate Governance Best Practice Principles." 10. Preparation of the Company's 2022 business report and financial statements. 11. The Company's 2022 earnings appropriation. 12. For the purpose of expanding the business and improving the financial structure, the Company intends to appropriate the dividends from the distributable earnings for 2022 to the shareholders for capital increase and issuance of common shares. 13. Election of the Company's 12th board of directors (including independent directors). 14. To formulate the agenda for the 2023 shareholders annual general meeting of the Company and other related matters. 15. The Company intends to sign financing contracts with financial institutions for business needs.
2023/04/19	11th Term 23rd meeting	1.The nomination list of candidates for directors (including independent directors). 2. Lifting of the non-compete restriction on the newly elected directors (including independent directors). 3. Adjust the total amount of cash dividends and stock dividends for the Company's 2022 earnings distribution plan, based on the calculation of the par value of the Company's shares at NTD 10. 4. According to the calculation of the par value of NTD 10 per share for the Company, the dividend of NTD 40,823,730 from the distributable earnings for 2022 is adjusted for capitalization of earnings, and 4,082,373 common shares are issued.
2023/05/11	11th Term 24th meeting	1.The Company's consolidated financial statements for 2023 Q1. 2.The promotion and salary adjustment of the Company's managers. 3. The Company intends to sign financing contracts with financial institutions for business needs.
2023/06/02	12th Term 1st meeting	1. Election of the Company's 12th Board Chairman. 2. Appointment of the 5th Remuneration Committee members.
2023/07/12	12th Term 2nd Meeting	1.Determination of the base date for the Company's 2022 share distribution and dividend payment. 2.Remuneration to the members of the 12th board of directors, the members of the 2nd board of Audit Committee, and the members of the 5th board of Remuneration Committee and fees for performing duties. 3.Adjustment of the salary structure of the Chairman Mr. Ai-Wei Yuan. 4• Appointment of Managerial Officer, Assistant Vice President Hui-Kuo Hsu. 5 The Company intends to sign financing contracts with financial institutions for business needs.
2023/08/11	12th Term 3rd Meeting	1.Passed the Company's consolidated financial statements for Q2 2023. 2.The adjustment of the organizational structure of the Company. 3.Adjustments to the salaries of the Company's managers. 4.The appointment of the information security officer of the Company.

Date	Term of Board of Directors	Important resolution matters
		5. The appointment of the members of the Company's 2nd Sustainable Development Committee and the standard of transportation allowance. 6. The Company intends to sign financing contracts with financial institutions for business needs. 7.The Company won the tender from Taiwan Semiconductor Manufacturing Co., Ltd..
2023/11/10	12th Term 4th Meeting	1.Passed the Company's consolidated financial statements for 2023 Q3. 2.Amendment of the Company's financial performance targets for 2023. 3.Adjustments to the salaries of the Company's managers. 4.Proposal for the change of the Company's corporate governance officer. 5.The Company intends to sign financing contracts with financial institutions for business needs. 6.The Company won the tender of GREAT WALL ENTERPRISE CO., LTD.. 7.Proposal on the revision of the system manual and part of the procedure for the internal control system of the Company.
2023/12/29	12th Term 5th meeting	1.Proposal of the Company's 2024 business plan. 2. Proposal of the Company's 2024 audit plan. 3.Proposal for assessing the independence and suitability of the CPAs appointed by the Company. 4.Establishment of the Company's "Cyber Security Policy." 5.The Company won the tender of MediaTek Inc.. 6. The Company won the new construction project of the 1st plant in Linkou District of ASML from YANKEY ENGINEERING Co., LTD.. 7.Change of members of the Company's "Sustainable Development Committee". 8.The adjustment of the organizational structure of the Company. 9.Adjustment to the Company's salary structure. 10.Adjustments to the duties and salaries of the Company's managers. 11.Adjustments to the duties and salaries of the Company's managers. 12.The Company intends to sign financing contracts with financial institutions for business needs. 13. The Company's plan to donate NTD 6 million (same hereinafter) in 2024 to the "Kindom Yu San Education Foundation".

(XII) In the most recent year and up to the date of publication of the annual report, if a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written statement, the main content thereof: None.

(XIII) A summary of resignations and dismissals of the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, and R&D Officers during the most recent year and up to the date of publication of the annual report:

Job Title	Name	Inauguration date	Date of resignation	Reason for resignation or dismissal
Corporate Governance Officer	Li-Ya Chen	2023.01.01	2023.11.10	Job adjustment

IV. Information on CPA fees:

(I) Information on CPA fees:

Certified Public Accountant Firm Name	Certified Public Accountant Name	Audit public expenditure (NTD thousand)	Non-audit fees (NTD thousand)					Certified Public Accountant Audit period	Remarks
			System design	Industrial and Commercial Registration	Human resources	Other	Subtotal		
KPMG	Yi-Lian Han Kuo-Cheng Tseng	3,070	0	100	30	0	30	2023.01.01 ~ 2023.12.31	The non-audit fees are the review fees for the "Checklist for Full-time Non-Managerial Employees' Salary Information".

(II) Non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto: None.
(III) If the accounting firm is changed, and the audit fee paid in the year of replacement is less than the audit fee of the previous year: None.
(IV) Is the audit fee reduced by more than 15% from the previous year: None.

V. Information on replacement of CPA:

(I) About the former CPAs: None
(II)About the succeeding CPA: None
(III) The reply of the former CPA in accordance with Article 10, Paragraph 6, Item 1 and 2-3 of the Guidelines: Not applicable.

VI. Do the Company's chairman, general manager, manager responsible for financial or accounting affairs, hold any positions within the Company's Independent audit firm or its affiliates in the most recent year: None

VII. Transfer and pledge of shareholdings of directors, managers and shareholders holding more than 10% of the shares for the most recent year and up to the date of publication of the annual report

(I) Changes in the shareholdings of directors, supervisors, managers and shareholders holding more than 10% of the shares:

Job Title	Name	2023		As of March 31 (2024) of current year	
		Shareholding increase (decrease)	Increase (decrease) in shares pledged	Shareholding increase (decrease)	Increase (decrease) in shares pledged
Chairman	KINDOM DEVELOPMENT CO., LTD. Representative: Ai-Wei Yuen	1,395,539	-	-	-
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Chih-Kang Ma		-	-	-
Director	KINDOM DEVELOPMENT CO., LTD. Representative Yi-Fang Huang		-	-	-
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Chun-Ming Chen		-	-	-
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Sui-Chang Liang		-	-	-
Director	KINDOM DEVELOPMENT CO., LTD. Representative: Chen-Tan He		-	-	-
Independent Directors	Hung-Chin Huang	-	-	-	-
Independent Directors	Shen-Yu Kung	-	-	-	-
Independent Directors	Kuo-Feng Lin	-	-	-	-
President	Yi-Fang Huang	-	-	-	-
President	Chun-Ming Chen	69	-	-	-
Senior Vice President	Chin-Hua Fan	2,397	-	(15,000)	-
Senior Assistant V.P.	Li-Ya Chen	-	-	-	-
Corporate Governance Officer (Note 1)	Hsin-Yu Li	-	-	-	-
Assistant Vice President	Chao-Ming Chen	-	-	-	-
Senior Assistant V.P.	Wen-Hsiung Chou	-	-	-	-
Acting Vice President	Chih-Kuo Tseng	-	-	-	-
Senior Assistant V.P.	Hsien-Chin Chiu	-	-	-	-
Senior Assistant V.P.	Chun-Cheng Liang	-	-	-	-
Assistant Vice President	Chong-Te Hsiao	-	-	-	-
Assistant Vice President	Wen-Chin Lee	-	-	-	-
Assistant Vice President	Ru-Ping Chang	-	-	-	-
Assistant Vice President	Wen-Yao Liu	-	-	-	-
Acting Assistant Vice President	Ming-Chung Lin	-	-	-	-
Assistant Vice President	Chin-Chih Hsu	-	-	-	-
Assistant Vice President	Hsu-Yuan Yeh	-	-	-	-
Assistant Vice President	Chia-Hsing Li	683	-	20,205 -	-

Job Title	Name	2023		As of March 31 (2024) of current year	
		Shareholding increase (decrease)	Increase (decrease) in shares pledged	Shareholding increase (decrease)	Increase (decrease) in shares pledged
Assistant Vice President	Chun-Jen Huang	-	-	-	-
Assistant Vice President	Wei-Wen Chen	734	-	(5,000)	-
Assistant Vice President	Hui-Kuo Hsu	-	-	-	-
Acting Assistant Vice President	Ming-Hsiu Lee	-	-	-	-
Acting Assistant Vice President	Yu-Da Wang	-	-	-	-
Acting Assistant Vice President	Yi-Long Shih	-	-	-	-
Acting Assistant Vice President	Po-Ming Liu	-	-	-	-
Acting Assistant Vice President	Chih-Sheng Lin	-	-	-	-
Accounting Supervisor	Fang-Chia Chang	927	-	-	-
Financial Supervisor	Si-Fan Pan	-	-	-	-

Note 1: Inaugurated on November 10, 2023

Note 2: The increased shares in 2023 were all obtained from capitalization of retained earnings from issuance of shares.

(II) Information on equity transfer: None.

(III) Information on share pledge: None.

VIII. Spouses or relatives within the second degree of kinship of another among the top ten shareholders:

March 31, 2024 (Unit: shares)

Name	Shares held by the owner		Shares held by spouse and underage children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who are related, spouse, or relatives within second degree of kinship to each other.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Kindom Development Co., LTD. Representative: Chih-Kang Ma	41,268,083	34.18%	-	-	-	-	Yu-De Investment Co., Ltd.	The chairman of the company is a relative of the chairman of Yude Investment Co., Ltd.	
							Chih-Kang Ma	Chairman of the company	
							Mei-Chu Liu	Relative of 1st degree of kinship to a chairman of the company	
Yu-De Investment Co., Ltd. Representative: Mei-Chu Liu	10,002,332	8.29%	-	-	-	-	Kindom Development Co., LTD.	The chairman of the company is a relative of the Chairman of the board of Kindom Development Corp..	
							Chih-Kang Ma	Relative of 1st degree of kinship to a chairman of the company	
							Mei-Chu Liu	Chairman of the company	
							Ma, Ming-nai	Relative of 1st degree of kinship to a chairman of the company	
							Shao-Ling Ma	Relative of 1st degree of kinship to a chairman of the company	
Mei-Chu Liu	3,216,231	2.66%	-	-	-	-	Kindom Development Co., LTD.	1st degree of kinship - Chairman of the board of Kindom Development Corp..	
							Yu-De Investment Co., Ltd.	Chairman of the company	
							Ma, Ming-nai	1st degree of kinship	
							Shao-Ling Ma	1st degree of kinship	
Ma, Ming-nai	2,548,694	2.11%	-	-	-	-	Kindom Development Co., LTD.	2nd degree of kinship - Chairman of the board of Kindom Development Corp..	
							Yu-De Investment Co., Ltd.	1st degree of kinship - Chairman of Yu-De Investment Co., Ltd.	
							Chih-Kang Ma	2nd degree of kinship	

Name	Shares held by the owner		Shares held by spouse and underage children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who are related, spouse, or relatives within second degree of kinship to each other.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
							Mei-Chu Liu	1st degree of kinship	
							Shao-Ling Ma	2nd degree of kinship	
Po-Wen Chang	2,419,561	2.00%	-	-	-	-	-	-	
Mei-Jin Wu	2,149,371	1.78%	-	-	-	-	-	-	
Chih-Kang Ma	2, 084,537	1.73%	-	-	-	-	Kindom Development Co., LTD.	Chairman of the company	
							Yu-De Investment Co., Ltd.	1st degree of kinship - Chairman of the board of Kindom Development Corp..	
							Mei-Chu Liu	1st degree of kinship	
							Shao-Ling Ma	2nd degree of kinship	
							Ma, Ming-nai	2nd degree of kinship	
Su-Yueh Chuang	1,644,696	1.36%	-	-	-	-	-	-	
Shao-Ling Ma	1,497,205	1.24%	-	-	-	-	Kindom Development Co., LTD.	2nd degree of kinship - Chairman of the board of Kindom Development Corp..	
							Yu-De Investment Co., Ltd.	1st degree of kinship - Chairman of Yu-De Investment Co., Ltd.	
							Chih-Kang Ma	2nd degree of kinship	
							Mei-Chu Liu	1st degree of kinship	
							Ma, Ming-nai	2nd degree of kinship	
Yung-Hsin Chang	1,287,785	1.07%	-	-	-	-	-	-	

Note: The above information is based on the shareholders' register as of March 31, 2024.

IX.Number of shares held by the Company, its directors, independent directors, managerial officers, and enterprises directly or indirectly controlled by the Company in the same investee, and combined to calculate the comprehensive shareholding ratio:

March 31, 2024 (Unit: shares)

Reinvestment business (Note)	The Company's investment		Directors, Supervisors, Managers, and Directly or Indirectly Controlling Businesses		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Kuan Ching Electromechanical Co., Ltd.	7,748,000	99.97%	-	-	7,748,000	99.97%
Jiechun Investment Co., Ltd.	16,396,352	99.98%	-	-	16,396,352	99.98%

Note: Investments accounted for using the equity method.

Four. Fundraising

I. Capital and shares:

(I) Sources of share capital:

March 31, 2024; unit: NTD; shares

Year/Month	Issuing price	Authorized share capital		Paid-in capital stock		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash as payment for share payment	Other
1981.04	-	300,000	3,000,000	300,000	3,000,000	Initiation and establishment	-	-
1987.10	-	750,000	7,500,000	750,000	7,500,000	Capital increase in cash: 4,500,000	-	-
1990.02	-	2,250,000	22,500,000	2,250,000	22,500,000	Capital increase in cash: 15,000,000	-	-
1994.08	10	2,250,000	22,500,000	2,250,000	22,500,000	-	-	-
1994.12	10	19,000,000	190,000,000	19,000,000	190,000,000	Capital increase in cash: 167,500,000	-	-
1996.09	10	90,000,000	900,000,000	36,850,000	368,500,000	Capitalization of retained earnings: 28,500,000 Capital increase in cash: 150,000,000	-	-
1997.06	10	90,000,000	900,000,000	46,117,500	461,175,000	Capitalization of retained earnings: 55,275,000 Capital increase in cash: 37,400,000	-	-
1998.08	10	90,000,000	900,000,000	53,035,125	530,351,250	Capitalization of retained earnings: 69,176,250	-	-
1999.06	10	90,000,000	900,000,000	60,990,393	609,903,930	Capitalization of retained earnings: 79,552,680	-	-
2000.06	10	90,000,000	900,000,000	67,699,336	676,993,360	Capitalization of retained earnings: 67,089,430	-	-
2001.05	10	90,000,000	900,000,000	67,106,336	671,063,360	Capital reduction: 5,930,000	-	-
2001.10	10	90,000,000	900,000,000	66,106,336	661,063,360	Capital reduction: 10,000,000	-	-
2009.11 ~2010.07	10	90,000,000	900,000,000	67,847,858	678,478,580	Corporate bond conversion: 17,415,220	-	-
2010.10	10	120,000,000	1,200,000,000	95,047,858	950,478,580	Capital increase in cash: 272,000,000	-	-
2010.10 ~100.07	10	120,000,000	1,200,000,000	107,949,660	1,079,496,600	Corporate bond conversion: 129,018,020	-	-
2012.11	10	120,000,000	1,200,000,000	106,035,660	1,060,356,600	Cancellation of treasury stock: 19,140,000	-	-

2022.08	10	120,000,000	1,200,000,000	116,639,226	1,166,392,260	Capitalization of retained earnings: 106,035,660	-	-
2023.08	10	180,000,000	1,800,000,000	120,721,599	1,207,215,990	Capitalization of retained earnings: 40,823,730	-	-

March 31, 2024; Unit: Share

Type of shares	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	120,721,599	59,278,401	180,000,000	Listed stocks

(II) Shareholder structure:

March 31, 2024

Shareholder structure / Number	Government agencies	Financial institutions	Other corporate entities	Individual	Foreign institutions and foreigners	Total
Number of people	-	3	246	34,460	98	34,807
Number of shares held	-	940,007	54,407,743	61,259,058	4,114,791	120,721,599
Shareholding ratio	-	0.78%	45.07%	50.74%	3.41%	100.00%

(III) Distribution of shareholdings:

March 31, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1-999	27,558	639,220	0.53%
1,000-5,000	5,601	10,561,648	8.75%
5,001-10,000	773	5,264,895	4.36%
10,001-15,000	356	4,262,721	3.53%
15,001-20,000	120	2,059,972	1.71%
20,001-30,000	139	3,340,933	2.77%
30,001-40,000	59	2,060,561	1.71%
40,001-50,000	41	1,843,014	1.53%
50,001-100,000	87	5,928,313	4.91%
100,001-200,000	36	4,822,479	3.99%
200,001-400,000	17	5,339,628	4.42%
400,001-600,000	7	3,227,867	2.67%
600,001-800,000	0	0	0.00%
800,001-1,000,000	0	0	0.00%
1,000,001 shares or more	13	71,370,348	59.12%
Total	34,807	120,721,599	100.00%

Note: The Company did not issue preferred shares.

(IV) List of major shareholders:

March 31, 2024

Shares of Stock / Name of major shareholder	Number of shares held	Shareholding ratio
Kindom Development Co., LTD.	41,268,083	34.18%
Yu-De Investment Co., Ltd.	10,002,332	8.29%
Mei-Chu Liu	3,216,231	2.66%
MA,MING-NAI	2,548,694	2.11%
Po-Wen Chang	2,419,561	2.00%
Mei-Jin Wu	2,149,371	1.78%
Chih-Kang Ma	2,084,537	1.73%
Su-Yueh Chuang	1,644,696	1.36%
Shao-Ling Ma	1,497,205	1.24%
Yung-Hsin Chang	1,287,785	1.07%

(V) Information on market price, net worth, earnings, dividends per share for the most recent two years, and related information:

Unit: NTD

Item		Year	2022	2023
Market price per share (Note 1)	Highest		60.00	80.40
	Lowest		45.10	51.20
	Average		52.44	68.47
Net Worth Per Share (Note 2)	Before distribution		35.89	39.81
	After distribution		34.68	(Note 10)
Earnings per share	Weighted average number of shares		116,639,226	120,721,599
	Earnings per share (Note 3)		8.68	8.20
Dividends per share	Cash dividends		4.15	4.20 (Note 10)
	Free-Gratis Dividends	Stock dividend from retained earnings	0.35	0.20 (Note 10)
		Stock dividend from capital reserve	-	-
	Accumulated unpaid dividends (Note 4)		-	-
Analysis of investment return	Price-to-earning ratio (Note 5)		5.71	8.47
	Price-to-dividends ratio (Note 6)		12.36	16.30 (Note 10)
	Cash dividend yield (Note 7)		8.09%	6.13% (Note 10)

Note 1: The highest and lowest market prices of common shares in each year are listed, and the average market price in each year is calculated based on the transaction value and trading volume in each year.
Note 2: It is based on the number of shares outstanding at the end of the year and the distribution resolved at the following year's shareholders' meeting.
Note 3: Earnings per share before and after adjustments are retrospectively adjusted due to free-gratis dividends.
Note 4: If the equity securities are issued under the terms and conditions that the current undistributed dividends may be accumulated for distribution up till the year with earnings, the accumulated unpaid dividends of the current year should be disclosed separately.
Note 5: Price-to-earnings ratio = Average market closing price per share for the year/ Earnings per share
Note 6: Price-to-dividend ratio = Average market closing price per share for the year/ Dividends per share
Note 7: Cash dividend yield = Dividends per share/ Average market closing price per share for the year
Note 8: Net worth per share and earnings per share are based on the data in the most recent quarter as of the date of publication of the annual report that has been audited by the CPAs; other columns should be filled out with the data of the current year up to the date of publication of the annual report.
Note 9: The earnings per share were retrospectively adjusted for the distribution of free-gratis stock. The earnings per share before and after the adjustment were NTD 8.98 and NTD 8.68, respectively.
Note 10: To be finalized upon the resolution of the shareholders' meeting.

(VI) The Company's dividend policy and execution status:

1. Dividend policy stipulated in the Articles of Incorporation:

The Company will develop large-scale construction projects and strive for growth and innovation. In order to continue to expand the appropriate amount of capital to meet the needs of the business, and to take into account the needs of shareholders for cash, the

Company's Articles of Incorporation stipulates that the proportion of future cash dividends will be limited to 20% of the total cash and shares dividends distributed in the year. In recent years, the dividend payout rate has exceeded 50% of the distributable earnings in the current year. In the future, the Company will determine an appropriate payout ratio depending on the operation situation of the year and taking into account of the capital budget plan of the following year.

2. Dividend distribution proposed at the shareholders' meeting:

The Company planned the 2023 cash dividend of NTD 4.00 per share and stock dividend of NTD 0.20 per share for 2023 in the Board meeting on March 12, 2024. This proposal will be processed in accordance with the relevant regulations after being approved by the shareholders' meeting on May 29, 2024.

3. Expected material changes in dividend policy: None.

(VII) Effect of the proposed free-gratis stock on the Company's operating performance and earnings per share: None.

(VIII) Remuneration to employees, directors and supervisors:

1. Percentages or ranges with respect to employees/directors/supervisors' remuneration as stated in the Articles of Incorporation:

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

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:

The Company's board of directors resolved on March 12, 2024 to distribute 2023 remuneration to employees and directors, which was in compliance with the Articles of Incorporation. If the actual distributed amount resolved by the shareholders' meeting differs from the estimated amount, it will be treated as a change in accounting estimates and recognized as profit or loss for the year of distribution.

3. Information on the proposed distribution of remuneration to employees approved by the Board of Directors:

	Resolution of the Board of Directors on March 12, 2024
Employee remuneration (cash)	86,062,706
Remuneration to directors and supervisors (cash)	27,319,203
Total	113,381,909

4. The actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares, amount, and price of shares), and any discrepancy between it and the recognized remuneration to employees, directors, and supervisors, and the reason for the discrepancy and handling status:

Unit: NTD

	June 2, 2023 Report to the shareholders' meeting	Actual distribution
Employee remuneration (cash)	76,341,628	74,281,594
Remuneration to directors and supervisors (cash)	28,582,793	28,582,793

Total	104,924,421	102,864,387

(IX) Shares repurchased by the Company: None.

II. Issuance of corporate bonds: None.

III. Preference shares: None.

IV. Overseas depository receipts: None.

V. Employee stock options and employee restricted shares: None.

VI. M&A or transfer of shares of other companies and issuance of new shares: None.

VII. Implementation of the capital utilization plan:

(I) Plan content:

As of the quarter prior to the publication date of the annual report, previous issuances or private placements of securities have not been completed, or have been completed in the last three years and the planned benefits have not yet emerged: None.

(II) Implementation status:

As of the quarter prior to the publication date of the annual report, analyze the implementation of each of the preceding projects, and the comparison with the original expected benefits: None.

Five. Operation Overview

The core business of the consolidated company is comprehensive construction. The consolidated company's operation is described as follows:

I. Business description:

(I) Scope of business:

1. Main business contents:

(1) Construction projects: government public construction projects, government-targeted construction projects, government social housing, high-tech and private factories, corporate headquarters and office buildings, and residential buildings.

(2) Civil engineering works: government transportation construction, roads, bridges, stations and other engineering projects.

(3) Other projects: land preparation for the government's public engineering redevelopment zone, park base development, urban renewal business, foundation pile construction and other projects.

2. Weight of business:

The proportion of the consolidated company's operating revenue in 2023 is as follows:

Construction item	Weight of business
Construction project	21.04%
Civil engineering works	20.58%
Other construction	58.38%
Total	100.00%

3. Current products (services) and new products (services) planned to be developed:

The uses of the construction projects undertaken by the consolidated company are as follows. In the future, in addition to continuing to win projects for residential buildings, corporate plants and commercial buildings, for the public construction projects, considering the nature of the projects, the most advantageous tenders, turnkey projects, such as high-tech and high value-added projects, will be selected for active participation in the bidding.

(1) Construction projects: private construction and development to meet the housing needs of citizens.

(2) Civil engineering project: Government transportation construction to provide convenient transportation for the people.

(3) Other projects: construction projects of government public works, corporate plants and office buildings.

(II) Industry overview:

1. Current status and development of the industry:

Although the impact of COVID-19 has gradually subsided, factors such as the Russo-Ukrainian War, high inflation, and climate change continued to cause global economic growth to be slower than expected in 2023. Most countries tightened monetary policy to control high inflation. Negative shocks such as rising inflation, tightening policies and financial stress have turned the outlook of the global economy to be bleak. As the world and major countries are faced with the slowdown of growth and soaring inflation, domestic growth and price trends are in turn affected. In recent years, the international raw material price cycle has been affected by factors such as the pandemic and the Russo-Ukrainian war, making it difficult to determine the future trend. The development of various industries has also been affected by rising raw materials, fluctuating oil prices, and rising prices of raw materials such as iron ore. The carbon footprint issue, the shortage of sand and gravel, and the escalation of transportation costs at home and abroad will inevitably result in the increase of construction costs. At present, governments of various countries continue to provide relief subsidies, and various revitalization plans are proposed to revive the economy. Huge changes took place for the industrial chain during this period, mostly in the direction of "decentralization" and "diversification," accelerating the transformation of the industry. The path of transformation for the construction industry will be from digitalization to digital optimization to become truly digitally transformed. It will mainly utilize artificial intelligence (AI), machine learning, big data, 5G, and cloud-based technologies which are demonstrating engineering value under the current predicament.

In the transformation of the construction industry, digital applications are added to promote the transformation and upgrading of the construction industry, which includes five technology aspects: building data center, building information modeling (BIM), smart management cloud platform, smart construction, and smart building materials. From construction to use to maintenance and management, the entire life cycle of the building is fully upgraded.

Under the impact of the US-China trade war and COVID-19, a large number of Taiwanese businessmen have successively returned to Taiwan to invest in Taiwan since 2019. The government has also implemented the "three major programs for investment in Taiwan" since July 2019. Taiwanese businessmen are welcomed to return to Taiwan to invest with the government providing incentive measures in utilities, financing, land, and taxation which have been extended to encourage SMEs to invest quickly and with confidence until 2024. By the end of January 2024, more than 1,450 manufacturers had passed the audit, and the total investment amount had exceeded NTD 2.1 trillion. Demand has resulted in a large shortage of land for factory construction, and a shortage of land, water, electricity, talents, and labor. Currently, the Ministry of Economic Affairs is releasing idle land and three-dimensional industrial parks to provide land for factory construction. In terms of water and electricity shortages, the Company ensures that there is no doubt about the use of water and electricity through measures such as "source revenue, expenditure reduction, dispatching, and backup" and "coal reduction, increase in gas, green development, and non-nuclear."

The Ministry of Labor proposes to "recruit, retain, and cultivate talents" and improve the low-wage environment and develop labor force to supplement Taiwan's manpower market, and proposes to amend the regulations on migrant workers in the construction industry, including the deletion of the threshold of NTD 10 billion, lowering the NTD 1 billion contract to NTD 100 million, and adding the social housing projects included in the urban center; removing the NTD 10 billion threshold for major private economic construction projects such as urban renewal, and reconstruction of unsafe and old building projects, and changing the individual contract threshold from NTD 1 billion subsidy down to NTD 200 million, and the applicable categories were increased. Currently, the private sector has invested in the construction of public utilities, private schools, social welfare institutions, medical institutions, and manufacturing plants, and sports facilities, urban renewal, and renovation of unsafe and old buildings, which may all apply for the use of foreign workers to increase the labor force. According to the statistics of the Ministry of Labor, the number of migrant workers exceeded 750,000 by the end of December 2023, but the proportion of migrant workers engaged in construction engineering only accounted for about 3.13%, and the construction engineering vacancy rate reached 3.97%, which was higher than the overall vacancy rate of 2.81%. This shows that the relaxation of the threshold for hiring migrant workers has only limited relief to the shortage of construction workers; in the long run, we should continue to promote the implementation of automation and to reduce on-site manpower requirements through simplification, standardization, and automation.

In Taiwan, despite the weakening global economic demand, the capital investment of manufacturers turns conservative due to the weak global economy and higher borrowing rates; on the other hand, the domestic government's public construction project budget has reached a record high, and private consumption is still stable, thanks to the opening of the borders, the demand for cross-border travel among Taiwanese people is still strong, and the overseas consumption is expected to increase significantly, which is expected to continue to activate the growth momentum of Taiwan's economy.

A. Construction project

According to the statistics of the Ministry of Interior's building sales and transfer data, from January to December 2023, the annual change rate of building sales and transfer in the six metropolitan areas was -3.0%. The annual change rate was -6.6% in Taipei City, was -0.3% in New Taipei City, -7.3% in Taoyuan City, -5.9% in Taichung City, -8.1% in Tainan City, and -2.3% in Kaohsiung City. Among the six metropolitan areas, only Tainan City has slightly increased due to the support of Tainan Science Park and public construction projects, while the other five capitals have all shown a downward trend, and Taoyuan has the most significant decrease.

There is pressure to combat the speculative real estate, coupled with the large number of land purchases and launches by developers in the past two years, resulting in a potential selling pressure in the pre-sale market. The real estate market still has to face the challenges of a conservative economic outlook and high interest rates. The rapid passage of the Land Rights Act is expected to plant more uncertainties in the pre-sale and new housing market, and the market will continue to shrink in the new year.

B. Public works

In 2024, the total budget for public construction projects is NTD 192.8 billion, plus the special budget for infrastructure foresight (Phase 4) of NTD 84.4 billion and operating and non-operating special funds of NTD 311.4 billion, for a total of NTD 588.6 billion. In 2023, the spending on the same infrastructure and public construction increased by NTD 29.8 billion, or 18.3%.

In terms of the overall budget arrangement, the current policy focuses on the expansion of public infrastructure, the promotion of technological development, industrial innovation, the establishment of green energy such as offshore wind power and solar PV, improvement of labor and health insurance finance, implementation of countermeasures against decreasing birth rate, stable power supply, and military preparations have been prioritized, and we will continue to support domestic public construction investments and balance the funds required for regional infrastructure in order to accumulate national economic strength, for strengthening key infrastructure, enhancing national economic potential, and enhancing Taiwan's international competitiveness .

In response to price increases and labor shortages, the construction commission will coordinate with other ministries and commissions to propose relevant countermeasures; ready-mixed concrete is one of the most important materials for various projects. In order to stabilize the price of concrete, a control mechanism is established to control the sand and gravel on a monthly basis and ready-mix concrete supply and demand, and control from the source and coordinate with the Water Resources Department of the Ministry of Economic Affairs to actively dred the river to fully supply the required sand and gravel to achieve a sufficient volume and stable price; for rebars and shaped steel, the engineering committee also convene meetings to coordinate the integration of steel materials in terms of supply and demand and prices, we will continue to pay attention to the price of rebars; the Engineering Association has adopted a procurement contract template, 3-level physical adjustment mechanism to adjust the contract price according to individual items, medium-term items (including materials and wages), and the overall index increase/decrease to reduce the supplier's exposure to the risk of price fluctuations during the contract performance stage, to ensure that the construction of various projects can proceed smoothly.

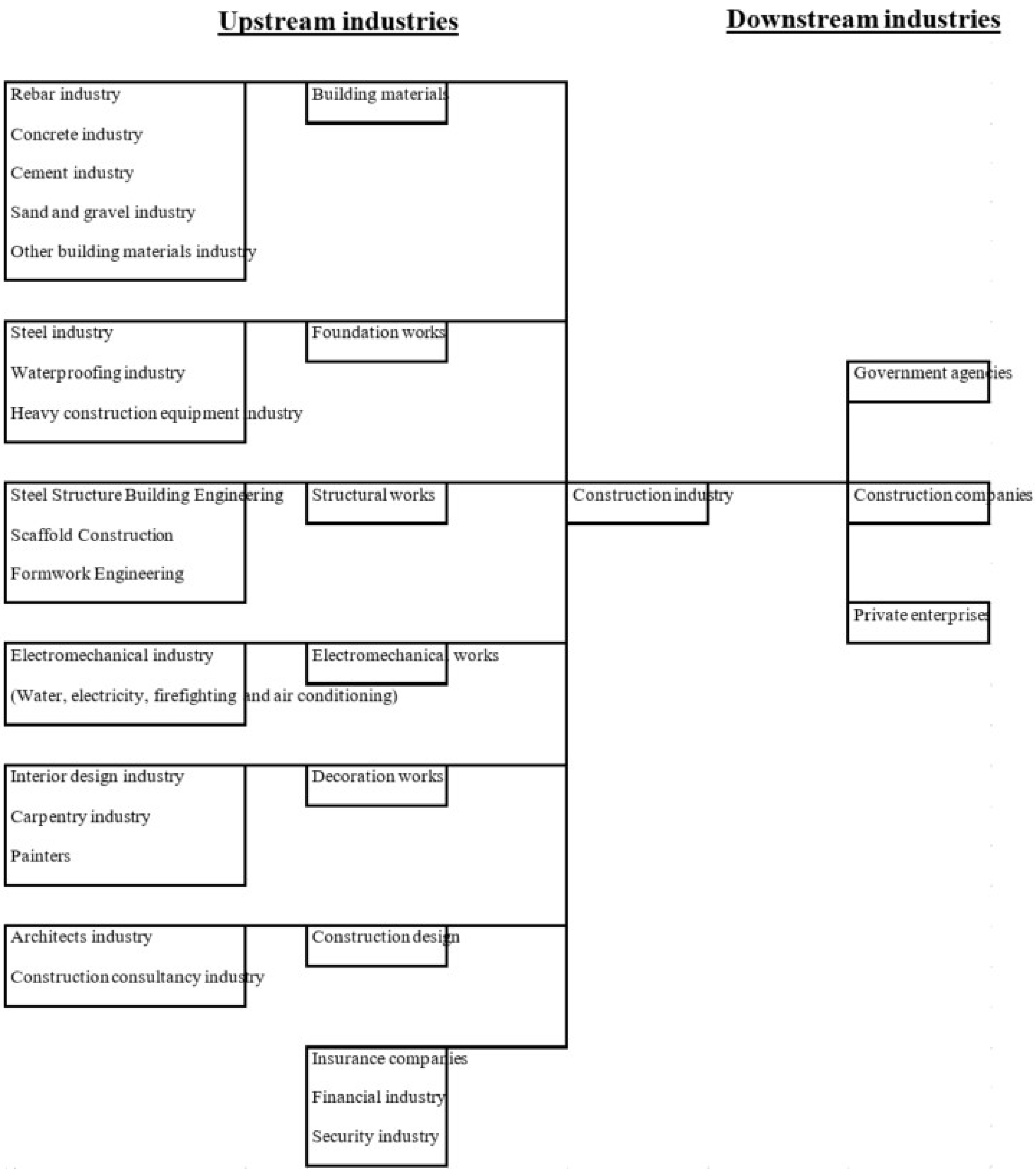
C. Commercial offices and factories

Although the world is still under the shadow of sluggish exports, limited economic recovery, and unrelieved inflation, the transaction volume of commercial real estate in 2023 was about NTD 137 billion, a slight increase of 3% over the previous year. The lifting of the ban has not yet taken place which directly affected the purchase of land. The transaction value continued to shrink to only NTD 128.4 billion. Compared to the NTD 300 billion per year for the past three years, land transactions were at their lowest over the past six years since 2018.

The commercial office leasing market is still growing steadily, maintaining the trend of rising rents and falling vacancy rates. In recent years, corporate operations have gradually moved towards ESG concepts as the core. Therefore, environmental protection, green energy, sustainable design concepts, or commercial and office buildings with LEED and WELL certifications have become a new trend to replace traditional leasing models. In the future, the overall commercial office market will develop in the direction of slow rent increase and stable supply and demand.

2. Interrelations among up-stream, mid-stream, and down-stream industries:

The construction industry is a part of the construction industry. The correlation diagram between the up-stream, mid-stream, and down-stream industries is shown below.


Upstream industries
Downstream industries
Rebar industry
Concrete industry
Cement industry
Sand and gravel industry
Other building materials industry
Building materials
Steel industry
Waterproofing industry
Heavy construction equipment industry
Foundation works
Steel Structure Building Engineering
Scaffold Construction
Formwork Engineering
Structural works
Electromechanical industry
(Water, electricity, firefighting and air conditioning)
Electromechanical works
Interior design industry
Carpentry industry
Painters
Decoration works
Architects industry
Construction consultancy industry
Construction design
Insurance companies
Financial industry
Security industry
Construction industry
Government agencies
Construction companies
Private enterprises

(1) Relevance to upstream industries: The price fluctuation of building materials, the increase in the cost of professional contractors, the increase in labor costs due to shortage of labor, and the increase in the cost of machinery and tools due to price fluctuations all influence the construction costs of the civil engineering industry, and the development of the upstream industries is deeply influenced by the economic condition in the civil engineering industry. The two are closely related.

(2) Relevance to the downstream industries: The downstream industries based on sources of businesses include the owners of government agencies, public and private institutions, and private construction companies. We obtain business opportunities mainly through competitive bidding or price comparison or negotiation. Among them, public works through by open bidding by government agencies and projects contracted by private construction companies are the main source of business opportunities, so the economic condition in this industry is mainly affected by the government's public works policies and the economic condition in the construction industry.

3. Product development trends and competition:

As the construction industry continues to move toward large-scale, exquisite design, and high-tech trends, large-scale construction companies will have higher competitiveness in terms of bidding qualifications and conditions. According to statistics from the Construction Agency, MOI, the capitalization of construction enterprises in Taiwan in the fourth quarter of 2023 totaled NTD 982.5 billion, an increase of NTD 41 billion from 2022; the average capitalization of each manufacturer in 2023 was NTD 49.62 million.

The Company has reached a capital of NT$1.2 billion. Since the establishment, we have created various construction achievements in the industry, including residential buildings or commercial offices, civil bridges, infrastructure, medical buildings, and technology company plants. Our control of quality and progress has been deeply recognized by owners, and our financial foundation is robust and profitability is above the industry average. We have strong competitive advantages.

(III) Overview of technology and R&D:

1. Overview

Kedge Construction is a comprehensive construction industry. The Company's main R&D focuses on shortening construction periods, improving construction methods, reducing pollution, and improving efficiency. The Company also researches and refines the workflow composed of IT software and hardware, as well as the working methods of innovative technologies, in order to achieve the goal of "improving quality, increasing efficiency, cost reduction, and image enhancement."

New technologies and R&D methods are developed by the Design and R&D Division, IT Division, and other business divisions on their own, or introduced jointly with vendors. Aiming to enhance the Company's competitiveness, in addition to researching and refining construction technology, an ERP system has been established in recent years to manage and integrate the Company's core business processes and resources, and a construction management system has been introduced to improve the efficiency of engineering management at project sites. At present, the overall IT engineering operation continues to be introduced to each department and site with the cloud-based service model.

To improve safety and disaster prevention technology in response to the latest trends in domestic occupational disasters, the government departments have used information technology, innovative analysis methods, and built a disaster prevention database. On this basis, the Company is committed to improving its security assessment and smart monitoring technologies to achieve the goal of precision disaster prevention.

We have been committed to adopting the BIM system and have extended our efforts to the Civil Information Modeling (CIM) system. In the process of developing the BIM system to feed the BIM model with data or extract data from the BIM model, all kinds of software and hardware are all based on BIM, with digital twin as core, thereby providing various possibilities and solutions, such as AR, VR, MR, drone, image processing, and IoT, so that users can create many possibilities accordingly, and then extract and convert such data into execution plans to reinforce an enterprise’s technological foundation.

In recent years, the Group has been committed to the promotion of ESG. From the environmental aspect, the BIM database and technology have been used as the basis for the research and exhibition of important projects such as GHG inventory data collection and analysis, carbon reduction path setting, circular economy methods, and construction automation. We are committed to the corporate goals of reducing carbon and saving energy.

2. R&D projects invested and successfully developed technologies or products in the most recent year:

No.	2022	2023	Implementation results and description
1	ERP system innovation program-1	ERP system innovation program-1	1. Public works management system - Cloud ERP. 2. Established a public works management and financial accounting system.
2	ERP system innovation program-2	ERP system innovation program-2	1. Team collaboration cloud system - communication platform (MS TEAMS). 2. Team collaboration cloud system - operations platform (MS OFFICE 365).
3	Construction occupational safety monitoring system	Construction occupational safety monitoring system	Introduce new technology monitoring equipment and systems to continuously improve occupational safety management.
4	Research and development regarding quantity with the assistance of BIM - Revit software system		Entered project application stage in 2023.
5	Output of construction drawings in Revit (BIM universal modeling software)		Entered project application stage in 2023.
6	Adoption of a civil information modeling (CIM) system		Continue to introduce various application aspects of CIM.
7	BIM maintenance and operation platform Research and introduction		In 2023, the Company began to introduce the maintenance and operation platform for public construction projects.
8	BIM, game engine, and MR glasses		BIM combined with game engine and MR glasses to complete the simulation application of steel structure hoisting process on the development project site.
9	Research and development of BIM combined with greenhouse gas inventory	Research and development of BIM combined with greenhouse gas inventory	The connection technology between BIM model and database, and the application of BIM model and data visualization interactive interface are introduced into key projects.
10	Research and implementation of circular economy	Research and implementation of circular economy	1. Continue to deepen the sustainable engineering office project. 2. BS 8001 certification was obtained in 2023.
11		Research on building	Started the feasibility study for the

		automation	introduction of building automation.

(IV) Long-term and short-term business development plans:

1. Short-term plans:

(1) Cooperate with domestic excellent property owners to build high-quality exquisite housing and maintain the corporate image of excellent construction.

(2) Actively participate in the government's most advantageous tenders and turnkey projects to get rid of the low-price bidding model and obtain the best profits.

(3) Strive for indicative public works and construction projects to maintain a competitive advantage, road and bridge projects for sustainable growth, rail projects for business expansion, and submerged shield and tunnel projects to create emerging business results.

(4) Combine the Japanese construction team to improve the construction strength.

(5) Participation in the competition of special index projects.

(6) Actively strive for urban renewal projects.

(7) Actively participate in green energy construction projects.

2. Long-term plans:

(1) Integrate architectural design, mechanical and electrical planning, raw material production and supply, engineering consultants and professionals to form a strong bidding team.

(2) Work with overseas well-known businesses in technology to improve our technical capabilities and move toward the global state.

(3) Long-term investment in R&D.

(4) Cultivate design talents, and combine with domestic well-known design teams to provide customers with holistic services.

(5) Actively strive for large-scale and most advantageous tenders, turnkey projects and other policies to improve the technical capabilities of construction projects.

(6) Participate in land development and create company performance growth.

(7) Become one of the top five construction companies in Taiwan.

(8) Foray into overseas markets.

(9) Raise brand awareness.

II. Overview of the market, production and sales:

(I) Market analysis:

1. Sales and supply areas of major products and services:

(1) The consolidated company's main business is contracting residential construction projects, civil engineering and bridge projects, and hospital plant projects in Taiwan.

(2) Future planned services:

Item	Short-term targets	Long-term targets
Business scope	1. Domestic large construction engineering business 2. Domestic civil engineering business 3. Domestic large plant construction engineering business 4. Domestic turnkey project business	1. Domestic and overseas large construction engineering business 2. Domestic and overseas civil engineering business 3. Domestic and overseas plant construction engineering business 4. Domestic and overseas turnkey project business 5. Domestic land development

2. Market share:

Unit: NT$100 million

Year	Consolidated company's turnover	Revenue in the construction industry	Market share
108	115	24,806	0.46%
109	141	26,829	0.53%
110	108	30,732	0.35%
111	142	35,996	0.39%
112	143	38,754	0.37%

Source: Financial Statistics Monthly Report of the Department of Statistics, Ministry of Finance.

3. Future supply, demand and growth of the market:

(1) Supply side:

According to statistics from the Construction Agency, Ministry of the Interior, as of 2023 Q4, there were 19,798 construction companies of all levels nationwide, of which 3,231 were Grade-A construction companies. Statistics showed that the total number of construction operators of all levels nationwide increased by 289 compared with 2022, and the number of Grade A comprehensive construction operators increased by 109 compared to 2022.

(2) On the demand side:

According to the government's overall investment in public construction reaching NTD 678.7 billion in 2023, as the government continues to strengthen key infrastructure and maintain economic growth momentum, domestic demand needs to be expanded. It will continue the “Forward-looking Infrastructure Planning" (Phase 4) Policy” to design forward-looking and strategic infrastructure for the eight major areas of water environment, green energy, digital and urban and rural development, accelerate public construction investment, and expand the promotion of infrastructure.

4. Competitive niche:

(1) We have won many awards from government agencies and other awards over the years and have a competitive advantage in the selection process of the most advantageous tenders.

(2) We have a robust financial structure, sufficient working capital, and a positive corporate image, which are conducive to winning construction contracts.

(3) We obtained ISO 9001 certification; our quality management system has been well-established, and we obtained the first ISO 45001 certification in the construction industry in 2019.

(4) We release the ESG Report every year, conduct Type 1 medium assurance level verification according to AA1000 standard becoming the first publicly listed construction company in Taiwan that has passed the third-party verification (BSI

Taiwan) and complies with the GRI Standards, and has been continuously awarded TCSA.

(5) We were the first company in Taiwan that has passed the BIM (PAS 1192-2:2013) verification in 2018 and were the first company in Taiwan that has passed the ISO 19650 BIM verification in 2019.

(6) In 2019, it was the first construction plant in Taiwan to obtain the highest level of circular economy standard certificate verified by BSI.

(7) Continue to accumulate the actual results of turnkey projects of index type including convention and exhibition centers, large commercial and market buildings, sports centers, hospitals, and social housing, and effectively integrate internal and external professional teams to create the maximum benefits of projects.

(8) The professional managers are experienced and well-qualified, and are complemented by a complete consultant group (land, structure, material, productivity, legal consultants); in addition, the members are young and professional. The education distribution in 2023 was 20.8% with a master's degree or above. College degree or above, 74.7%, average age 39.77 years old, average tenure 5.64 years, more than 653 people with architects, structural technicians, civil technicians, site supervisors, quality control, safety and health licenses, increasing industrial competitiveness.

5. Favorable and unfavorable factors of development prospects and countermeasures:

(1) Favorable factors:

- The Company has a rich track record in undertaking various domestic projects, and has also been recognized by the clients for the quality of projects, fulfillment of construction deadlines, and valuable services. In recent years, the Company has actively striven for turnkey projects, accumulated integrated design, deepened the planning and design momentum, and integrated the achievements of green construction to improve the sustainable value of services.
- Master the complete construction supply chain system, and the procurement department grasps the pulse of construction prices in a timely manner, actively create procurement performance, and increase shareholders' profits.
- Possessing outstanding professional and technical talents in engineering, finance, legal affairs, and management. With the information system network, work efficiency is comprehensively improved and e-construction is promoted.
- Accredited with British Standards Institution (BSI) PAS 1192-2 and the international standard ISO 19650 BIM (Building Information Modeling (BIM)) certification, which enhances interface integration and reduces management costs.
- Introduce the concept of circular economy into the project, change the traditional linear thinking, and become the first construction company in Taiwan to obtain BS 8001 certification, which is conducive to improving the company's competitiveness.
- Standardized (ISO) operations and full-scale e-commerce, project management, vendor management and bulk material procurement institutionalization, significantly reducing construction mobilization costs and effectively controlling the impact of price fluctuations.
- The Company has introduced and obtained the ISO 45001 Taiwan Occupational Safety and Health Management System standard certification to reduce occupational safety management risks and establish a quality, healthy and safe working environment. Furthermore, the construction management system (QCDSE) is fully implemented, and the goal is high quality, low cost, fast construction, and zero disasters, and continuous improvements and innovations are made.
- The government promotes the most advantageous bidding, turnkey engineering and BOT projects to drive the economic recovery, and continues to improve the

efficiency of project execution, so that large-scale construction companies with proven records have a higher competitive advantage.

- The government promotes the development of green energy and carbon reduction innovative industrial models and technologies, which helps to promote the implementation and application of public construction projects such as smart green buildings.

(2) Unfavorable factors:

- The prices of building materials such as steel bars, ready-mixed concrete, sand and gravel, and metal construction materials are easily affected by international raw material market conditions and transportation costs, and profits are easily compressed.
- The severe climate makes it difficult to control the construction schedule, which increases the difficulty in contract fulfillment and the risk to workers' lives and safety.
- Due to the serious lack of human resources caused by the aging population, the unstable supply and prices of bulk building materials, and the risks of uncontrollable costs and construction schedules, plus the impact of COVID-19 in China, the shortage of sand and gravel is further expanded, and prices are more difficult to control.
- The war and the U.S. leader's decision-making changes and shocks have many factors in the market, which affect business strategies and increase the uncertainties of bidding risks.

(3) Countermeasures:

- Actively maintain good interaction with architects, consulting companies and other upstream industries to grasp project planning and contracting information in advance, and deepen cooperation with downstream industry manufacturers with good performance to strengthen long-term cooperative relations.
- Actively cultivate talents, improve the management capacity of the most advantageous tenders and turnkey tenders, and get rid of the low-price bidding model to obtain the best profits.
- Develop a team of excellent third-party vendors to strengthen supply chain relations and management. Grasp the fluctuation trend of bulk materials and formulate risk control strategies; introduce foreign workers for major projects to increase labor resources.

(II) Important uses of the main products and production processes:

1. Purpose of the main products:

(1) Construction works:

To respond to the domestic trend of more refined buildings and the convenience of traffic and meet owners' and design units' needs for designs, we put together various types of professional contractors and technicians and properly plan and prepare various building materials; then, we provide such materials to residential and office building projects depending on the types of building structures and decoration works through the construction management approaches to timeline, cost, and quality. Currently under construction contracts are the Kindom Erchongpu project, Wanda Line LG08, Minquan East Road Public Urban Renewal, Xiulang Bridge Station Development Project, Wanhua Chih Hsing urban renewal project, Taichung Yumaowu New Construction Project and related projects are all part of the infrastructure's responsibility to society.

(2) Public construction projects:

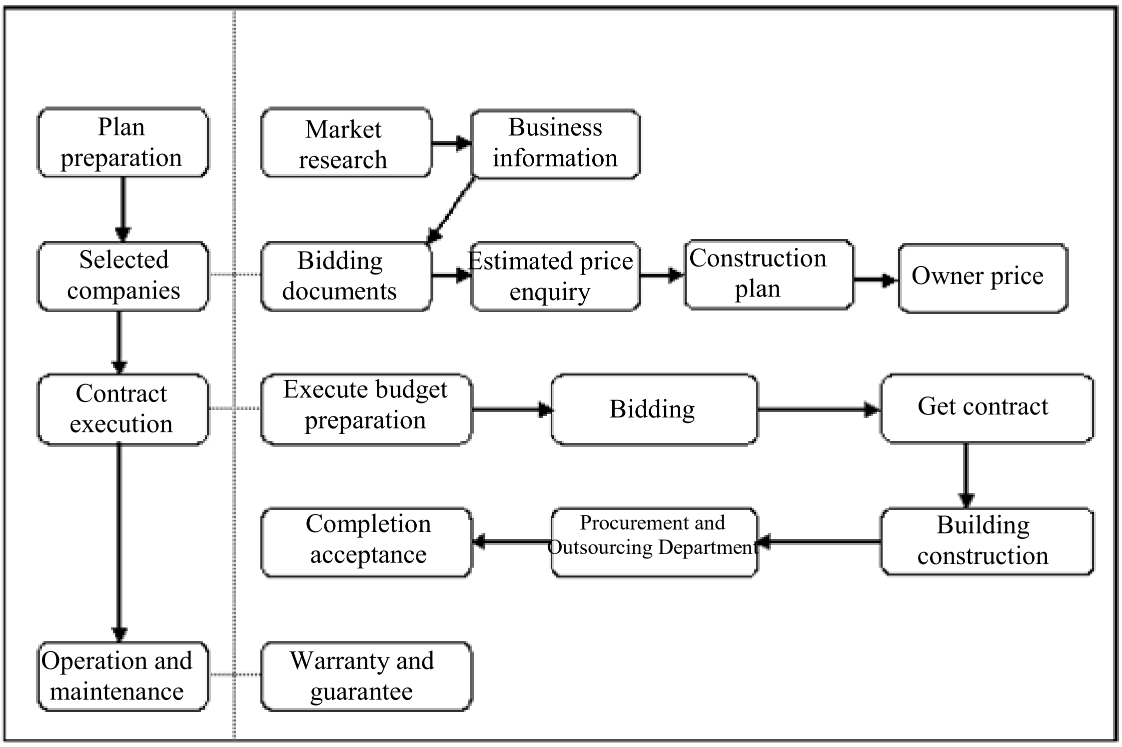
In cooperation with the government's infrastructure and private investment and development projects, we properly plan the implementation of the projects, prioritize public interests, effectively put together professional contractors and other technicians through construction management approaches, and prepare various construction materials to complete all kinds of major public works with professional techniques, thereby facilitating the overall domestic economic development. We have undertaken projects such as the C212 tender Tainan Station underground project, C611 Chiayi Railway elevated project, C612 tender Jiabei Elevated Station, Chiayi Elevated Station, North Loop Station project and Taiwan 61 Line Hou Long Guanhai Bridge and West Lake Bridge reconstruction project.

The purpose of turnkey engineering is to reduce engineering disputes and the waste of manpower caused by the coordination of disputes; to cultivate special expertise; to improve construction efficiency and reduce interface integration; to encourage the introduction of new technologies, new construction methods and new materials, and to speed up the construction progress to enhance our competitiveness. At present, we have undertaken turnkey projects such as the Taoyuan Convention and Exhibition Center, the Zhongshan Section Social Housing Project in Taishan, New Taipei City, and the military duty dormitory construction phase I project.

(3) Plant construction project:

In response to the development trend of technology, the demand for domestic high-tech factory construction in 5G, IoT, Internet of Things, and the cloud, and the trend of Taiwanese businessmen returning, professional construction contractors and material suppliers are integrated to build professional plants within the most efficient construction period. Suppliers to various industries and productions can also revitalize the domestic economy. The contracts are TSMC Zero Waste Center, TSMC Zhunan Plant AP6B CUP, TSMC Zhunan Plant AP6B FAB Assumption and earthwork engineering, and TSMC Zhunan Plant AP6B FAB and CUP structure and decoration project, TSMC Kaohsiung F22P1-SUPPOT building, MediaTek causeway construction project, among others, and Great Wall Group's new headquarters project.

2. Production process of main products:



3. Supply of major raw materials:

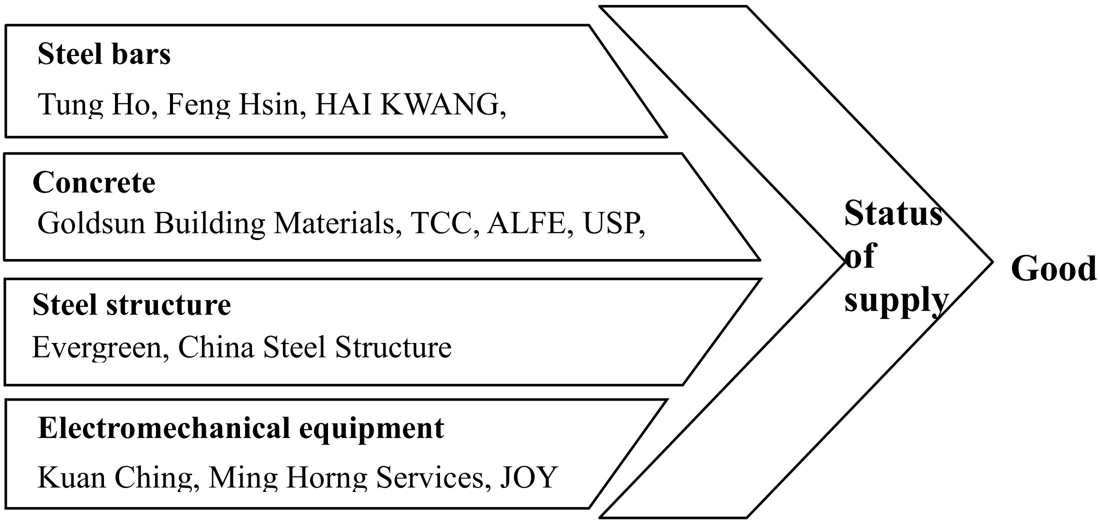
(1) The main raw materials required by the consolidated company include steel bars, cement, ready-mixed concrete, tiles, aluminum windows, and steel structures.

Unless the contract is to be supplied by the landlords, the rest are purchased by the consolidated company. The consolidated company establishes procurement contracts with various suppliers before the commencement of construction to clarify construction requirements and related responsibilities, in order to control the source of goods.

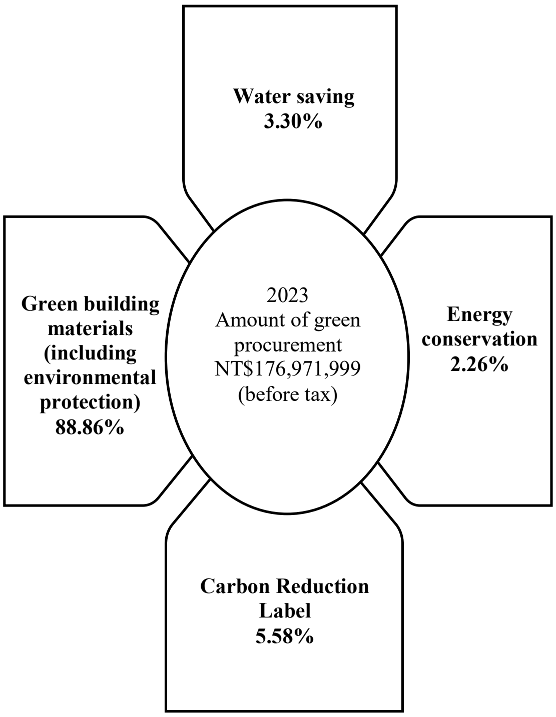
(2) The consolidated company's key materials such as steel bars and sheets are compared with the domestic inventory prices to determine when to purchase in bulk. The contracting of bulk materials is one of the countermeasures for fluctuations in raw materials, and the price is based on volume. The quality of raw materials is excellent and the price is reasonable. For the rest of the raw materials, with reference to the international economic dynamics and fluctuations, the commodity and manpower market forecasts in the second half of the year are presented every six months for the control of new project bidding and cost.

(3) The consolidated company carefully selects material suppliers and construction partners, emphasizes their engineering experience and professionalism, and cultivates a good cooperative relationship based on the principle of ethical management. In addition, suppliers are regularly assessed and managed in accordance with the ISO procedures to guide and replace them to establish a complete, high-quality and stable supply chain to control project quality, construction duration and cost.

(4) The consolidated company's current supply of major raw materials is shown below:



(5) In response to issues such as green energy, environmental protection, and a circular economy, the consolidated company has selected water-saving, energy-saving, green building materials, and building materials with environmental protection labels in accordance with the requirements of the proprietor or the recommendations of the Ministry of Environment at the time of purchase. The proportion change of materials for carbon labeling shows that the Company continues to expand its adherence to green and sustainability. The short-term goal is to increase the amount of green procurement to 5% of the total contract value within two years and 8% of the total contract value in 2031. The purchase amount of recycled materials and recycled building materials is included in the statistics, and the Company applies with the Ministry of Economic Affairs for the procurement of green products. The Company continues to classify suppliers based on the results of the greenhouse gas (GHG) of infrastructure construction, and visits high-carbon suppliers to understand the carbon reduction path and proportion, and give preference to suppliers with actual carbon reduction performance, or introduce to the Company's construction sites through cooperation, in order to save manpower, increase labor rate and reduce costs.



- **Water saving label**

  Total bid amount awarded to companies that have obtained water conservation labels according to the Water Resources Administration, Ministry of Economic Affairs.

- **Energy-saving labels**

  According to the standard calculated by the Bureau of Energy, MOEA, the energy efficiency of the product is 10-50% higher than the national certification standard, and the bid amount of the energy-saving logo companies is added up.

- **Carbon Footprint**

  According to the regulations of the Ministry of Environment, the carbon footprint reduction must reach at least 3% within five years. After the review and approval, the total bidding value of the winning materials can be used to obtain the right to use the Carbon Reduction Label.

- **Green building material labels**

  As per the regulations of the Architecture and Building Research Institute, Ministry of the Interior, the labels are divided into four types: health, ecology, recycled, and high performance. We have confirmed that the suppliers have obtained the green building material labels and added up the amounts.

- **Environmental Protection Label**

  Based on ISO 14024 Environmental Labeling Principles and Procedures, the amount of materials awarded for the Environmental Labeling is summed up.

(6) To prevent the impact of the shortage of labor and materials due to the pandemic, the consolidated company has built a database of construction crews to learn about their situation in real-time, so as to quickly support the construction sites and work with foreign migrant workers to reduce the impact of suppliers' shortage of labor. Regarding materials or construction crews with whom we have signed contracts, we communicate with the suppliers regularly to confirm the stable supply of goods or services. If a supplier's materials are affected by the pandemic, it should report immediately, and we will determine the impact of the pandemic on the imported materials and draw up countermeasures.

(7) For the supply of building materials, raw materials and a large amount of manpower required for each construction project, we must rely on good suppliers to support each other in sustainable operations. Kedge Construction views supplier with excellent integrity as business partners built on the foundation of integrity and taking quality as a responsibility, so as to support each other in sustainable operations. The first supplier meeting was held in 2023 to work more closely with suppliers. The ISO procedure stipulates that a supplier meeting is to be held every 2 years. Suppliers with excellent quality performance will be commended at the event. The company's ESG policy and related plans are promoted in the supplier conference.

(IV) Names of customers accounting for more than 10% of total purchases (sales) in any of the last two years, the amount of purchases (sales) and proportions, and explain the reasons for the changes:

1. List of major purchasers: Unit: NTD thousand; %

	2022				2023			
Item	Title (Note)	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer	Title (Note)	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer
1	Other	12,604,056	100.00	None	Other	12,785.961	100.00	None
	Net purchase	12,604,056	100.00		Net purchase	12,785,961	100.00	

Note: No single supplier that accounted for more than 10% of the total purchase amount in any period.

2. List of major sales: Unit: NTD thousand; ％

	2022				2023			
Item	Name (Note)	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer	Name (Note)	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer
1	Taiwan Semiconductor Manufacturing Co., Ltd.	7,861,189	55.34	None	Taiwan Semiconductor Manufacturing Co., Ltd.	4,942,305	34.58	None
2	Railway Reconstruction Bureau, Ministry of Transportation and Communications	1,935,726	13.63	None	KINDOM DEVELOPMENT CO., LTD.	3,006,589	21.04	Investment companies evaluated using the equity method
3	KINDOM DEVELOPMENT CO., LTD.	1,844,673	12.99	Investment companies evaluated using the equity method	Railway Reconstruction Bureau, Ministry of Transportation and Communications	2,941,905	20.58	None
4	Other	2,562,975	18.04	None	Other	3,401,612	23.80	None
	Net sales	14,204,563	100.00		Net sales	14,292,411	100.00	

Explanation of changes:

In the construction industry, because the contracted projects involve a large amount of money and the construction period is as long as 1 to 3 years, if the total contract amount of some projects is large, and the sales are calculated based on the percentage of completion, there will be concentration of certain customers in a certain period of time. This is due to the characteristics of the industry. However, the consolidated company's construction projects are all obtained through bidding or negotiation, and the main customers change with the construction and completion of the projects. Therefore, in the medium and long term, the consolidated company should have no concentration risk of sales to the general manufacturing industry.

(V) Table of production volume and value for the most recent two years:

Unit: NTD Thousand; %

Year / Item	2022		2023	
	Production value	%	Production value	%
Construction project	1,779,139	14.12	2,878,020	22.51
Civil engineering	1,738,420	13.79	2,630,086	20.57
Other construction	9,086,497	72.09	7,277,855	56.92
Total	12,604,056	100.00	12,785,961	100.00

Note: Not applicable to the production volume due to the characteristics of the construction industry.

(VI) Table of sales volume and value in the most recent two years:

Unit: NTD Thousand; %

Year / Item	2022		2023	
	Sales value	%	Sales value	%
Construction project	1,844,673	12.99	3,006,589	21.04
Civil engineering	1,941,359	13.67	2,941,905	20,58
Other construction	10,418,531	73.34	8,343,917	58.38
Total	14,204,563	100.00	14,292,411	100.00

Note: Due to the characteristics of the construction industry, it is not applicable for sales volume.

III. Information on employees in the last two years and up to the publication date of the annual report:

Year		2022	2023
Number of employees	Engineering personnel	460	443
	Administrative staff	127	139
	Total	587	582
Average age		39.07	39.77
Average Years of service		5.30	5.64
Education distribution ratio	Doctoral Degree	0.00%	0.00%
	Master's Degree	20.61%	20.79%
	Bachelor	74.62%	74.74%
	Senior High School	4.77%	4.47%
	Below high school	-	-

IV. Information on environmental protection expenditure:

(I) Losses due to environmental pollution in the most recent year and up to the date of publication of the annual report:

Type	Violation of laws and regulations	Contents of violation	Penalty details
Water pollution	In accordance with Subparagraph 2, Paragraph 1, Article 30 of the Water Pollution Control Act	Directly disposing of other pollutants in the Tamsui River System Control Zone	A fine of NTD 30,000 2 hours of environmental lectures
Noise pollution	Subparagraph 4, Article 8 of the Noise Control Act	Use of powered machinery for construction	A fine of NTD 72,000
Noise pollution	Subparagraph 4, Paragraph 1, Article 9 of the Noise Control Act and Article 6 of Noise Control Act	Noise exceeding control standard	A fine of NTD 396,000 26 hours of environmental lectures
Waste cleanup	Subparagraph 11, Article 27 of the Waste Disposal Act	Water accumulation in the construction area is not properly treated, which is a potential breeding ground for disease vectors and mosquitoes	A fine of NTD 9,000
Waste cleanup	Subparagraph 2, Paragraph 1, Article 31 of the Waste Disposal Act	The output construction mixture stored on-site did not conform to the declaration	A fine of NTD 6,000 1 hour of environmental lectures

(II) Estimated amount of current and possible future occurrences and responsive measures:

1. The Environmental Sustainability Department is responsible for establishing environmental sustainability systems and regulations, assisting in the education and training of environmental protection laws and regulations and control measures, and supervising the implementation of environmental protection measures during the construction period of projects. In cooperation with the construction project, the Company sends personnel to participate in the regular or irregular environmental advocacy or education training organized by the environmental protection authorities of the local governments, and specifies the relevant information on the project notice boards to provide stakeholders with whistle-blowing information in case of violations.

2. Introduce the ISO 14001 environmental management system, continue to strengthen and implement environmental protection operations; regularly review and implement the regulations of the construction management and environmental protection authorities of each county, city and unit, continue to invest in key environmental pollution prevention equipment, and select green building materials and low-pollution construction methods during the planning stage, low-noise machinery and noise prevention measures, etc., to reduce environmental impact as much as possible. Furthermore, professional contractors are

required to comply with environmental protection laws and regulations and the owner's regulations during construction. The environmental protection personnel of the Environment Continuity Department and the project will conduct regular or irregular inspections. If any defect is found, they will require improvement and confirm that the improvement is effective.

3. The consolidated company has budgeted for environmental protection measures to ensure that each project can comply with laws and regulations and that there are sufficient resources to implement environmental protection during the construction period. As of December 31, 2023, the environmental protection budget for the construction in progress and the amount of expenditure so far are as follows:

Unit: NTD thousand

Environmental protection expenditure items	Budget	Expended	Completed execution rate
Fence	155,342	81,168	52.3%
Air pollution prevention	59,034	16,349	27.7%
Water pollution prevention	62,578	33,951	54.3%
Waste removal and transportation	117,971	52,391	44.4%
Earthwork treatment	927,836	648,124	69.9%
Noise/vibration monitoring	24,468	13,149	53.7%
Total	1,347,229	845,132	62.7%

(III) Environmental improvement measures, preventive measures, and resources invested:

1. Based on the concept of environmental sustainability, the consolidated company has formulated relevant operating standards based on the characteristics of various projects for waste (including waste soil) treatment, noise, air pollution and water pollution, and requires contractors to perform for environmental protection during the process to reduce pollution penalties. The Company has budgeted for the installation of pollution prevention and control equipment, and set up air quality (PM10, PM2.5) and noise monitoring systems for construction sites nationwide. The real-time monitoring of air pollution and noise exceeding standards and countermeasures can ensure the quality of the construction environment and maintain public health.
2. The Environmental Continuity Department and the environmental protection personnel assigned by the project ensure that all environmental protection treatment procedures are implemented, including that each equipment and measure is in compliance with the central and local environmental protection laws and regulations (such as the Waste Disposal Act, the Water Pollution Control Act, the Air Pollution Control Act, etc.) and the special provisions of the proprietor are processed according to the criteria or standards. If any defect is found, it will be improved immediately. The surrounding environment of the site and the work of neighborhood and coordination will be properly maintained.

(IV) ESG goals and plans:

1. Alignment with government policies:
   - According to the "National Action Program for Climate Change," it is proposed to include the CO2 emissions generated by the five stages of the construction life cycle: "building materials production and transportation", "construction construction", "building use", "repair" and "demolition and abandonment" into the carbon footprint calculation and assessment, carbon labeling and carbon emission hotspot diagnosis for construction sites, and the use of new building materials, new construction methods,

and reduction of transportation and consumption to achieve the purpose of "carbon reduction."

- The new energy policy, "Starting the Energy Transition and Electricity Industry Reform," maximizes energy conservation, improves energy efficiency, and gradually replaces old traditional lamps and fluorescent tubes, which are divided according to areas and actual lighting needs, in order to achieve the purpose of energy conservation.

2. Promote paperless and building information modeling to reduce carbon emissions, develop and prioritize the adoption of ESG supply chain suppliers, incorporate mechanical and electrical planning and training courses into green energy analysis course training or seminars, continue to promote the implementation of face recognition access control management in construction projects. The system ensures the qualification and safety of personnel to enter the workplace, actively promotes workplace health, and hires nursing personnel and contracted professional physicians to provide health care for the Company's employees.
3. The consolidated company will commit to ESG-based activities such as greenhouse gas inventory and verification. It has completed the carbon inventory of all projects in 2022. The ISO 14064-1 greenhouse gas verification was obtained in 2 years, and the SBTi Science-based Carbon Reduction Target Commitment was submitted and passed, demonstrating the firm commitment to carbon reduction and its active promotion.
4. Adhering to the mission of "Building a Sustainable City", combining the Company’s own core capabilities and operating strategies, it develops professional and sustainable green engineering services on the road of sustainable management, and at the same time strives to give back to the society; In 2023, the Company completed charity renovation of houses for 12 rural and disadvantaged households, and participated in the "Return the Sea Action" beach cleaning and supported the "rational fertilization" of the Northern Water Bureau in adopting farmland of up to one hectare, and the farm products will be donated to social welfare groups for sharing.

V. Labor-management relations:

(I) The Company's employee welfare measures, advanced study, training, and retirement systems, and the implementation thereof, as well as the agreements and protection of employees' rights and interests:

1. Employee benefits:

(1) There is an Employee Welfare Committee responsible for the planning and implementation of various employee welfare programs. Main welfare measures and implementation: Donation of Dragon Boat Festival, Mid-Autumn Festival, birthday, wedding and childbirth gifts; distribution of bereavement, injury, illness and hospitalization subsidies; insurance and house purchase discounts; organize sports events and other group recreational activities; provide travel subsidies from time to time; appropriate and distribute employee remuneration in accordance with the Company's Articles of Incorporation.

(2) Adding to the statutory labor insurance and health insurance and labor pension contributions, the consolidated company still purchases group insurance (life insurance, accident insurance, cancer, hospitalization and medical insurance) for its employees.

2. Employee continuing education and training:

(1) The consolidated company has been actively creating a learning environment in 2023, making good use of video conferencing platforms and multimedia tools, and combining offline and online training to provide more convenient and rapid learning of new knowledge. Training courses are also planned based on job levels and work

requirements to ensure professional improvement and develop the ability required for each position, and the planning of project training for reserve talents, so as to retain potential talents and cultivate the cornerstone of the Company's future.

(2) The 2023 education and training situation is as follows:

Unit: NTD thousand

<table>
<tr><th colspan="2">Category</th><th>Number of courses</th><th>Expenses</th><th>Percentage</th><th>Number of people</th><th>Percentage</th></tr>
<tr><td rowspan="2">Internal training</td><td>Internal instructor course</td><td>58</td><td>95</td><td>3%</td><td>1,449</td><td>23%</td></tr>
<tr><td>External instructor course</td><td>39</td><td>122</td><td>3%</td><td>1,480</td><td>23%</td></tr>
<tr><td colspan="2">Middle manager training course</td><td>10</td><td>1,074</td><td>29%</td><td>117</td><td>2%</td></tr>
<tr><td rowspan="2">Lifelong learning</td><td>Professional training subsidies (subsidies for license obtaining)</td><td>25</td><td>364</td><td>10%</td><td>25</td><td>1%</td></tr>
<tr><td>Subsidies for further studies (master's programs)</td><td>-</td><td>1,174</td><td>31%</td><td>Current Students: 6
Graduated: 0</td><td>-</td></tr>
<tr><td colspan="2">General external training subsidy</td><td>309</td><td>919</td><td>24%</td><td>313</td><td>5%</td></tr>
<tr><td colspan="2">Online course</td><td>73</td><td>-</td><td>0%</td><td>2,866</td><td>46%</td></tr>
<tr><td colspan="2">Total</td><td>514</td><td>3,748</td><td>100%</td><td>6,256</td><td>100%</td></tr>
</table>

3. Employee code of conduct and ethics:

(1) To maintain the employment order in the workplace and clearly regulate the rights and obligations between employers and employees, all employees shall comply with laws and regulations and the Company's internal control system when dealing with the Company's affairs, as well as adherence to personal integrity and social moral standards, in order to maintain Company assets, interests, and image.

(2) Each employee is expected to do their best to achieve the Company's highest business goals and improve their moral sense. The "Code of Conduct and Ethical Corporate Management Best Practice Principles and Guidelines for Conduct" has been established, which covers the following items:

- Protection of confidential information: The basic information filled in by each employee when applying for a job will only be collected, processed and used internally by the Company. They are also required to sign the "Employee Confidentiality Agreement" upon arrival, pledging not to disclose the Company's business secrets in any form during their employment and after resignation.
- Prohibition of seeking personal gain: Each employee shall not seek personal gain by using the Company's property, information or taking advantage of his/her position, and shall not operate the Company's similar business for himself or for others.

- No solicitation for improper benefits: No employee may ask for gifts, kickbacks, entertainment, or other improper benefits from the Company's trading vendors. Supervisors are not allowed to accept financial gifts in any form from subordinates.
- Fair trade regulations: Every colleague shall treat the Company's purchase (sale) customers, competitors and employees fairly.
- Strict prohibition on insider trading: No employee may use the insider information obtained from the conduct of business for the benefit of others or for personal gain. The Company's financial and business information shall not be released without permission or prior to the disclosure, so as not to affect the rights and interests of other shareholders.

4. Retirement system:

(1) The consolidated company has established retirement policies for employees who are officially employed. The retirement conditions, pension benefits and calculation methods of employees are handled in accordance with the Labor Standards Act, the Labor Pension Act and relevant laws and regulations.

(2) For employees covered by the new pension system, no less than 6% of the employees' monthly salary shall be deposited in the individual pension account of the Bureau of Labor Insurance. In addition, for employees who choose to apply or retain part of their seniority under the old system, a contribution of 3% of their total monthly salary will be made to the employee pension fund, and make up the pension fund in accordance with the regulations of the Labor Standards Act, which is deposited in a special account at the Bank of Taiwan.

5. Occupational health and safety:

(1) The consolidated company is committed to providing employees with a safe, healthy, and comfortable working environment. On December 02, 2018, the consolidated company was awarded the "ISO 45001 Occupational Safety and Health Management System" certification by the international certification organization SGS, and the first TAF certificate in the domestic construction industry. The system continues to be verified on a yearly basis (from 2019 to 2023), and all certifications passed. The Company also stipulates that all departments need to be comprehensively inspected, reviewed, and revised for the ISO 45001 Occupational Health and Safety Management System procedures and standards before the third quarter of each year. By the end of October 2023, the Company has completed the annual inspection, review, and revision of the ISO 45001 Occupational Health and Safety Management System Procedures and Standards, which were announced and implemented after the revision.

(2) Further to the annual safety and health training, promotion, competitions, and drills, the Company has also established annual employee health promotion plans, labor health service plans, and subsidized health exams. The main outcomes are as follows:

- Compliance with relevant laws and regulations and active participation in related organizations:
  The Company complies with occupational safety and health related laws and regulations, implement adjustments and responses according to laws and regulations, and actively participates in relevant activities organized by the Occupational Safety and Health Administration, Ministry of Labor and regional labor inspection units, including "National Construction Industry Occupational Safety and Health Promotion Federation", "Construction Industry Occupational Safety and Health Promotion Federation". There were participation in regular meetings and safety and health observation tours of the "Construction Industry Occupational Safety and Health Promotion Association" of the location of each project.
- Formulation of occupational health and safety management plans:

Formulate an occupational safety and health management plan for each project, set up a dedicated unit and full-time occupational safety and health administrator for speculative implementation, set up facilities and equipment in compliance with laws and regulations, conduct regular testing and maintenance, improve the safety of site colleagues, and comprehensively review and improve personal protective equipment.

- Regular occupational safety and health competitions:
  The "Occupational Safety and Health Initiative Management Improvement Appraisal" is conducted every month. Projects compete with each other to encourage projects to actively implement occupational safety and health management, and reward outstanding performance units.
- Occupational health and safety training, promotion, competitions and drills are held from time to time:
  Encourage employees to obtain occupational safety and health-related professional certifications, such as: occupational safety and health administrator, construction industry occupational safety and health supervisor, construction manager, hazardous operations manager, special operation (e.g. aerial work platform), first-aid personnel; established QR Code patrol to improve the self-management ability of the site; organize relevant education and training from time to time, such as: ISO 45001 internal auditor training, risk assessment training course, Taiwan Occupational Safety and Health Card.; organize the selection of outstanding personnel, and each engineering project selects outstanding personnel within the unit, and the final election will take place, and those with outstanding performance will be rewarded.

(3) Work environment and employee safety protection measures:

- Self-management: Occupational safety and health management plans are formulated for each project, and the established and reported occupational safety and health management unit (personnel) is responsible for formulating, planning, supervising, promoting and guiding various occupational safety and health regulations and activities, including controlling personnel, equipment and materials; regular self-inspection of various construction, machinery and equipment with detailed records; provide professional technicians with drawings and calculations for construction; request the operation supervisor of the contractors to supervise and direct the operation on the site.
- Qualified and sufficient first-aid personnel are deployed for all construction projects to investigate the medical and first-aid units and systems around the site. The notification process and the roadmap for medical transportation are included in the emergency response plan.
- Laws and regulations for safety control, access permits, inspection and maintenance of protective equipment, and emergency response measures shall be defined for operations in the construction site of the project relating to noise, elevated construction, hot electric/gas welding, dust, electronics, and constrained spaces.

(4) Occupational safety incident review, improvement, and preventive measures for the consolidated company in 2023:

Year	2020	2021	2022	2023
Number of fatalities due to occupational disasters	0	2	2	0
3 fatalities	0	0	0	0
Number of disasters involving one or more people that required	11	1	4	7

hospitalization				

- The were 7 cases of more than 1 person fatalities and required hospitalization in 2023. After review, it was found to be mostly caused by "falling" and "falling over" hazards. On-site improvements were also carried out after the review and the improvement outcomes have been approved by the labor inspection unit of the project area.
- Management countermeasures: formulate a clear zoning table for engineers on project sites to implement occupational safety management responsibilities; increase elevated work inspections, designate engineers and supervisors to supervise; promote occupational safety checkpoints and QR code patrols in construction areas; assist workers in access to occupational safety cards provide appropriate rewards to subcontractors and occupational safety personnel; strengthen the frequency of inspections based on the progress and risk level of each construction project; the Chairman and the President hold the monthly occupational safety meeting of the construction department every month to review occupational safety risks and countermeasures.

(5) Under the "Act on Labor Occupational Accident Insurance and Protection Act" that came into effect on May 1, 2022, the consolidated company has required its contractors to purchase labor insurance for hired workers and provide group insurance for a minimum of NTD 5 million to ensure compliance with the law and enhance security.

(6) Information on the consolidated company about occupational disasters in 2023:

Category	Number of Disabling Injuries	Total loss days	Total Elapsed Working Hours	Disabling injury frequency rate (FR)	Severe disabling injuries (SR)	Summation Injury Index (FSI)
Foundation employees	2	154	1,258,192	1.58	122	0.43
Foreign workers	0	0	663,952	0	0	-
Temporary employee	0	0	280,392	0	0	-
Contractor Labor	6	43	2,824,808	2.21	15	0.17
Total	8	197	5,027,344	1.59	39	0.24

- Basic personnel suffered 154 days of loss from duty injuries (2023/8/3 and 10/31);
- Contractor personnel (2023/3/28, 3/31, 4/12, 10/10, 11/4, 12/27) suffered 43-day loss of work injury
- Disabling Rate (FR) = Number of Disabling Injuries/Total Working Hours *1,000,000
- Disabling Severity Rate (SR) = Total Lost Days/Total Working Hours *1,000,000
- Total Injury Index (FSI) = (Disabling Rate (FR) x Disabling Severity Rate (SR)/1,000)^0.5

6. Workplace health promotion:

Comply with the requirements and optimize the "Worker Health Protection Rules" by providing employees with a health checkup once a year. Formulate a labor health service plan in accordance with the law, and plans to prevent diseases, ergonomic hazards, illegal infringements, and heat hazards due to abnormal workloads, and the Company has also implemented a health protection program for employees caring for their motherhood, and organized related labor health education courses to improve health knowledge and promote workplace health.

(II) Losses due to labor disputes in the most recent year and up to the date of publication of the annual report, and disclose the estimated amounts that may be incurred currently and in the future and countermeasures:

1. Since the Company has always attached great importance to labor-management relations, there has been no loss due to labor-management disputes, so there is no estimated loss amount at present and in the future.

2. Estimates of possible current and future occurrences in response:

(1) Establishment of interactive communication and complaint channels to protect employees from physical or mental abuse in the course of performing their duties The Company has also established a complaint mechanism for Occupational Safety Office and Human Resources Department to handle such disputes and encourage employees to utilize such internal complaint handling mechanism, and employees who require additional assistance will also be provided assistance to the best of the Company’s ability.

(2) Comply with relevant labor laws and regulations and strengthen welfare measures. In response to the improvement of workers' well-being in recent years, the Company also abides by relevant labor laws and regulations in terms of internal regulations, and establishes a comprehensive mechanism to protect the body and mind of workers.

VI. Cyber security management:

(I) Describe the cyber security risk management framework, cyber security policies, specific management plans, and resources invested in cyber security management

1.Information security risk management framework

(1) The Company's responsible unit for information security is the Information Division of the independent operating unit. There are a dedicated information officer and an information security officer and a dedicated information security engineer under the control. They are responsible for planning and executing information security operations and the promotion and implementation of information security policies. The Company also reports the implementation of information security to the Board of Directors every year.

The Company's cyber security risk management and cyber security policies are implemented in accordance with the "Kedge Construction Cyber Security Policy" issued by the IT Division. Regarding information security incidents, the head of the Company's Information Department serves as the convener of the response team, responsible for disaster control, damage assessment, centralized reporting window, and command of information system disaster recovery operations.

(2) The Audit Office of the Company includes "the control of cyber security inspection" in the annual audit plan and conducts audit operations. If there is any defect, existing or

potential risk, it will be immediately reviewed by the inspected unit and the coordinating operating unit, and the concrete improvement plan and process will be proposed, and regularly track the progress of improvement to implement the Company's information security policy.

2.Cyber security policy

The Company's cyber security policy follows the "Group Information Security Policy" published by the Company's head office, in order to protect the security of its information resources in response to the relevant risks and security regulations that have been identified. The Company's cyber security policy applies to all information and data saved in electronic form, including all information newly created, received, stored, printed or created by inputting and the data information application service and system for all information and data generated, used, managed and stored. The Company's cyber security management mechanism is implemented in the following four aspects:

(1) Establishment and amendment of information regulations
(2) Utilization of information technology
(3) Cyber security advocacy and training
(4) Information audit and improvement

At the same time, the cyber security operation model adopts the PDCA (Plan-Do-Check-Act) management method to ensure the consistency with the objectives of the information security policy, and to achieve and continue to improve.

3.Cyber management solution

The Company's cyber security management plan complies with the "Information Security Operation Management Regulations" established by the IT Division. The IT Division plans and assigns personnel to perform and execute the various information security operating procedures, and the supervisor of the IT Division supervises the effectiveness of implementation. The Company's information security operations are implemented through the following four aspects to strengthen the Company's cyber protection capabilities:

(1) Protection: To prevent various external information security threats, we adopt a multi-layer network design and established various information security protection systems to improve the security of the overall information environment. Aiming to protect information resources from viruses or other malicious software intrusions, all information systems must be monitored for potential security vulnerabilities. Meanwhile, in accordance with the Group's information security policy, external professional information security consultants are retained every year to perform regular vulnerability scanning of information equipment and information service for the purpose of strengthening information security weaknesses.

(2) Response: To improve the Company's response speed and ability to respond to information security incidents, the Company has set up an information security anomaly monitoring system so that information security personnel can receive anomaly alerts at the first instance and grasp relevant threat information. All information systems, services and databases have a complete backup plan. Relevant backup data are also stored on a reputable cloud service platform to implement remote backup management. Disaster recovery drills are conducted for major services every year to ensure resilience against information security incidents.

(3) Governance: Internal regulations and systems related to information security are established to regulate the information security behavior of all employees, and relevant systems are regularly reviewed every year for compliance with laws and changes in the operating environment, and the review is revised according to the implementation and needs.

(4) Education: The Company organizes information security education and training courses annually, and new employees are required to participate in these courses. In addition, social engineering drills are also implemented, in order to continuously enhance employees' awareness for information security and personal information protection, thereby implementing information security policy of the Company.

4. Invest resources in cyber security management

The Company actively promotes information applications and digital transformation, while at the same time attaches great importance to cyber security and personal information protection. In 2023, the Company has budgeted about NTD 17.7 million (an average of NTD 29,000 for each employee) in the construction of cyber security related software and information security enhancement services, including but not limited to the following items:

(1) Anti-virus software and endpoint protection system (EDR)
(2) Introduce the privileged access management system of the user's computer
(3) Adopt sensitive data leakage prevention (DLP) software
(4) Multi-factor authentication mechanism for users
(5) Email Security Protection System
(6) Firewall equipment for the head office and remote offices
(7) Computer hardware management system
(8) Annual social engineering drill
(9) Conduct information system vulnerability detection and penetration testing to external parties on a yearly basis
(10) Conduct annual disaster recovery drills for major information services

(II) In the most recent year and up to the date of publication of the annual report, the losses suffered as a result of major information and communication security incidents, the possible impacts, and the responsive measures. If it cannot be reasonably estimated, the facts of cannot be reasonably estimated shall be stated.

In the most recent year and up to the publication date of the annual report, the Company has not experienced any major cyber security incidents that caused losses to the Company.

VII. Material contracts:

March 31, 2024

Nature of contract	Parties concerned	Start/end date of contract	Main Content
Construction contract	Kindom Development Co., LTD.	Expected year of completion: 2024	New Construction at Zhongxing Section, Sanchong District, New Taipei City
Construction contract	Kindom Development Co., LTD.	Expected year of completion: 2024	New Construction of National Freeway in New Taipei City
Construction contract	Kindom Development Co., LTD.	Expected year of completion: 2025	Investment in land development at Xiulangqiao Station, New Taipei City Circular Line
Construction contract	Kindom Development Co., LTD.	Expected year of completion: 2025	Office building new construction project, Land No. 363-1, Land No. 4, Dunhua Section, Songshan District, Taipei City
Construction contract	Kindom Development Co., LTD.	Expected year of completion: 2026	New construction of stores, general offices, indoor swimming pool, and residential buildings in Songchang Store, Beitun District, Taichung City
Construction contract	Kindom Development Co., LTD.	Expected year of completion: 2027	New construction of Guande-Wanhua Zhixing Section
Construction contract	Kindom Development Co., LTD.	Expected year of completion: 2026	Land Development Office Building at Siwei Elementary School Station, Wurih-wen-Xin-Beitun Line, Taichung Metropolitan Area Rapid Transit Systems
Construction contract	Kindom Development Co., LTD.	Expected year of completion: 2024	Banquaio Fuzhong section Dismantle
Construction contract	Central Region Engineering Office, Railway Bureau, MOTC	Expected year of completion: 2025	C212 Tainan Railway Station Underground Project
Construction contract	New Construction Office of Taoyuan City Government	Expected year of completion: 2024	Taoyuan Convention and Exhibition Center Turnkey Project

Nature of contract	Parties concerned	Start/end date of contract	Main Content
Construction contract	Northern Engineering Office, Railway Bureau, MOTC	Expected year of completion: 2026	C611 Chiayi Elevated Railway and Under-the Bridge Road Project
Construction contract	National Housing and Urban Renewal Center	Expected year of completion: 2026	Turnkey project of Zhongshan Section Social Housing (Phase I) in Taishan, New Taipei City and National Military Service Dormitory
Construction contract	Directorate General of Highways, Ministry of Transportation and Communications	Expected year of completion: 2027	Reconstruction Project of Houlong Guan-Hai Bridge and Xihu River Bridge on Provincial Highway No. 61
Construction contract	Central Region Engineering Office, Railway Bureau, MOTC	Expected year of completion: 2027	Elevated Railway Project in Chiayi City - C612 Jiabei and Chiayi Elevated Railway Stations and Tropic of Cancer Station Project
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Expected year of completion: 2025	TSMC Zhunan Advanced Encapsulation and Testing Plant VI Phase II new construction project (FAB)
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Expected year of completion: 2025	Leasing of parking lot for Phase II of TSMC's Zhunan Advanced Encapsulation and Testing Plant 6
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Expected year of completion: 2024	New construction of earthwork and abandoned construction at Tainan yard F18 and 25 of TSMC
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Expected year of completion: 2025	TSMC Zhunan Advanced Encapsulation and Testing Plant VI Phase II new construction project (OFFICE)
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Expected year of completion: 2024	TSMC Kaohsiung Plant 22 Phase 1 new construction project (SUPPORT)
Construction contract	GREAT WALL ENTERPRISE CO., LTD.	Expected year of completion: 2026	The new project of Dacheng Group's corporate headquarters

Nature of contract	Parties concerned	Start/end date of contract	Main Content
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Expected year of completion: 2024	TSMC Advanced Sealing and Testing Plant Phase 2 expansion project (earthwork and retaining works)
Construction contract	YANKEY ENGINEERING Co., LTD.	Expected year of completion: 2026	ASML Linkou Plant new construction project
Construction contract	MediaTek Inc.	Expected year of completion: 2025	Tongluo Industrial Park Plant New Construction Project
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Expected year of completion: 2024	TSMC Zhunan Advanced Encapsulation and Testing Plant 5 Phase 2 new construction project (CUP)
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	Expected year of completion: 2024	Lease of parking lot for TSMC Zhunan Advanced Encapsulation and Testing Plant Phase 5

Six. Financial Overview

I. Condensed balance sheets and comprehensive income statements for the last five years, and the auditors' audit opinions:

(I) Condensed balance sheet information

1. Consolidated financial statements:

Unit: NTD thousand

Item \ Year		Financial information for the most recent five years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Current assets		7,708,041	8,752,989	8,531,294	11,146,094	11,819,601
Property, plant and equipment		63,116	133,739	102,647	160,593	158,824
Intangible assets		-	-	-	-	1,513
Other assets		505,691	546,928	643,802	492,005	604,957
Total assets		8,276,848	9,433,656	9,277,743	11,798,692	12,584,895
Current liabilities	Before distribution	5,427,525	6,202,049	5,576,580	7,416,157	7,586,014
	After distribution	5,745,632	6,583,777	5,852,273	5,852,273	(Note 2)
Non-current liabilities		108,201	162,329	190,024	196,104	192,984
Total liabilities	Before distribution	5,535,726	6,364,378	5,766,604	7,612,261	7,78,998
	After distribution	5,853,833	6,746,106	6,042,297	6,042,297	(Note 2)
Equity attributable to owners of the parent company		2,740,961	3,069,109	3,510,933	4,186,245	4,805,673
Share capital		1,060,357	1,060,357	1,060,357	1,166,392	1,207,216
Capital reserve		518,241	518,294	518,401	518,540	518,634
Retained earnings	Before distribution	1,036,204	1,345,805	1,702,978	2,372,019	2,838,079
	After distribution	718,097	964,077	1,427,285	1,427,285	(Note 2)
Other equity		126,159	144,653	229,197	129,294	241,744
Treasury stock		-	-	-	-	-
Non-controlling interests		161	169	206	186	224
Total	Before	2,741,122	3,069,278	3,511,139	4,186,431	4,805,897

equity	distribution					
	After distribution	2,423,015	2,687,550	3,235,446	3,235,446	(Note 2)

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.
Note 2: The proposal for distribution of earnings in 2023 has not yet been approved by the shareholders' meeting.

2. Parent company only financial statements:

Unit: NTD thousand

Item \ Year		Financial information for the most recent five years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Current assets		7,368,798	8,385,273	8,167,811	10,774,805	11,401,127
Property, plant and equipment		53,254	123,952	92,934	150,955	149,261
Intangible assets		-	-	-	-	1,513
Other assets		724,629	780,664	940,653	802,763	956,042
Total assets		8,146,681	9,289,889	9,201,398	11,728,523	12,507,943
Current liabilities	Before distribution	5,302,984	6,063,626	5,505,421	7,354,546	7,517,530
	After distribution	5,621,091	6,445,354	5,781,114	7,838,599	(Note 2)
Non-current liabilities		102,736	157,154	185,044	187,732	184,740
Total liabilities	Before distribution	5,405,720	6,220,780	5,690,465	7,542,278	7,702,270
	After distribution	5,723,827	6,602,508	5,966,158	8,026,331	(Note 2)
Share capital		1,060,357	1,060,357	1,060,357	1,166,392	1,207,216
Capital reserve		518,241	518,294	518,401	518,540	518,634
Retained earnings	Before distribution	1,036,204	1,345,805	1,702,978	2,372,019	2,838,079
	After distribution	718,097	964,077	1,427,285	1,887,966	(Note 2)
Other equity		126,159	144,653	229,197	129,294	241,744
Treasury stock		-	-	-	-	-
Total equity	Before distribution	2,740,961	3,069,109	3,510,933	4,186,245	4,805,673
	After distribution	2,422,854	2,687,381	3,235,240	3,702,192	(Note 2)

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.
Note 2: The proposal for distribution of earnings in 2023 has not yet been approved by the shareholders' meeting.

(II) Condensed statement of comprehensive income

1. Consolidated financial statements:

Unit: NTD thousand

Item \ Year	Financial information for the most recent five years				
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Operating revenue	11,462,442	14,130,629	10,772,322	14,204,563	14,292,411
Gross operating profit	718,161	1,058,311	1,191,353	1,600,507	1,506,450
Net operating profit	470,381	769,772	875,665	1,282,072	1,169,946
Non-operating income and expenses	29,533	12,420	47,382	43,699	84,935
Net income before tax	499,914	782,192	923,047	1,325,771	1,254,881
Net income from continuing operations for the period	499,914	782,192	923,047	1,325,771	1,254881
Losses from iscontinued operations	-	-	-	-	-
Net income for the period	402,356	626,444	740,492	1,047,936	990,357
Other comprehensive income for the period (net amount after tax)	123,918	19,766	82,990	(97,090)	113,068
Total comprehensive income for the period	526,274	646,210	823,482	950,846	1,103,425
Net profit attributable to the owners of the parent company	402,348	626,440	740,476	1,047,933	990,345
Net income attributable to non-controlling interests	8	4	16	3	12
Total comprehensive income attributable to owners of the parent company	526,237	646,202	823,445	950,866	1,103,387
Total comprehensive income attributable to non-controlling interests	37	8	37	(20)	38
EPS (NT$)	3.79	5.91	6.35	8.68	8.20

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.

2. Parent company only financial statements:

Unit: NTD thousand

Item \ Year	Financial information for the most recent five years				
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Operating revenue	11,362,618	14,103,408	10,720,013	14,175,364	14,219,639
Gross operating profit	694,751	1,045,153	1,176,489	1,586,711	1,491,575
Net operating profit	460,038	770,471	872,150	1,279,878	1,165,102
Non-operating income and expenses	35,105	10,043	49,211	42,277	87,476
Net income before tax	495,143	780,514	921,361	1,322,155	1,252,578
Net income from continuing operations for the period	495,143	780,514	921,361	1,322,155	1,252,578
Losses from discontinued operations	-	-	-	-	-
Net income for the period	402,348	626,440	740,476	1,047,933	990,345
Other comprehensive income for the period (net amount after tax)	123,889	19,762	82,969	(97,067)	113,042
Total comprehensive income for the period	526,237	646,202	823,445	950,866	1,103,387
EPS (NT$)	3.79	5.91	6.35	8.68	8.20

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.

(3) The names of CPAs in the last 5 years and the audit opinions:

Year	Certified Public Accountant	Audit opinions
2019	Ti-Nuan Chien, Shu-Ying Chang	Unqualified opinion
2020	Yi-Lian Han, Ti-Nuan Jian	Unqualified opinion
2021	Yi-Lian Han, Ti-Nuan Jian	Unqualified opinion
2022	Yi-Lian Han, Kuo-Yen Tseng	Unqualified opinion
2023	Yi-Lian Han, Kuo-Yen Tseng	Unqualified opinion

Financial analysis for the most recent five years :

(I) Consolidated financial statements:

Analysis Items / Year		Financial analysis for the most recent five years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Financial structure	Debt to assets ratio (%)	66.88	67.46	62.16	64.52	61.81
	Long-term capital to property, plant and equipment (%)	4,514.42	2,416.35	3,605.72	2,728.97	3,147,43
Solvency	Current ratio (%)	142.02	141.13	152.98	150.29	155.81
	Quick ratio (%)	108.85	116.38	112.74	123.00	108.19
	Interest coverage ratio (times)	235.70	260.95	634.53	314.94	288.55
Operating capacity	Accounts receivable turnover (times)	3.56	4.82	4.63	6.62	6.95
	Average collection days	102.52	75.72	78.83	55.13	52.51
	Inventory turnover (times)	0.79	0.84	0.71	0.99	0.65
	Payable turnover rate (times)	3.06	3.25	2.25	2.75	2.70
	Average number of days of sales	462.00	434.52	514.08	368.68	561.53
	Property, plant and equipment turnover (times)	181.15	143.56	91.14	107.92	89.49
	Total asset turnover (times)	1.50	1.60	1.15	1.35	1.17
Profitability	Return on assets (%)	5.30	7.10	7.93	9.98	8.15
	Return on equity (%)	15.26	21.56	22.51	27.23	22.03
	Ratio of Pre-Tax Net Profit to Paid-in Capital (%)	47.15	73.77	87.05	113.66	103.95
	Net profit margin (%)	3.51	4.43	6.87	7.38	6.93
	Earnings per share (NTD)	3.79	5.91	6.35	8.68	8.20
Cash flow	Cash flow ratio (%)	25.06	32.02	4.79	12.53	16.02
	Cash flow adequacy ratio (%)	161.03	294.85	88.21	239.56	153.60
	Cash reinvestment ratio (%)	36.37	51.20	(Note 3)	14.71	14.39
Leverage	Operating leverage	1.53	1.37	1.36	1.25	1.29
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Financial ratios increased or decreased by more than 20% in the most recent two years. Reasons for the changes:

1. Inventory turnover, payable turnover, and average days in sales: Mainly due to the continuous growth of the scale of operations in 2023, and the increase in the volume of unclosed cases as a result.
2. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: Due to the continuous growth of the scale of operation in 2023 and the volume of unclosed projects increased compared to the same period of the previous period.

(II) Parent company only financial statements:

Analysis Items \ Year		Financial analysis for the most recent five years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Financial structure	Debt to assets ratio (%)	66.35	66.96	61.84	64.31	61.58
	Long-term capital to property, plant and equipment (%)	5,339.87	2,602.83	3,976.99	2,897.54	3,343.41
Solvency	Current ratio (%)	138.96	138.29	148.36	146.51	151.66
	Quick ratio (%)	105.81	113.37	107.95	119.56	104.16
	Interest coverage ratio (times)	242.18	267.02	666.72	319.44	292.64
Operating capacity	Accounts receivable turnover (times)	3.55	4.81	4.62	6.62	6.93
	Average collection days	102.81	75.88	79.00	55.13	52.66
	Inventory turnover (times)	0.79	0.85	0.71	0.99	0.65
	Payable turnover rate (times)	3.15	3.33	2.29	2.79	2.73
	Average number of days of sales	462.00	429.41	514.08	368.68	561.53
	Property, plant and equipment turnover (times)	212.87	159.18	98.85	116.24	94.73
	Total asset turnover (times)	1.51	1.62	1.16	1.35	1.17
Profitability	Return on assets (%)	5.38	7.21	8.02	10.05	8.20
	Return on equity (%)	15.26	21.56	22.51	27.23	22.03
	Ratio of Pre-Tax Net Profit to Paid-in Capital (%)	46.70	73.61	86.89	113.35	103.76
	Net profit margin (%)	3.54	4.44	6.91	7.39	6.96
	Earnings per share (NTD)	3.79	5.91	6.35	8.68	8.20
Cash flow	Cash flow ratio (%)	24.98	31.75	5.69	12.55	15.71
	Cash flow adequacy ratio (%)	161.03	437.88	133.87	276.79	201.60
	Cash reinvestment ratio (%)	35.22	49.44	(Note 3)	14.60	13.73
Leverage	Operating leverage	1.51	1.36	1.35	1.24	1.28
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Financial ratios increased or decreased by more than 20% in the most recent two years. Reasons for the changes:

1. Inventory turnover, payable turnover, and average days in sales: Mainly due to the continuous growth of the scale of operations in 2023, and the increase in the volume of unclosed cases as a result.
2. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: Due to the continuous growth of the scale of operation in 2023 and the volume of unclosed projects increased compared to the same period of the previous period.

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.

Note 2: The financial information for the year ended March 31, 2024 has been reviewed by a certified public accountant, but a parent company only financial statement has not been issued.

Note 3: Operating activities represent net cash outflow, so the related ratios are not calculated.

Note 4: The calculation formula is as follows:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/total assets.
   (2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayment) / current liabilities.
   (3) Interest coverage ratio = pre-income tax and interest income/interest expense for the current period.
3. Operating capacity
   (1) Accounts receivable (including accounts receivable and notes receivable arising from operations) turnover = Net sales/ The average balance of receivables (including accounts receivable and notes receivable arising from operations) during each period.
   (2) Average collection days = 365/ receivables turnover.
   (3) Inventory turnover = cost of goods sold/average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from operations) turnover = Cost of goods sold/ The average balance of payables (including accounts payable and notes payable arising from operations) during each period.
   (5) Average inventory turnover days = 365/inventory turnover.
   (6) Property, plant and equipment turnover = net sales/average net property, plant and equipment.
   (7) Total asset turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = (profit or loss after tax + interest expenses x (1 - tax rate)) /average total assets.
   (2) Return on equity = profit or loss after tax/average total equity.
   (3) Net profit margin = profit or loss after tax/net sales.
   (4) Earnings per share = (Profit or loss attributable to owners of the parent company ((net profit after tax) in the parent company only financial statements) - Preferred stock dividend) / Weighted average number of issued shares. (Note 5)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent five years / (capital expenditure + increase in inventory + cash dividend) for the most recent five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other current assets + working capital). (Note 6)
6. Leverage
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses)/operating income. (Note 7)
   (2) Financial leverage = operating income / (operating income - interest expenses).

Note 5: Notes on the calculation of earnings per share as stated above:

1. Based on the weighted average number of common shares and not the number of issued shares at the end of the year.
2. Where there is a capital increase by cash or treasury stock traded, the weighted average number of shares

shall be calculated taking into account the outstanding period.

3. Where there is capitalization of earnings or capital reserve, in the calculation of earnings per share in previous years and six months, the retrospective adjustment shall be made in accordance with the proportion of capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends of the year (whether distributed or not) should be deducted from the net profit after tax, or added to the net loss after tax. If the preferred shares are not cumulative, the dividends of preferred shares shall be deducted from the net profit after tax; in case of loss, no adjustment is required.

Note 6: Cash flow analysis - Notes on measurement:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the Cash Flow Statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is calculated only when the ending balance is greater than the beginning balance. If the inventory at the end of the year decreases, it is calculated as zero.
4. Cash dividends include cash dividends from common shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 7: The operating costs and operating expenses are divided into fixed and variable ones by nature. If they involve estimates or subjective judgments, they are reasonable and consistent.

III. 2023 Annual Review Report of the Auditing Committee

KEDGE CONSTRUCTION CO., LTD. Audit Committee's Review Report

For your approval

The Company's 2023 financial statements prepared by the Board of Directors and audited by CPAs Yi-Lien Han and Ti-Nuan Chien of KPMG Taiwan, along with the Business Report and the Earnings Distribution Table, were reviewed by the Audit Committee and found no discrepancy. The report was prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2024 Shareholders Annual General Meeting of KEDGE CONSTRUCTION CO., LTD.

Audit Committee Convener: Hung-Chin Huang

March 12, 2024

IV. The consolidated financial statements of 2023 audited and certified by CPAs

Statement of Declaration

The entities that are required to be included in the consolidated financial statements of the Company for 2023 (from January 1 to December 31, 2023) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed and issued into effect by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company and its subsidiaries will not prepare a separate set of combined financial statements.

We hereby declare

Company name: KEDGE CONSTRUCTION CO.,

LTD.

Chairman: Ai-Wei Yuan

Date: March 12, 2024

Independent Auditors' Report

To the Board of Directors of KEDGE CONSTRUCTION CO., LTD.:

Audit Opinions

We have reviewed the accompanying Consolidated Statement of Financial Position of KEDGE CONSTRUCTION CO., LTD. and subsidiaries as of December 31, 2023 and 2022, and the related Consolidated Statement of Comprehensive Income, of Consolidated Statement of Changes in Equity and of Consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, its consolidated financial performance and cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRICs) and SIC Interpretations (SICs) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Consolidated 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 the Group. 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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements Note 4 (15) 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 consolidated 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(16) of the consolidated 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 Group 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.

Other matters

The parent company only financial statements of 2023 and 2022 have been prepared by KEDGE CONSTRUCTION CO., LTD., for which we have issued an unqualified opinion.

Responsibilities of the management and the governing body for the consolidated financial statements

Management is responsible for the preparation and fair representation of the consolidated financial statements in accordance with IFRS, IAS, IFRICs and SICs endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

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

Auditors' Responsibilities for Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error; design and execute appropriate countermeasures for the risks assessed; and obtain sufficient and appropriate audit evidences 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, but the purpose is not to express an opinion on the effectiveness of the internal control of the Group.
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 Group 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 consolidated financial statement to pay attention to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statement (including relevant notes), and whether the consolidated 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 entities within the Group to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit of the Group and forming an audit opinion for the Group.

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 2023 consolidated financial statements of the Group 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 Jin-Guan-Zheng-Liu No. 0940129108

March 12, 2024

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (19))	$ 5,262,388	42	4,947,697	42
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and (19))	76,900	1	63,471	1
1140	Contract assets - current (Note 6(16) and 7)	3,403,415	27	1,881,176	16
1170	Notes and accounts receivable, net (Note 6(4), (16), and (19))	940,572	7	1,893,905	16
1180	Notes and accounts receivable - related parties, net (Note 6(16), (19) and 7)	705,505	6	574,551	5
1410	Prepayments	208,974	2	143,412	1
1470	Other current assets	35,543	-	52,072	-
1476	Other financial assets - current (Note 6(19) and 8)	1,186,304	9	1,589,810	14
		11,819,601	94	11,146,094	95
	Non-current assets:				
1550	Investment under equity method (Note 6(5))	16,131	-	14,392	-
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note 6(3) and (19))	461,751	5	349,275	3
1600	Property, plant and equipment (Note 6(6) and 8)	158,824	1	160,593	2
1755	Right-of-use assets (Note 6(7))	25,398	-	16,611	-
1760	Investment property, net (Note 6(8) and 8)	48,457	-	48,689	-
1780	Intangible assets	1,513	-	-	-
1840	Deferred income tax assets (Note 6(13))	40,676	-	40,683	-
1975	Net defined benefit assets - non-current (Note 6(12))	6,947	-	5,820	-
1980	Other financial assets - non-current (Note 6(19))	5,597	-	16,535	-
		765,294	6	652,598	5
	Total assets	**$ 12,584,895**	**100**	**11,798,692**	**100**

Code	Liabilities and equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(9), (19), and 8)	$ 100,000	1	485,000	4
2130	Contract liabilities - current (Note 6(16) and 7)	2,103,184	17	1,533,575	13
2150	Notes payable (Note 6(19))	260,564	2	343,358	3
2170	Accounts payable (Note 6(19))	4,480,323	36	4,391,029	37
2200	Other payables (Note 6(12), (19) and 7)	351,347	3	381,350	3
2230	Current income tax liabilities	259,824	2	270,695	3
2300	Other current liabilities (Note 6(19))	30,772	-	11,150	-
		7,586,014	61	7,416,157	63
	Non-current liabilities:				
2552	Provision for long-term liabilities under warranty (Note 6(10))	181,670	1	183,236	2
2600	Other non-current liabilities (Note 6(19))	11,314	-	12,868	-
		192,984	1	196,104	2
	Total liabilities	7,778,998	62	7,612,261	65
	Equity attributable to owners of the parent company (Note 6(14)):				
3110	Common stock capital	1,207,216	10	1,166,392	10
3200	Capital reserve	518,634	4	518,540	4
3300	Retained earnings	2,838,079	22	2,372,019	20
3400	Other equity	241,744	2	129,294	1
	Total equity attributable to owners of the parent company	4,805,673	38	4,186,245	35
36XX	**Non-controlling interests**	224	-	186	-
	Total equity	4,805,897	38	4,186,431	35
	Total liabilities and equity	**$ 12,584,895**	**100**	**11,798,692**	**100**

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

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6(11), (16) and 7)**	$ 14,292,411	100	14,204,563	100
5000	**Operating cost (Note 6(12) and 12)**	12,785,961	89	12,604,056	89
	Gross operating profit	1,506,450	11	1,600,507	11
	Operating expenses:				
6200	Administrative expenses (Notes 6(12), (17), 7, and 12)	336,504	2	318,435	2
	Net operating profit	1,169,946	9	1,282,072	9
	Non-operating income and expenses:				
7100	Interest revenue (Note 6(18))	51,675	-	22,872	-
7010	Other income (Note 6(18))	22,630	-	43,294	-
7020	Other gains and losses (Note 6(18))	13,255	-	(17,516)	-
7050	Financial costs (Note 6(18))	(4,364)	-	(4,223)	-
7060	Share of profit or loss of affiliated companies and joint ventures under equity method (Note 6(5))	1,739	-	(728)	-
		84,935	-	43,699	-
	Net income before tax from continuing operations	1,254,881	9	1,325,771	9
7950	**Less: Income tax expense (Note 6(13))**	264,524	2	277,835	2
	Net income for the period	990,357	7	1,047,936	7
8300	**Other comprehensive income:**				
8310	**Items not reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan	592	-	2,836	-
8316	Unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	112,476	1	(99,926)	-
8300	**Other comprehensive income for the period (net amount after tax)**	113,068	1	(97,090)	-
	Total comprehensive income for the period	$ 1,103,425	8	950,846	7
	Net profit for the period attributable to:				
	Owner of the parent company	$ 990,345	7	1,047,933	7
8620	Non-controlling interests	12	-	3	-
		$ 990,357	7	1,047,936	7
	Total comprehensive income attributable to:				
	Owner of the parent company	$ 1,103,387	8	950,866	7
	Non-controlling interests	38	-	(20)	-
		$ 1,103,425	8	950,846	7
	Earnings per share (NTD) (Note 6(15))				

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

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

9750	**Basic earnings per share (NTD)**	$	8.20	8.68
9850	**Diluted earnings per share (NTD)**	$	8.11	8.56

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

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Equity attributable to owners of the parent company								
	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 attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2022	$ 1,060,357	518,401	345,082	1,357,896	1,702,978	229,197	3,510,933	206	3,511,139
Net income for the period	-	-	-	1,047,933	1,047,933	-	1,047,933	3	1,047,936
Other comprehensive income in the current period	-	-	-	2,836	2,836	(99,903)	(97,067)	(23)	(97,090)
Total comprehensive income for the period	-	-	-	1,050,769	1,050,769	(99,903)	950,866	(20)	950,846
Appropriation and distribution of earnings:									
Provision for legal reserve	-	-	73,890	(73,890)	-	-	-	-	-
Common stock cash dividends	-	-	-	(275,693)	(275,693)	-	(275,693)	-	(275,693)
Common stock dividends	106,035	-	-	(106,035)	(106,035)	-	-	-	-
Overdue cash dividends	-	139	-	-	-	-	139	-	139
Balance as of December 31, 2022	1,166,392	518,540	418,972	1,953,047	2,372,019	129,294	4,186,245	186	4,186,431
Net income for the period	-	-	-	990,345	990,345	-	990,345	12	990,357
Other comprehensive income in the current period	-	-	-	592	592	112,450	113,042	26	113,068
Total comprehensive income for the period	-	-	-	990,937	990,937	112,450	1,103,387	38	1,103,425
Appropriation and distribution of earnings:									
Provision for legal reserve	-	-	105,077	(105,077)	-	-	-	-	-
Common stock cash dividends	-	-	-	(484,053)	(484,053)	-	(484,053)	-	(484,053)
Common stock dividends	40,824	-	-	(40,824)	(40,824)	-	-	-	-

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

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

Overdue cash dividends		-	94	-	-	-	-	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**	**224**	**4,805,897**

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

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash flow from operating activities:		
Net income before tax for the current period	$ 1,254,881	1,325,771
Adjustments:		
Income and expenses		
Depreciation expense	37,133	17,435
Amortization expense	382	-
Net (gain) loss on mandatory financial assets and liabilities at fair value through profit or loss	(13,261)	17,251
Interest expense	4,364	4,223
Interest revenue	(51,675)	(22,872)
Dividend income	(22,583)	(33,312)
Share of profit or loss on affiliated companies and joint ventures under equity method	(1,739)	728
Total income and expense	(47,379)	(16,547)
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Increase of financial assets mandatorily measured at fair value through profit or loss	(168)	-
Decrease (increase) of contract assets	(1,522,239)	277,870
Decrease (increase) of notes and accounts receivable	953,333	(889,043)
Decrease (increase) of notes and accounts receivable - related parties	(130,954)	245,458
Increase in prepayments	(73,787)	(58,428)
Decrease (increase) of other current assets	16,529	(5,453)
Decrease (increase) of other financial assets	413,036	(1,276,454)
Increase of net defined benefit assets - non-current	(1,127)	(3,382)
Total net changes in assets related to operating activities	(345,377)	(1,709,432)
Net changes in liabilities related to operating activities:		
Increase in contract liabilities	569,609	1,088,918
Increase (decrease) of notes payable	(82,794)	59,467
Increase in accounts payable	89,294	248,588
Increase (decrease) in other payables	(29,732)	86,031
Increase (decrease) in provision	(1,566)	1,610
Increase (decrease) of other current liabilities	13,630	(10,269)
Increase in net defined benefit liabilities	592	2,836
Decrease in other non-current liabilities	(1,461)	(501)
Total net changes in liabilities related to operating activities	557,572	1,476,680
Total net changes in assets and liabilities related to operating activities	212,195	(232,752)
Total adjustment items	164,816	(249,299)
Cash inflow from operations	1,419,697	1,076,472
Interest received	53,209	18,584
Dividends received	22,583	33,312
Interest paid	(4,541)	(4,003)
Income tax paid	(275,471)	(194,878)
Net cash inflow from operating activities	1,215,477	929,487
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(15,164)	(21,109)
Acquisition of intangible assets	(458)	-
Decrease (increase) of other financial assets	(43)	6,873
Net cash outflow from investing activities	(15,665)	(14,236)
Cash flow from financing activities:		
Increase in short-term borrowings	430,000	945,000
Decrease in short-term borrowings	(815,000)	(660,000)
Increase in short-term notes payable	100,000	50,000
Decrease in short-term notes payable	(100,000)	(50,000)
Lease principal repayment	(16,068)	(1,773)
Distribution of cash dividends	(484,053)	(275,693)
Net cash (outflow) inflow from financing activities	(885,121)	7,534
Increase in cash and cash equivalents for the current period	314,691	922,785
Opening balance of cash and cash equivalents	4,947,697	4,024,912
Closing balance of cash and cash equivalents	$ 5,262,388	4,947,697

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

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries
Notes to the consolidated financial statements
2023 and 2022
(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 and its subsidiaries (hereinafter referred to as the "consolidated company") mainly focus on integrated construction and development and rental of housing and buildings.

II. Date and procedure for approving the financial statements

This consolidated financial statement was approved by the Board of Directors on March 12, 2024.

III. Application of new and revised standards and interpretations

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

The consolidated company began to apply the following newly amended IFRSs on January 1, 2023, and there was no significant impact on the consolidated financial statements.

·Amendments to IAS 1 "Disclosure of Accounting Policies"

·Amendments to IAS 8 "Definition of Accounting Estimates"

·Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The consolidated company began to apply the following newly amended IFRSs on May 23, 2023, and there was no significant impact on the consolidated financial statements.

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

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

The consolidated company has assessed that the application of the following newly amended IFRSs effective from January 1, 2024 will not cause significant impact on the consolidated financial statements.

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

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

The consolidated company expects the following new and amendments to standards that have not yet been approved to have no significant impact on the consolidated financial statements.

·Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
·Amendments to IAS 21 "Lack of Exchangeability"

IV. Summary of significant accounting policies

Significant accounting policies adopted in the consolidated financial statements are summarized as follows. In addition to the descriptions of the relevant accounting changes, the following accounting policies have been consistently applied during the presentation period of the consolidated financial statements.

(I) Declaration of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and Interpretations and Interpretations Announcements (hereinafter collectively referred to as “IFRSs”) endorsed and issued into effect by the FSC.

(II) Basis of preparation

1. Measurement basis

Except for the following items on the balance sheet, the consolidated financial statements have been prepared on the basis of historical cost:

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

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

(3) 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(16).

2. Functional currency and presentation currency

Each entity of the consolidated company uses the currency of the primary economic environment as its functional currency. The consolidated financial statements are presented in the Company's functional currency, NTD. All financial information expressed in NTD is in the unit of NTD thousand.

(III) Basis for consolidation

1. Principles of preparation of consolidated financial statements

The main body of the consolidated financial statements includes the Company and the entities controlled by the Company (i.e. subsidiaries). When the Company is exposed to the variable remuneration from participating in an invested entity or is entitled to such variable remuneration, and has the ability to affect the returns through its power over the invested entity, the Company controls the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition of control over the subsidiaries until the date of loss of control. Consolidated company transactions, balances and any unrealized gains or losses on transactions have been eliminated when preparing the consolidated financial statements. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and the non-controlling interests, even if the non-controlling interests become a deficit balance.

The financial statements of the subsidiaries have been appropriately adjusted to make their accounting policies consistent with the accounting policies used by the consolidated company.

Changes in the consolidated company's ownership interests in subsidiaries that do not result in a loss of control over the subsidiaries are treated as equity transactions with owners. The difference between the adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements

Investing companies			Percentage of equity held		
Company Name	**Name of subsidiary**	**Nature of business**	**2023.12.31**	**2022.12.31**	**Description**
The Company	Kuan Ching Electromechanical Co., Ltd. (Kuan Ching Electromechanical)	Electrical Appliance Installation and Fire Safety Equipment Installation Engineering	99.96%	99.96%	Subsidiary which directly holds more than 50% of the total number of issued shares with voting rights
The Company	Jiechun Investment Co., Ltd. (Jiechun Investment)	General investment	99.98%	99.98%	Subsidiary which directly holds more than 50% of the total number of issued shares with voting rights
Jointly held by Kuan Ching Electromechanical Co., Ltd. and Jiechun Investment Co., Ltd.	Dingtian Construction Co., Ltd. (Dingtian Construction)	Comprehensive Construction Activities, etc.	100.00%	100.00%	Subsidiary in which the Company indirectly holds more than 50% of the voting rights

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

(IV) Foreign currency

1. Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency in accordance with the exchange rates prevailing on the transaction date. On the reporting date (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into functional currency in accordance with the exchange rate of 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.

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

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 in the form of cash or cash equivalents, except for those that are subject to other restrictions on exchange or use to settle a liability at least 12 months after the reporting period.

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 is expected to be settled within 12 months after the reporting period; or
4. Liabilities without the right to unconditionally defer the settlement period to at least 12 months after the reporting period. The terms of a liability that may, at the option of the counterparty, result in its settlement by issue of equity instruments does not affect its classification.

(VI) 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.

(VII) 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 consolidated company becomes a financial instrument contractual party. Financial assets that are not measured at 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 consolidated 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, equity instrument investment measured at fair value through other comprehensive income, or financial assets measured at fair value through gain or loss. The consolidated 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 consolidated 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.

Dividend income from equity investments is recognized on the date on which the consolidated 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 consolidated 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 consolidated 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 (e.g., the occurrence of the default risk exceeding 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 consolidated company considers reasonable and provable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the consolidated 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 consolidated 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 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 consolidated company can collect in accordance with the contract and the cash flow that the consolidated company expects to collect. Expected credit losses are discounted at the effective interest rate of financial assets.

The consolidated 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 consolidated 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 consolidated 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 consolidated company analyzes the timing and amount of write-off on the basis of whether the recovery is reasonably expected. The consolidated 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 consolidated company's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

The consolidated 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 consolidated company does not retain the control over the financial asset, the financial asset is derecognized.

When the consolidated 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

(1) Classification of liabilities or equities

The consolidated 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 consolidated company has residual equity after deducting all liabilities from assets. The equity instruments issued by the consolidated 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 consolidated 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 consolidated 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.

(VIII) Investment in affiliated companies

Affiliates are those over which the consolidated company has significant influence, but not control, or joint control.

The consolidated company's interests in the affiliated companies are accounted for using the equity method. Under the equity method, investment is initially recognized at cost. Investment cost includes transaction cost. The book value of an investment in an affiliate includes the goodwill identified at the time of the initial investment, less any accumulated impairment loss.

The consolidated financial statements include the profit and loss and other comprehensive income of the affiliated companies recognized by the consolidated company in proportion to the equity ratio from the date of significant influence to the date of loss of significant influence after the adjustment, so as to be consistent with the Company's accounting policies. When changes in equity other than profit and loss and other comprehensive income occur to the affiliated enterprise that do not affect the shareholding ratio of the consolidated company, the consolidated company recognizes all changes in equity as capital reserve in proportion to the shareholding ratio.

The unrealized gains and losses arising from the transactions between the Company and its affiliated companies are recognized in the financial statements of the companies only within the scope of the non-related investor's equity in the affiliated companies.

When the consolidated company's share of losses in the affiliates equals or exceeds its equity in the affiliates, the consolidated company stops recognizing its losses, and only after a legal obligation, constructive obligation or payment on behalf of the investee is made, additional loss and related liabilities are recognized.

(IX) 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.

Rental income from investment property is recognized in other income 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.

(X) 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 consolidated 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.

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

(XI) Lease

The consolidated 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 consolidated 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 consolidated 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 consolidated company's incremental borrowing rate is used. Generally, the consolidated 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:

(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 consolidated 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 consolidated 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 consolidated 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 consolidated company considers relevant specific indicators, including whether the lease period covers the main part of the economic life of the underlying assets.

If the consolidated 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 consolidated company uses IFRS 15 to allocate the consideration in the contract.

(XII) Intangible assets

1. Recognition and measurement

The intangible assets with finite useful life that the consolidated 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 consolidated company reviews the amortization method, useful years and residual value of intangible assets on each reporting date, and makes appropriate adjustments if necessary.

(XIII) Impairment of non-financial assets

The consolidated 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. Goodwill is tested for impairment annually.

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 goodwill acquired in a business merger is amortized to each cash-generating unit or cash-generating unit group that is expected to benefit from the synergy of the merger.

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.

(XIV) Provisions

The provisions shall be recognized when the consolidated 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 provision is measured according to the historical warranty information and all possible outcomes weighted by the relevant probability.

(XV) 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 consolidated 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 consolidated company are described as follows:

(1) Labor services

The consolidated company provides business management services, and the related income is recognized during the financial reporting period of the provision of labor services.

Under a fixed price contract, the customer makes a fixed amount of payment according to the agreed time schedule.

(2) Construction contracts

The consolidated 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 consolidated company only recognizes it within the scope of the accumulated revenue level with probable 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 consolidated 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 consolidated 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(10).

2. Cost of contracts with customers

Cost of fulfilling contract

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 consolidated 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.

(XVI) 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 consolidated 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 consolidated 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 consolidated 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 consolidated company recognizes the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the consolidated 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.

(XVII) 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 consolidated 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 consolidated company will offset the deferred income tax assets and deferred income tax 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.

(XVIII) Earnings per share

The consolidated company presents the basic and diluted earnings per share attributable to the Company's common stock shareholders. The basic earnings per share of the consolidated 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.

(XIX) Segment information

The operating segment is a component of the consolidated company and is engaged in business activities that may earn revenue and incur expenses (including revenue and expenses related to transactions between other components of the consolidated company). The operating results of all operating segments are regularly reviewed by the chief operating decision maker of the consolidated company to make decisions on the allocation of resources to each segment and to evaluate its performance. Each operating segment has its own financial information.

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

In preparing the consolidated financial statements, the management must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

The management will continue to review the estimates and basic assumptions. 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 both the current period, that is, future periods, it is recognized in the period in which the revision occurs, i.e. future periods.

Main sources of uncertainty in estimates and assumptions:

(I) Construction contracts

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

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

		2023.12.31	2022.12.31
Cash and petty cash	$	320	320
Demand deposits		234,808	323,157
Check deposits		662,477	1,774,896
Time deposit		3,008,789	2,668,508
Cash equivalents		1,355,994	180,816
Cash and cash equivalents	$	5,262,388	4,947,697

The cash equivalents referred to above are short-term bills, the maturity intervals of which are January to March 2024 and January to February 2023, respectively, and the interest rate intervals of which are 1.30% - 1.36% and 0.99% - 1.00%, respectively.

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

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

		2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Listed (OTC) company stocks	$	76,900	63,471

1. As the non-derivative financial assets listed above are mandatorily measured at fair value through profit or loss, the consolidated company recognized dividend income of NTD 1,731 thousand and NTD 3,715 thousand in 2023 and 2022, respectively.
2. The consolidated company's financial assets had not been provided as collateral guarantees as of December 31, 2023 and 2022.

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

		2023.12.31	2022.12.31
Equity instruments measured at fair value through other comprehensive income:			
Domestic listed (OTC) company stock - Kindom Development Co., LTD.	$	454,187	341,371
Stock of domestic (OTC) listed companies - Fubon Financial Preferred Shares C (FBFHCPSC)		1,136	1,138

Stock of domestic (OTC) listed companies - Global Views Commonwealth Publishing Group	6,428	6,766
Stock of domestic (OTC) listed companies - TAIWAN CALCOM INTERNATIONAL COMPUTER GRAPHIC CO., LTD.	-	-
Total	$ 461,751	349,275

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

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

2. As the consolidated company designated the investment in equity instrument listed above as measured at fair value through other comprehensive income, the dividend income recognized in 2023 and 2022 was NTD 20,852 thousand and NTD 29,597 thousand respectively.

3. The consolidated company did not dispose of strategic investment in 2023 and 2022, and the accumulated gain or loss during that period was not transferred within the equity.
4. None of the financial assets of the consolidated company has been provided as a collateral guarantee.
5. For information on credit risk (including impairment of debt instrument investment) and market risk, please refer to Note 6(19).

(IV) Notes and accounts receivable

	2023.12.31	2022.12.31
Accounts receivable	$ 948,123	1,901,456
Less: Loss allowance	(7,551)	(7,551)
	$ 940,572	1,893,905

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

	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
	$ 948,123		7,551

	2022.12.31		
	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	$ 1,893,905	-	-
Overdue for more than 90 days	7,551	100%	7,551

	$ 1,901,456	7,551

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

	2023	2022
Opening balance (i.e. ending balance)	$ 7,551	7,551

The consolidated company's accounts receivable were not provided as collateral on December 31, 2023 and 2022.

(V) Investment under equity method

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

	2023.12.31	2022.12.31
READYCOM INFORMATION SERVICES CO., LTD.	$ 16,131	14,792

1. Affiliated enterprises

The consolidated company's share of the affiliated enterprise's profit or loss is as follows:

		2023	2022
Shares attributable to the consolidated company:			
Net income (loss) from continuing operations	$	1,739	(728)

The consolidated company does not share any contingent liabilities of the associates with other investors, or have contingent liabilities arising from assuming the liabilities of the associates.

2. Guarantee

As of December 31, 2023 and 2022, the consolidated company's investments under the equity method were not provided as collateral.

(VI) Property, plant and equipment

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

		Land	Buildings	Other equipment	Total
Cost or recognized cost:					
Balance as of January 1, 2023	$	115,630	27,635	79,287	222,552
Increase in the current year		-	-	15,164	15,164
Reclassified from prepayments		-	-	6,701	6,701
Balance as of December 31, 2023	$	115,630	27,635	101,152	244,417
Balance as of January 1, 2022	$	62,430	36,313	63,033	161,776
Increase in the current year		-	-	21,109	21,109
Disposal		-	(21,345)	(4,044)	(25,389)
Reclassification		53,200	12,667	(811)	65,056
Balance as of December 31, 2022	$	115,630	27,635	79,287	222,552
Depreciation and impairment loss:					
Balance as of January 1, 2023	$	7,000	20,972	33,987	61,959
Depreciation in the current year		-	310	23,324	23,634
Balance as of December 31, 2023	$	7,000	21,282	57,311	85,593
Balance as of January 1, 2022	$	-	35,830	23,299	59,129
Depreciation in the current year		-	310	15,097	15,407
Disposal		-	(21,345)	(4,044)	(25,389)
Reclassification		7,000	6,177	(365)	12,812
Balance as of December 31, 2022	$	7,000	20,972	33,987	61,959
Carrying amount:					
December 31, 2023	$	108,630	6,353	43,841	158,824

January 1, 2022	$	62,430	483	39,734	102,647
December 31, 2022	$	108,630	6,663	45,300	160,593

Guarantee

Please refer to Note 8 for the consolidated company's property, plant and equipment provided as collateral for the financing amount on December 31, 2023 and 2022.

(VII) Right-of-use assets

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

		Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:					
Balance as of January 1, 2023	$	2,302	8,150	10,577	21,029
Addition		15,576	1,997	4,394	21,967
Reclassification		87	-	-	87
Transferred out - lease expiry		-	-	(3,422)	(3,422)
Balance as of December 31, 2023	**$**	**17,965**	**10,147**	**11,549**	**39,661**
Balance as of January 1, 2022	$	-	4,546	4,925	9,471
Addition		2,302	3,604	5,652	11,558
Balance as of December 31, 2022	**$**	**2,302**	**8,150**	**10,577**	**21,029**
Depreciation and impairment loss of right-of-use assets:					
Balance as of January 1, 2023	$	-	616	3,802	4,418
Current depreciation		6,979	1,976	4,312	13,267
Transferred out - lease expiry		-	-	(3,422)	(3,422)
Balance as of December 31, 2023	**$**	**6,979**	**2,592**	**4,692**	**14,263**
Balance as of January 1, 2022	$	-	461	2,161	2,622
Current depreciation		-	155	1,641	1,796
Balance as of December 31, 2022	**$**	**-**	**616**	**3,802**	**4,418**
Book value:					
December 31, 2023	**$**	**10,986**	**7,555**	**6,857**	**25,398**
January 1, 2022	**$**	**-**	**4,085**	**2,764**	**6,849**
December 31, 2022	**$**	**2,302**	**7,534**	**6,775**	**16,611**

(VIII) Investment property

	Land, Buildings

Cost or recognized cost:		
Balance as of January 1, 2023	$	61,682
Balance as of December 31, 2023	**$**	**61,682**
Balance as of January 1, 2022	$	127,549
Transferred to property, plant and equipment		(65,867)
Balance as of December 31, 2022	**$**	**61,682**

		Land and buildings
Depreciation and impairment loss:		
Balance as of January 1, 2023	$	12,993
Depreciation in the current year		232
Balance as of December 31, 2023	$	13,225
Balance as of January 1, 2022	$	25,938
Depreciation in the current year		232
Transferred to inventories and property, plant and equipment		(13,177)
Balance as of December 31, 2022	$	12,993
Carrying amount:		
December 31, 2023	$	48,457
January 1, 2022	$	101,611
December 31, 2022	$	48,689
Fair value:		
December 31, 2023	$	91,018
December 31, 2022	$	91,018

The fair value of investment property is based on the comprehensive valuation made by independent appraisers (with relevant professional qualifications recognized) or the consolidated 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 rate of return adopted in 2023 and 2022 is both 1.765%.

Please refer to Note 8 for the consolidated company's investment property provided as collateral for financing as of December 31, 2023 and 2022.

(IX) Short-term loans

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

	2023.12.31	2022.12.31
Unsecured bank borrowings	$ 100,000	485,000
Unused credit limit	$ 4,695,523	6,899,010
Interest rate range	1.70%	1.57%~1.98%

	Land and buildings

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

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

(X) Provisions

		Warranty
Balance as of January 1, 2023	$	183,236
Liability reserve increased in the current period		17,902
Liability reserve used in the current period		(19,468)
Balance as of December 31, 2023	$	181,670
Balance as of January 1, 2022	$	181,626
Liability reserve increased in the current period		23,543
Liability reserve used in the current period		(21,933)
Balance as of December 31, 2022	$	183,236

The consolidated company's warranty provision in 2023 and 2022 is mainly related to the contracting of projects. The warranty provision is estimated based on the historical warranty data of various projects. The consolidated company expects the liabilities to be incurred in more than one year after the inspection and acceptance of the project.

(XI) Operating lease

The consolidated company 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(8) 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:

		2023.12.31	2022.12.31
Total undiscounted lease payments (less than one year)	$	3,360	3,360

The rent income generated from the investment property was NTD 3,360 thousand and NTD 3,349 thousand in 2023 and 2022, respectively; in addition, no significant maintenance and repair expense has been incurred.

(XII) Employee benefits

1. Defined benefit plan

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

		2023.12.31	2022.12.31
Present value of defined benefit obligation	$	13,582	16,887
Fair value of plan assets		(20,529)	(22,707)
Net defined benefit obligation assets	$	(6,947)	(5,820)

The consolidated 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 consolidated 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 consolidated company's labor pension fund account at the Bank of Taiwan is with a balance of NTD 20,529 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.

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

Changes in the present value of the consolidated company's defined benefit obligations as of 2023 and 2022 are as follows:

		2023	2022
Defined benefit obligation as of January 1	$	16,887	21,585
Current service cost and interest		211	119
Remeasurement of net defined benefit liabilities (assets)			
- Actuarial gains and losses due to changes in financial assumptions		-	(1,184)
- Experience adjustment		(403)	(53)
Benefits paid by the plan		(3,113)	(3,580)
Defined benefit obligation as of December 31	$	13,582	16,887

(3) Changes in the fair value of plan assets

Changes in the fair value of the consolidated company's defined benefit plan assets in 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets on January 1	$	22,707	24,023
Interest revenue		287	134
Remeasurement of net defined benefit liabilities (assets)			
- Return on plan assets (excluding interest for the current period)		189	1,599
Amount appropriated to the plan		459	531
Benefits paid by the plan		(3,113)	(3,580)
Fair value of the plan assets on December 31	$	20,529	22,707

(4) In 2023 and 2022, the consolidated 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 consolidated company in 2023 and 2022 are as follows:

	2023	2022
Net interest of net defined benefit liabilities (assets)	$ (76)	(15)

Expenses are recognized as the following items in the statement of comprehensive income:

	2023	2022
Operating cost	$ (76)	(15)

(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 consolidated company as of December 31, 2023 and 2022 is as follows:

	2023	2022
Accumulated balance on January 1	$ 5,164	2,328
Recognized in current period	592	2,836
Accumulated balance on December 31	$ 5,756	5,164

(7) Actuarial assumptions

The main actuarial assumptions used by the consolidated company at the end of the financial reporting date are as follows:

	2023.12.31	2022.12.31
Discount rate	1.25%	1.25%
Future salary increase	2.00%	2.00%

The consolidated company expects to have an amount of NTD459 thousand appropriated for the payment of the defined benefit plan within one year after the 2023 reporting date.

The weighted average duration of the defined benefit plan is 10.6 years.

(8) Sensitivity analysis

The impact of changes in major actuarial assumptions adopted on the reporting dates on December 31, 2023 and 2022 on the present value of defined benefit obligations is as follows:

	Effect on defined benefit obligations	
	Increase	Decrease
December 31, 2023		

Discount rate (changed by 0.25%)	$	(321)	331
Future salary increase (1% change)		1,378	(1,237)
December 31, 2022			
Discount rate (changed by 0.25%)		(397)	411
Future salary increase (1% change)		1,713	(1,533)

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. Defined contribution plan

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

The consolidated company's pension expense under the defined contribution plan was NTD 26,104 thousand and NTD 25,725 thousand in 2023 and 2022, respectively; also, it had been appropriated to the Bureau of Labor Insurance.

3. Liabilities for short-term paid leave

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

		2023.12.31	**2022.12.31**
Short-term paid leave of absence	**$**	**12,607**	**11,673**

(XIII) Income tax

1. The details of income tax expenses of the consolidated company for 2023 and 2022 are as follows:

		2023	**2022**
Current income tax expense			
Occurred in the current period	$	243,827	257,073
Adjustment of the current income tax of the previous period		(209)	(275)
Imposition on undistributed earnings		20,899	15,461
		264,517	272,259
Deferred income tax expense			
Occurrence and reversal of temporary difference		7	5,576
Income tax expense	**$**	**264,524**	**277,835**

2. The relationship between the consolidated company's income tax expenses and net income before tax for 2023 and 2022 is adjusted as follows:

		2023	**2022**
Net income before tax	$	1,254,881	1,325,771

Income tax calculated in accordance with the domestic tax rate in the place where the Company is located		250,976	265,154
Adjustment of the current income tax of the previous period		(209)	(275)
Imposition on undistributed earnings		20,899	15,461
Tax-exempted income		(4,429)	(6,561)
Other		(2,713)	4,056
Total	**$**	**264,524**	**277,835**

3. Deferred income tax assets

(1) Unrecognized deferred income tax assets

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

	2023.12.31	2022.12.31
Deductible temporary difference	$ 803	803

(2) Recognized deferred income tax assets

2023 and 2022 movements in deferred income tax assets are as follows:

	Provision for liabilities	Employee bonus for unused vacation	Impairment loss	Other	Total
January 1, 2023	$ 36,642	2,331	-	1,710	40,683
Recognized in the income statement	(313)	187	-	119	(7)
December 31, 2023	**$ 36,329**	**2,518**	**-**	**1,829**	**40,676**
January 1, 2022	$ 36,321	2,764	3,639	3,535	46,259
Recognized in the income statement	321	(433)	(3,639)	(1,825)	(5,576)
December 31, 2022	**$ 36,642**	**2,331**	**-**	**1,710**	**40,683**

4. The income tax returns of the consolidated company's profit-seeking business have been audited by the tax authorities up to 2021.

(XIV) Capital and other equity

On December 31, 2023 and 2022, the Company's authorized capital was NTD1,800,000 thousand and NTD1,200,000 thousand, respectively, with a face value of NTD10 per share and 180,000 thousand shares and 120,000 thousand shares, respectively. The above-mentioned authorized capital stock is of common stock, and the issued shares are 120,722 thousand and 116,639 thousand, respectively. All payments on the issued shares have been collected.

1. Issuance of common shares

On June 2, 2023 and June 15, 2022 respectively, the Company's general shareholders' meetings resolved to increase capital by earnings, amounting to NTD 40,824 thousand and NTD 106,035 thousand, at NTD 10 per share, respectively. There shares were 4,082 thousand and 10,604 thousand shares, respectively. The aforementioned capital increase was approved by the Financial Supervisory Commission, Executive Yuan on July 3, 2023 and July 5, 2022, respectively. The ex-rights base date is August 2, 2023 and August 7, 2022, and the relevant statutory registration procedures have been completed.

2. Capital reserve

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

	2023.12.31	2022.12.31
Issued stock premium	$ 383,109	383,109
Premium of corporate bond conversion	130,766	130,766
Changes in net equity of affiliates and joint ventures recognized under the equity method	2,568	2,568
Overdue dividends received	754	660
Others	1,437	1,437
	$ 518,634	518,540

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

On June 2, 2023 and June 15, 2022, the Company's shareholders' meetings resolved the 2022 and 2021 proposals for distribution of dividends to the shareholders with the following dividends as follows:

	2022		2021	
	Stock dividend rate (NTD)	**Amount**	**Stock dividend rate (NTD)**	**Amount**
Dividends distributed to common stock shareholders:				

Cash	$	4.15	484,053	2.60	275,693
Stocks		0.35	40,824	1.00	106,035
Total			**$ 524,877**		**381,728**

The Company's board of directors on March 12, 2024 resolved the amount of cash dividends for the 2023 earnings appropriation proposal and proposed the amount of stock dividends for the 2023 earnings appropriation. The amount of dividends distributed to the shareholders is as follows:

	2023	
	Stock dividend rate (NTD)	**Amount**
Dividends distributed to common stock shareholders:		
Cash	$ 4.00	482,886
Stocks	0.20	24,144
Total		$ 507,030

4. Other equity (net amount after tax)

	Unrealized gains or losses on financial assets at fair value through other comprehensive income
Balance as of January 1, 2023	$ 129,294
Unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income	112,450
Balance as of December 31, 2023	$ 241,744
Balance as of January 1, 2022	$ 229,197
Unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income	(99,903)
Balance as of December 31, 2022	$ 129,294

(XV) Earnings per share

Calculations of the Company's 2023 and 2022 basic earnings per share and diluted earnings per share are as follows:

	2023	2022
Basic earnings per share		
Net profit attributable to the Company's common stock shareholders	$ 990,345	1,047,933
Weighted average outstanding common stock	120,722	120,722
	$ 8.20	8.68
Diluted earnings per share		
Net profit attributable to the Company's common stock shareholders	$ 990,345	1,047,933

Weighted average outstanding common stock	120,722	120,722
Effect of potentially dilutive ordinary shares		
Effect of employee stock compensation	1,339	1,728
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	**122,061**	**122,450**
	$ 8.11	**8.56**

(XVI) Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Timing of revenue recognition:			
Construction transferred over time	$	14,289,051	14,200,284
Services gradually transferred over time		3,360	4,279
	$	**14,292,411**	**14,204,563**

2. Contract balance

		2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related party)	$	1,653,628	2,476,007	1,832,422
Less: Loss allowance		(7,551)	(7,551)	(7,551)
Total	**$**	**1,646,077**	**2,468,456**	**1,824,871**
Contract assets- construction project	$	3,403,415	1,881,176	2,159,046
Less: Loss allowance		-	-	-
Total	**$**	**3,403,415**	**1,881,176**	**2,159,046**
Contract liabilities- construction project	**$**	**2,103,184**	**1,533,575**	**444,657**

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

Changes in contract assets and contract liabilities are mainly due to the difference between the time when the consolidated company transfers goods or services to customers to meet the performance obligation and the time when the customer makes payment. There was no other significant change in 2023 and 2022.

(XVII) Remuneration to employees and directors

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

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

(XVIII) Non-operating income and expenses

1. Interest revenue

The interest income of the consolidated company for 2023 and 2022 is as follows:

		2023	2022
Bank deposits	$	38,153	18,679
Short-term bill interest income		13,521	4,151
Other interest income		1	42
	$	51,675	22,872

2. Other income

The consolidated company's other income as of 2023 and 2022 is as follows:

		2023	2022
Dividend income	$	22,583	33,312
Rental income		12	12
Other income		35	9,970
	$	22,630	43,294

3. Other gains and losses

The consolidated company's other gains and losses as of 2023 and 2022 are as follows:

		2023	2022
Foreign exchange loss	$	(6)	(265)
Gain (loss) on financial assets at fair value through profit or loss		13,261	(17,251)
	$	13,255	(17,516)

4. Financial costs

Financial costs of the consolidated company in 2023 and 2022 are as follows:

		2023	2022
Interest expense			
Bank borrowings	$	4,235	4,119
Other		129	104
	$	4,364	4,223

(XIX) Financial instruments

1. Credit risk

(1) Credit risk exposure

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

(2) Concentration of credit risk

The consolidated company's revenue in 2023 and 2022 were both derived from sales to domestic customers; the consolidated company's customers were concentrated in the construction industry and public construction industry, but mainly the customers in the group, companies with good credit and government agencies. Therefore, the consolidated company has no significant concentration of credit risk. The consolidated 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.

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, 2023							
Non-derivative financial liabilities							
Unsecured bank borrowings	$	100,000	101,132	101,132	-	-	-
Payable notes		260,564	260,564	260,564	-	-	-
Accounts payable		4,480,323	4,480,323	2,524,318	1,956,005	-	-
Other payables		351,347	351,347	351,347	-	-	-
Other current liabilities (lease liabilities)		12,660	12,980	12,980	-	-	-
Other non-current liabilities (lease liabilities)		9,984	10,997	-	6,749	393	3,855
	$	**5,214,878**	**5,217,343**	**3,250,341**	**1,962,754**	**393**	**3,855**
December 31, 2022							
Non-derivative financial liabilities							
Unsecured bank borrowings	$	485,000	490,935	490,935	-	-	-
Short-term borrowings		343,358	343,358	343,358	-	-	-
Accounts payable		4,391,029	4,391,029	2,507,779	1,883,250	-	-
Other payables		381,350	381,350	381,350	-	-	-
Other current liabilities (lease liabilities)		6,668	6,795	6,795	-	-	-
Other non-current liabilities (lease liabilities)		10,077	11,274	-	6,534	688	4,052
	$	**5,617,482**	**5,624,741**	**3,730,217**	**1,889,784**	**688**	**4,052**

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

3. Interest rate analysis

The interest rate exposure of the consolidated 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 consolidated company's internal reporting of interest rates to key management is an 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:

	2023		2022	
Securities price on the reporting date	**Other comprehensive income after tax**	**Profit or loss after tax**	**Other comprehensive income after tax**	**Profit or loss after tax**
Up 10%	$ 45,532	7,690	34,251	6,347
Down 10%	$ (45,532)	(7,690)	(34,251)	(6,347)

5. Fair value information

(1) Types and fair values of financial instruments

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

	2023.12.31				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 76,900	76,900	-	-	76,900
Financial assets measured at fair value through other comprehensive income	$ 461,751	455,323	-	6,428	461,751
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 5,262,388	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,646,077	-	-	-	-
Other financial assets- Liquidity	1,186,304	-	-	-	-
Other financial assets- Non-current	5,597	-	-	-	-
Subtotal	8,100,366	-	-	-	-
Total	$ 8,639,017	532,223	-	6,428	538,651

Financial liabilities measured at amortized cost						
Short-term borrowings	$	100,000	-	-	-	-
Notes payable and accounts payable		4,740,887	-	-	-	-
Other current liabilities (lease liabilities)		12,660	-	-	-	-
Other non-current liabilities (lease liabilities)		9,984	-	-	-	-
Other payables		351,347	-	-	-	-
Total	**$**	**5,214,878**	**-**	**-**	**-**	**-**

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 63,471	63,471	-	-	63,471
Financial assets measured at fair value through other comprehensive income	$ 349,275	342,509	-	6,766	349,275
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 4,947,697	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,468,456	-	-	-	-
Other financial assets- Liquidity	1,589,810	-	-	-	-
Other financial assets- Non-current	16,535	-	-	-	-
Subtotal	9,022,498	-	-	-	-
Total	**$ 9,435,244**	**405,980**	**-**	**6,766**	**412,746**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 485,000	-	-	-	-
Notes payable and accounts payable	4,734,387	-	-	-	-
Other current liabilities (lease liabilities)	6,668	-	-	-	-
Other non-current liabilities (lease liabilities)	10,077	-	-	-	-
Other payables	381,350	-	-	-	-
Total	**$ 5,617,482**	**-**	**-**	**-**	**-**

(2) Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The fair value of the consolidated company's financial assets classified as Level 3 is mainly due to the financial assets measured at fair value through other comprehensive income, and the fair value of the consolidated company is measured using the income method.

(3) 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 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 consolidated 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 consolidated reporting date. (e.g. reference yield curve of Taipei Exchange, average Reuters commercial paper interest rate quoted).

If the financial instruments held by the consolidated company are in the non-active market, the fair value is listed as follows by category and attribute:

Equity instruments without public quotations: The fair value is estimated using the market comparable company method, and the main assumption is the investees' estimated earnings before tax, depreciation and amortization, and the earnings multiplier derived from the market quotations of comparable listed (OTC) companies as basis of measurement. The estimate has adjusted the effect of the discount due to the lack of market liquidity of the equity securities.

(4) Details of changes in Level 3

	Measured at fair value through other comprehensive income
	Equity instruments without public quotations
January 1, 2023	$ 6,766
December 31, 2023	$ 6,428
January 1, 2022	$ 6,633
December 31, 2022	$ 6,766

The above total profit or loss is reported in the "unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive gain or loss". The assets still held on December 31, 2023 and 2022 are as follows:

	2023	**2022**
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income")	$ (338)	133

(XX) Financial risk management

1. Overview

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

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The consolidated company's risk exposure information and the objectives, policies and procedures of the consolidated company's risk measurement and management are disclosed in the notes. Please refer to the notes to the consolidated 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 consolidated 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 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 consolidated 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 consolidated company due to the failure of customers or financial instrument trading counterparts to fulfill contractual obligations, which mainly comes from the consolidated company's accounts receivable from customers and securities investment.

(1) Accounts receivable and other receivables

The consolidated 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 consolidated 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 consolidated company continuously evaluates the financial position of customers, and when necessary, requires the counterparty to provide collaterals or guarantees.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the consolidated company's Finance Department. As the counterparties of the consolidated 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 consolidated 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 consolidated company as of December 31, 2023 and 2023 were both NTD 28,384 thousand.

4. Liquidity risk

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

In general, the consolidated 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 consolidated company's unused comprehensive borrowing facilities (including NTD loans, letters of credit and commercial paper facilities) as of December 31, 2023 and 2022 totaled NTD 4,845,523 thousand and NTD 7,099,010 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 consolidated 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 consolidated 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 consolidated 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 investment. The consolidated company does not actively trade such investments, and the consolidated company's management manages risks by holding investment portfolios with different risks.

(XXI) Capital management

The objectives of the consolidated 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 consolidated 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 consolidated 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 components of equity (i.e. capital stock, capital reserve, retained earnings, other equity and non-controlling interests) plus net liabilities.

The capital management strategy of the consolidated company in 2023 is consistent with that in 2022, in order to ensure the financing at reasonable cost. The debt capital ratios as of December 31, 2023 and 2022 are as follows:

	2023.12.31	2022.12.31
Total liabilities	$ 7,778,998	7,612,261
Less: Cash and cash equivalent	(5,262,388)	(4,947,697)
Net liabilities	2,516,610	2,664,564
Total equity	4,805,897	4,186,431
Adjusted capital	$ 7,322,507	6,850,995
Debt capital ratio	34%	39%

7. Transactions with related parties

(I) Parent company and ultimate controller

KINDOM DEVELOPMENT CO., LTD. is the parent company and the ultimate controller of the group to which the consolidated company belongs. It holds 34.18% of the outstanding common shares of the consolidated company. KINDOM DEVELOPMENT CO., LTD. has prepared the consolidated financial statements for public use.

(II) Names of related parties and their relationships

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

Name of related party	Relationship with the consolidated company
Kindom Development Co., LTD.	Parent company of the Company
READYCOM INFORMATION SERVICES CO., LTD.	Affiliated enterprise
Kindom Yu San Education Foundation	The chairman of the board is a relative of 2nd degree of kinship to a director of the Company

(III) Major transactions with related parties

1. Sales of labor services to related parties

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

	2023			
Nature	Total contracting	Estimated amount	Amount denominated in the current	Revenue recognized in

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

		price		period	current period
Parent company - Kindom Development Corp.	Construction contracting	$ 13,579,853	5,896,180	2,761,509	3,006,589

		2022			
	Nature	Total contracting price	Estimated amount	Amount denominated in the current period	Revenue recognized in current period
Parent company - Kindom Development Corp.	Construction contracting	$ 13,679,390	4,303,021	1,903,568	1,844,673

(1) The price contracted by the consolidated company from the related party is in accordance with the regulations on the contracting of construction projects of the affiliated enterprise, the project budget is added with reasonable management fees and profits, and the price for the contract is submitted to the supervisor for approval after price comparison and negotiation.

(2) The transaction prices of the consolidated company and related parties are determined by both parties through negotiation, and the payment term is one to three months, which is not materially different from that of general customers. The receivables between related parties have not been accepted as collateral, and after assessment, it is not necessary to recognize the impairment loss.

2. Claims, contract assets and liabilities

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

Presentation item	Category of related party	2023.12.31	2022.12.31
Notes and accounts receivable	Parent company - Kindom Development Corp.	$ 705,505	574,551
Other payables	Parent company - Kindom Development Corp.	111	111
Other payables	Affiliated enterprise - READYCOM INFORMATION SERVICES CO., LTD.	-	150
Contract assets	Parent company - Kindom Development Corp.	494,908	210,531
Contract assets (retained receivables)	Parent company - Kindom Development Corp.	139,652	45,572
Contract liabilities	Parent company - Kindom Development Corp.	66,810	-
		$ 1,406,986	830,915

3. Endorsements/guarantees

The consolidated company was the co-partner and joint debtor of the parent company, Kindom Development Corp., for an amount of NTD 28,384 thousand as of December 31, 2023 and 2022.

4. Leases

The consolidated company leased an office building to its parent company, Kindom Development Corp., in 2023 and 2022, 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 2023 and 2022.

In addition, the consolidated company and the parent company, Kindom Development Corp. rented office buildings in 2023 and 2022 for a total contract value of NTD 575 thousand per month in both years. The rent expense for 2023 and 2022 is both NTD 6,571 thousand.

5. Others

(1) The consolidated company donated NTD 8,000 thousand and NTD 9,000 thousand to the "Kindom Yu San Education Foundation" in 2023 and 2022, respectively, for the promotion of services of the foundation.

(2) The consolidated company signed a professional service contract with the parent company, Kindom Development Corp., in 2022 to provide engineering research, advice, and teaching services. The total contract price was NTD 977 thousand. As of December 31, 2023, payment has been received in full.

(3) The consolidated company signed a consulting service contract with its parent company, Kindom Development Corp. in 2023, whereby the parent company would provide consulting and suggestion services on procurement, information, administrative management, legal affairs, accounting, and treasury for a total contract price of NTD 3,000 thousand, which were paid in full as of December 31, 2023.

(4) The consolidated company signed an information project consulting service contract with READYCOM INFORMATION SERVICES CO., LTD. in December 2021 for a total contract value of NTD 50 thousand per month. As of December 31, 2023, NTD 150 thousand has been paid and the contract was terminated in 2023.

(IV) Transactions by key management personnel

Remuneration to key management personnel includes:

		2023	2022
Short-term employee benefits	$	106,497	75,464
Post-employment benefits		238	278
	$	**106,735**	**75,742**

VIII. Pledged assets

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

Asset name	Subject matter of pledge guarantee		2023.12.31	2022.12.31
Other financial assets - current	Construction deposits secured by loan facilities and restricted assets	$	1,159,843	1,543,062
Property, plant and equipment, net	Guarantee of loan limit		99,400	99,400
Investment property, net	Guarantee of loan limit		48,457	48,689
		$	**1,307,700**	**1,691,151**

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

1. On December 31, 2023 and 2022, the consolidated company undertook medium and major projects for an aggregate amount of NTD 51,877,810 thousand and NTD 54,327,480 thousand, respectively, and received payments of NTD 22,943,300 thousand and NTD 17,374,625 thousand in accordance with the agreements.
2. On December 31, 2023 and 2022, the guarantee notes issued by the consolidated company for construction projects were both NTD 57,992 thousand.
3. On December 31, 2023 and 2022, the bank guarantees issued by the consolidated company for project warranty, contract performance guarantee and prepayment guarantee are NTD 3,339,852 thousand and NTD 4,279,154 thousand respectively .
4. As of December 31, 2023, the letter of credit issued but not used by the consolidated company amounted to US$1,008 thousand.
5. As approved by the Board of Directors on December 29, 2023 and 2022 and December 23, 2022, the consolidated company commits to donate to Kindom Yu

Shan Educational Foundation for $6,000 thousand and $8,000 thousand for the promotion of the Foundation's affairs.

X. Losses from major disasters: None.

XI. Material events after the period: None.

XII. Others

Employee benefits, depreciation, depletion and amortization expenses by function are summarized as follows:

By function / By nature	2023			2022		
	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expenses	$ 608,046	208,720	816,766	582,547	196,900	779,447
Labor and national health insurance expenses	50,663	17,341	68,004	43,153	14,817	57,970
Pension expense	19,748	6,280	26,028	18,532	7,178	25,710
Other employee benefit expenses	16,129	17,443	33,572	14,765	15,569	30,334
Depreciation expense	18,749	18,384	37,133	4,775	12,660	17,435
Depletion expense	-	-	-	-	-	-
Amortization expense	382	-	382	-	-	-

XIII. Disclosures in Notes

(I) Information on significant transactions

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the consolidated company shall further disclose the information of significant transactions in 2023 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		Endorsement and guarantee limit for a single enterprise (Note 2)	Current maximum endorsement/guarantee balance	Ending balance of endorsements/guarantees	The actual amount drawn down	Endorsement/guarantee amount secured by property	Ratio of accumulated endorsement/guarantee amount to net worth as stated in the latest financial statement	Maximum amount of endorsements/guarantees (Note 2)	Endorsements/guarantees made by the parent company to subsidiaries	Endorsement/guarantee provided by the subsidiary to the parent company	Endorsements and guarantees in Mainland China
		Company name	Relationship (Note 1)										
0	Kedge Construction	Kindom Development Corp.	Parent and Subsidiary	$ 9,611,345	14,192	14,192	14,192	-	0.30%	9,611,345	-	Y	-
1	Dingtian Construction	Kindom Development Corp.	Parent and Subsidiary	55,274	14,192	14,192	14,192	-	25.68%	55,274	-	Y	-
1	〃	Kedge Construction	〃	8,291,142	1,376,500	1,376,500	1,376,500	-	2,490.32%	16,582,284	-	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 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				Highest shareholding or contribution during the 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	$ 21,368	0.10 %	21,368	0.10%	
Jiechun Investment Co., Ltd.	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	592	38,338	- %	38,338	- %	
〃	Stock - Sinopac Holdings	-	〃	229	4,511	- %	4,511	- %	
〃	Stock - Kindom Development Corp.	Jiechun Investment Co., Ltd. is the sub-subsidiary of the company	Financial assets measured at fair value through other comprehensive income - non-current	9,373	364,144	1.69 %	364,144	1.69%	
〃	Stock - Fubon Financial Preferred Shares C (FBFHCPSC)	-	〃	11	602	- %	602	- %	
〃	Stock - TAIWAN CALCOM INTERNATIONAL COMPUTER GRAPHIC CO., LTD.	-	〃	405	-	0.78 %	-	0.78%	
Kuan Ching Electromechanical	Stock - Kindom Development Corp.	Kuan Ching Electromechanical Co., Ltd. is a sub-subsidiary of the company	〃	1,768	68,675	0.32 %	68,675	0.32%	
〃	Stock - Fubon Financial Preferred Shares C (FBFHCPSC)	-	〃	10	534	- %	534	- %	
〃	Stock - Global Views Commonwealth Publishing Group	-	〃	177	6,428	0.59 %	6,428	0.59%	
〃	Stock - Fubon	-	Financial assets	525	34,051	- %	34,051	- %	

	Financial		at fair value through profit or loss - current						

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.
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

			Transaction status				Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes/Accounts Receivable (Payable)		
Purchasing (selling) company	**Name of counterparty**	**Relationship**	**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)**	**Remarks**
Kedge Construction	Kindom Development Corp.	An investment in Kedge Construction under the equity method	Contract engineering projects	$ (2,698,401)	(18.62)%	The monthly payment collection according to the contract is generally slightly longer.	Equivalent	Slightly longer than general	835,517	22.92%	

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	$ 835,517	4.05	-	-	160,386	-

9. Engagement in derivative transactions: None.

10. Business relationships and important transactions between the parent company and its subsidiaries:

Serial number	Trader's Name	Trading counterpart	Relationship with the counterparty	Transactions with each other			
			Relationship	Account title	Amount	Trading terms and conditions	As a percentage of consolidated total operating revenue or total assets
0	KEDGE CONSTRUCTION CO., LTD.	Kuan Ching Electromechanical	1	Contract liabilities	$ 47,909	與一般交易相當	0.38%
0	〃	〃	1	Accounts payable	7,609	〃	0.06%
0	〃	〃	1	Operating cost	113,397	〃	0.79%
0	〃	Dingtian Construction Co., Ltd.	1	Contract liabilities	15,143	〃	0.12%
0	〃	〃	1	Accounts payable	17,209	〃	0.14%
0	〃	〃	1	Operating cost	154,195	〃	1.08%
0	〃	〃	1	Operating expenses	1,516	〃	0.01%
1	Kuan Ching Electromechanical	KEDGE CONSTRUCTION CO., LTD.	2	Contract assets	47,909	〃	0.38%
1	〃	〃	2	Accounts receivable	7,609	〃	0.06%
1	〃	〃	2	Operating revenue	113,397	〃	0.79%
2	Dingtian Construction Co., Ltd.	〃	2	Contract assets	15,143	〃	0.12%
2	〃	〃	2	Accounts receivable	17,209	〃	0.14%
2	〃	〃	2	Operating revenue	155,711	〃	1.09%

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

1.0 for the parent company.

2. Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: Relationships with counterparties are indicated as follows:

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

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

(II) Information on reinvestment businesses

The consolidated company's reinvestment in 2023 is as follows:

Unit: NTD Thousand/Thousand shares

Name of Investment Company	Name of investee	Location of the Company	Main business items	Initial investment amount		Held at end of period			Highest shareholding or contribution during the 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	Jiechun Investment Co., Ltd.	Taiwan	General investment	$ 163,935	163,935	16,396	99.98%	552,185	99.98%	27,032	27,026	Subsidiary
Kedge Construction	Kuan Ching Electromechanical	Taiwan	Electrical Appliance Installation and Fire Safety Equipment Installation Engineering	81,326	81,326	7,747	99.96%	260,217	99.96%	14,977	14,971	〃
Jiechun Investment Co., Ltd.	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	16,500	16,500	-	30.00%	16,582	30.00%	7,494	2,248	Sub-subsidiary
Kuan Ching Electromechanical	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	11,105	11,105	-	70.00%	38,692	70.00%	7,494	5,246	〃
Dingtian Construction	READYCOM INFORMATION SERVICES CO., LTD.	Taiwan	IT software service and management consulting	15,000	15,000	1,400	46.67%	16,131	46.67%	3,726	1,739	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

Shares of Stock / Name of major shareholder	Number of shares held	Shareholding ratio
Kindom Development Co., LTD.	41,268,083	34.18%

Yu-De Investment Co., Ltd.	10,002,332	8.28%

XIV. Segment information

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

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, 2023 and 2022, 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, 2023 and 2022, 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 2023 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, 2023 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 Jin-Guan-Zheng-Liu No. 0940129108

March 12, 2024

KEDGE CONSTRUCTION CO., LTD.

Statement of Financial Position

December 31, 2023 and 2022

Unit: NTD thousand

		2023.12.31		2022.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (18))	$ 4,970,473	40	4,690,359	40
1170	Notes and accounts receivable, net (Note 6(3), (15), and (18))	940,572	8	1,893,905	16
1180	Notes and accounts receivable - related parties, net (Notes 6(15), (18) and 7)	699,222	6	570,121	5
1140	Contract assets - current (Note 6(15) and 7)	3,362,547	27	1,841,624	16
1410	Prepayments	208,315	2	139,944	1
1470	Other current assets	34,140	-	49,170	-
1476	Other financial assets - current (Note 6(18) and 7)	1,185,858	9	1,589,682	14
		11,401,127	92	10,774,805	92
	Non-current assets:				
1518	Equity instrument investment measured at fair value through other comprehensive income (Note 6(2) and (18))	21,368	-	16,060	-
1550	Investment under equity method (Note 6(4))	812,402	7	663,263	7
1600	Property, plant and equipment (Note 6(5) and 8)	149,261	1	150,955	1
1755	Right-of-use assets (Note 6(6))	21,620	-	12,680	-
1760	Investment property, net (Note 6(7) and 8)	48,457	-	48,689	-
1780	Intangible assets	1,513	-	-	-
1840	Deferred income tax assets (Note 6(12))	39,651	-	39,717	-
1975	Net defined benefit assets - non-current (Note 6(11))	6,947	-	5,820	-
1980	Other financial assets - non-current (Note 6(18))	5,597	-	16,534	-
	Total non-current assets	1,106,816	8	953,718	8
	Total assets	$ 12,507,943	100	11,728,523	100

		2023.12.31		2022.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(8), (18), and 8)	$ 100,000	1	485,000	4
2130	Contract liabilities - current (Note 6(15) and 7)	2,144,052	17	1,543,225	13
2150	Notes payable (Note 6(18) and 7)	254,823	2	336,499	3
2170	Accounts payable (Note 6(18) and 7)	4,387,808	35	4,340,075	37
2200	Other payables (Note 6(11), (18) and 7)	342,750	3	372,504	3
2230	Current income tax liabilities	257,697	2	266,475	2
2300	Other current liabilities (Note 6(18))	30,400	-	10,768	-
		7,517,530	60	7,354,546	62
	Non-current liabilities:				
2552	Long-term warranty provision (Note 6(9))	177,160	2	178,726	2
2600	Other non-current liabilities (Note 6(18))	7,580	-	9,006	-
		184,740	2	187,732	2
	Total liabilities	7,702,270	62	7,542,278	64
	Equity (Note 6(13)):				
3100	Share capital	1,207,216	9	1,166,392	10
3200	Capital reserve	518,634	4	518,540	5
3300	Retained earnings	2,838,079	23	2,372,019	20
3400	Other equity	241,744	2	129,294	1
	Total equity	4,805,673	38	4,186,245	36
	Total liabilities and equity	$ 12,507,943	100	11,728,523	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, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6(10), (15) and 7)**	$ 14,219,639	100	14,175,364	100
5000	**Operating cost (Notes 6(11), (16), 7, and 12)**	12,728,064	90	12,588,653	89
	Gross operating profit	1,491,575	10	1,586,711	11
	Operating expenses:				
6200	Administrative expenses (Notes 6(11), (16), 7, and 12)	326,473	2	306,833	2
		326,473	2	306,833	2
	Net operating profit	1,165,102	8	1,279,878	9
	Non-operating income and expenses:				
7100	Interest revenue (Note 6(17))	48,769	-	21,635	-
7010	Other income (Note 6(17))	1,011	-	11,355	-
7020	Other gains and losses (Note 6(17))	(6)	-	(265)	-
7050	Financial costs (Note 6(17))	(4,295)	-	(4,152)	-
7070	Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using equity method	41,997	-	13,704	-
		87,476	-	42,277	-
	Net income before tax from continuing operations	1,252,578	8	1,322,155	9
7950	**Less: Income tax expenses (Note 6(12))**	262,233	2	274,222	2
	Net income for the period	990,345	6	1,047,933	7
8300	**Other comprehensive income:**				
8310	**Items not reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan	592	-	2,836	-
8316	Unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	112,450	1	(99,903)	(1)
		113,042	1	(97,067)	(1)
8300	**Other comprehensive income for the period (net amount after tax)**	113,042	1	(97,067)	(1)
	Total comprehensive income for the period	**$ 1,103,387**	**7**	**950,866**	**6**
	Earnings per share (NTD) (Note 6(14))				
9750	**Basic earnings per share (NTD)**	**$**	**8.20**		**8.68**
9850	**Diluted earnings per share (NTD)**	**$**	**8.11**		**8.56**

(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 Changes in Equity

January 1 to December 31, 2023 and 2022

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, 2022	$ 1,060,357	518,401	345,082	1,357,896	1,702,978	229,197	3,510,933
Net income for the period	-	-	-	1,047,933	1,047,933	-	1,047,933
Other comprehensive income in the current period	-	-	-	2,836	2,836	(99,903)	(97,067)
Total comprehensive income for the period	-	-	-	1,050,769	1,050,769	(99,903)	950,866
Appropriation and distribution of earnings:							
Provision for legal reserve	-	-	73,890	(73,890)	-	-	-
Common stock cash dividends	-	-	-	(275,693)	(275,693)	-	(275,693)
Common stock dividends	106,035	-	-	(106,035)	(106,035)	-	-
Overdue cash dividends	-	139	-	-	-	-	139
Balance as of December 31, 2022	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)	-	-

(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**

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**

(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, 2023 and 2022

Unit: NTD thousand

		2023	2022
Cash flow from operating activities:			
Net income before tax for the current period	$	1,252,578	1,322,155
Adjustments:			
Income and expenses			
Depreciation expense		36,905	17,206
Amortization expense		382	-
Interest expense		4,295	4,152
Interest revenue		(48,769)	(21,635)
Dividend income		(964)	(1,375)
Share of profit of subsidiaries, affiliates and joint ventures accounted for using the equity method		(41,997)	(13,704)
Total income and expense		(50,148)	(15,356)
Changes in operating assets/liabilities:			
Net changes in assets related to operating activities:			
Decrease (increase) of notes and accounts receivable		953,333	(898,393)
Decrease (increase) of notes and accounts receivable - related parties		(129,101)	249,888
Decrease (increase) of contract assets		(1,520,923)	298,354
Increase in prepayments		(76,596)	(55,073)
Decrease (increase) of other current assets		15,030	(5,629)
Decrease (increase) of other financial assets		413,035	(1,276,354)
Increase of net defined benefit assets - non-current		(1,127)	(3,382)
Total net changes in assets related to operating activities		(346,349)	(1,690,589)
Net changes in liabilities related to operating activities:			
Increase (decrease) of notes payable		(81,676)	61,867
Increase in accounts payable		47,733	252,223
Increase in contract liabilities		600,827	1,098,568
Increase (decrease) in other payables		(29,483)	82,499
Decrease in provisions		(1,566)	(1,907)
Increase (decrease) of other current liabilities		13,640	(10,326)
Increase in net defined benefit liabilities		592	2,836
Decrease in other non-current liabilities		(1,461)	(501)
Total net changes in liabilities related to operating activities		548,606	1,485,259
Total net changes in assets and liabilities related to operating activities		202,257	(205,330)
Total adjustment items		152,109	(220,686)
Cash inflow from operations		1,404,687	1,101,469
Interest received		50,538	17,329
Dividends received		964	1,375
Interest paid		(4,472)	(3,932)
Income tax paid		(270,945)	(193,100)
Net cash inflow from operating activities		1,180,772	923,141
Cash flow from investing activities:			
Acquisition of property, plant and equipment		(15,164)	(21,109)
Acquisition of computer software		(458)	-
Decrease (increase) of other financial assets		(43)	6,873
Net cash outflow from investing activities		(15,665)	(14,236)
Cash flow from financing activities:			
Increase in short-term borrowings		430,000	945,000
Decrease in short-term borrowings		(815,000)	(660,000)
Increase in short-term notes payable		100,000	50,000
Decrease in short-term notes payable		(100,000)	(50,000)
Lease principal repayment		(15,940)	(1,648)
Distribution of cash dividends		(484,053)	(275,693)
Net cash (outflow) inflow from financing activities		(884,993)	7,659
Increase in cash and cash equivalents for the current period		280,114	916,564
Opening balance of cash and cash equivalents		4,690,359	3,773,795
Closing balance of cash and cash equivalents	$	4,970,473	4,690,359

(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
2023 and 2022
(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

The parent company only financial statements were approved by the Board of Directors for release on March 12, 2024.

III. Application of new and revised standards and interpretations

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

The Company began to apply the following newly amended IFRSs on January 1, 2023, and there was no significant impact on the parent company only financial statements.

·Amendments to IAS 1 "Disclosure of Accounting Policies”

·Amendments to IAS 8 "Definition of Accounting Estimates"

·Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The Company began to apply the following newly amended IFRSs on May 23, 2023, and there was no significant impact on the parent company only financial statements.

·Amendments to IAS 12 'International Tax Reform - Pillar Two Model Rules”

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

The Company has assessed that the application of the following newly amended IFRSs effective on January 1, 2024 will not have a 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 7and IFRS 7 “Supplier Finance Arrangements”
·Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Company expects the following 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
·Amendments to IAS 21 "Lack of Exchangeability"

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 of 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 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

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 in the form of cash or cash equivalents, except for those that are subject to other restrictions on exchange or use to settle a liability at least 12 months after the reporting period.

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 is expected to be settled within 12 months after the reporting period; or

4. Liabilities without the right to unconditionally defer the settlement period to at least 12 months after the reporting period. The terms of a liability that may, at the option of the counterparty, result in its settlement by issue of equity instruments does not affect its classification.

(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 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 profit or loss. 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.

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 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

(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 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.

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:

(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.

(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 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

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 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 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, the management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

The management will continue to review the estimates and basic assumptions. 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:

(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

	2023.12.31	2022.12.31
Petty cash	$ 320	320
Demand deposits	228,172	320,037
Check deposits	633,845	1,761,494
Time deposit	3,008,789	2,608,508
Cash equivalents	1,099,347	-
Cash and cash equivalents	$ 4,970,473	4,690,359

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

	2023.12.31	2022.12.31
Equity instruments measured at fair value through other comprehensive income:		
Domestic listed (OTC) company stock - Kindom Development Co., LTD.	$ 21,368	16,060

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. The Company designated the investment in equity instrument listed as being measured at fair value through other comprehensive income, and the dividend income recognized in 2023 and 2022 was NTD964 thousand and NTD1,375 thousand respectively.

3. The Company did not dispose of strategic investment in 2023 and 2022, and did not transfer any accumulated gain or loss in equity during the period.
4. On December 31, 2023 and 2022, the Company's financial assets were not provided as collateral.
5. For credit risk and market risk information, please refer to Note 6(18).

(III) Notes and accounts receivable

	2023.12.31	2022.12.31
Accounts receivable	$ 948,123	1,901,456
Less: Loss allowance	(7,551)	(7,551)
	$ 940,572	1,893,905

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:

	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
	$ 948,123		7,551

	2022.12.31		
	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	$ 1,893,905	-	-
Overdue for more than 90 days	7,551	100%	7,551
	$ 1,901,456		7,551

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

	2023	2022
Opening balance (i.e. ending balance)	$ 7,551	7,551

On December 31, 2023 and 2022, the Company's receivables were not provided as collaterals.

(IV) Investment under equity method

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

	2023.12.31	2022.12.31
Subsidiary	$ 812,402	663,263

1. Subsidiaries

   Please refer to the 2023 consolidated financial statements.

2. Guarantee

   As of December 31, 2023 and 2022, the Company's investments under the equity method had not been 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 2023 and 2022 are as follows:

	Land	Buildings	Other equipment	Total
Cost or recognized cost:				
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	$ 106,400	25,333	101,152	232,885
Balance as of January 1, 2022	$ 53,200	34,011	63,033	150,244
Addition	-	-	21,109	21,109
Disposal	-	(21,345)	(4,044)	(25,389)
Reclassification	53,200	12,667	(811)	65,056
Balance as of December 31, 2022	$ 106,400	25,333	79,287	211,020
Depreciation and impairment loss:				
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	$ 7,000	19,313	57,311	83,624
Balance as of January 1, 2022	$ -	34,011	23,299	57,310
Depreciation in the current year	-	235	15,097	15,332
Disposal	-	(21,345)	(4,044)	(25,389)
Reclassification	7,000	6,177	(365)	12,812
Balance as of December 31, 2022	$ 7,000	19,078	33,987	60,065
Book value:				
December 31, 2023	$ 99,400	6,020	43,841	149,261
January 1, 2022	$ 53,200	-	39,734	92,934
December 31, 2022	$ 99,400	6,255	45,300	150,955

Guarantee

Please refer to Note 8 for the details of the financing guarantee provided on December 31, 2023 and 2022.

(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:

		Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:					
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
Balance as of January 1, 2022	$	-	-	4,925	4,925
Addition		2,302	3,603	5,652	11,557
Balance as of December 31, 2022	$	2,302	3,603	10,577	16,482
Depreciation and impairment loss of right-of-use assets:					
Balance as of January 1, 2023	$	-	-	3,802	3,802
Current depreciation		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
Balance as of January 1, 2022	$	-	-	2,161	2,161
Current depreciation		-	-	1,641	1,641
Balance as of December 31, 2022	$	-	-	3,802	3,802
Book value:					
December 31, 2023	$	10,986	3,777	6,857	21,620
January 1, 2022	$	-	-	2,764	2,764
December 31, 2022	$	2,302	3,603	6,775	12,680

(VII) Investment property

The details of changes in the cost, depreciation and impairment loss of the Company's investment property as of 2023 and 2022 are as follows:

	Land and buildings
Cost or recognized cost:	

Balance as of January 1, 2023	$	61,682
Balance as of December 31, 2023	**$**	**61,682**
Balance as of January 1, 2022	$	127,549
Transferred to property, plant and equipment		(65,867)
Balance as of December 31, 2022	**$**	**61,682**

		Land and buildings
Depreciation and impairment loss:		
Balance as of January 1, 2023	$	12,993
Depreciation in the current year		232
Balance as of December 31, 2023	$	13,225
Balance as of January 1, 2022	$	25,938
Depreciation in the current year		232
Transferred to property, plant and equipment		(13,177)
Balance as of December 31, 2022	$	12,993
Carrying amount:		
December 31, 2023	$	48,457
January 1, 2022	$	101,611
December 31, 2022	$	48,689
Fair value:		
December 31, 2023	$	91,018
December 31, 2022	$	91,018

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 rate of return adopted in 2023 and 2022 is both 1.765%.

Please refer to Note 8 for the Company's investment property provided as collateral for financing as of December 31, 2023 and 2022.

(VIII) Short-term loans

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

		2023.12.31	2022.12.31
Unsecured bank borrowings	$	100,000	485,000
Unused credit limit	$	4,695,523	6,899,010

		Land and buildings
Interest rate range	**1.70%**	**1.57~1.98%**

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

		Warranty
Balance as of January 1, 2023	$	178,726
Liability reserve increased in the current period		17,902
Liability reserve used in the current period		(19,468)
Balance as of December 31, 2023	$	177,160
Balance as of January 1, 2022	$	180,633
Liability reserve increased in the current period		19,914
Liability reserve used in the current period		(21,821)
Balance as of December 31, 2022	$	178,726

The Company's warranty provision in 2023 and 2022 is mainly related to the contracting of projects. The warranty provision is estimated based on the historical warranty data of various projects. The 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:

		2023.12.31	2022.12.31
Total undiscounted lease payments (less than one year)	$	3,360	3,360

The rent income generated from the investment property was NTD 3,360 thousand and NTD 3,349 thousand in 2023 and 2022, respectively; 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:

		2023.12.31	2022.12.31
Present value of defined benefit obligation	$	13,582	16,887
Fair value of plan assets		(20,529)	(22,707)
Net defined benefit obligation assets	$	(6,947)	(5,820)

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 20,529 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.

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

Changes in the present value of the Company's defined benefit obligations as of 2023 and 2022 are as follows:

	2023	2022
Defined benefit obligation as of January 1	$ 16,887	21,585
Current service cost and interest	211	119
Remeasurement of net defined benefit liabilities (assets)		
- Actuarial gains and losses due to changes in financial assumptions	-	(1,184)
- Experience adjustment	(403)	(53)
Benefits paid by the plan	(3,113)	(3,580)
Defined benefit obligation as of December 31	$ 13,582	16,887

(3) Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets in 2023 and 2022 are as follows:

	2023	2022
Fair value of the plan assets on January 1	$ 22,707	24,023
Interest revenue	287	134
Remeasurement of net defined benefit liabilities (assets)		
- Return on plan assets (excluding interest for the current period)	189	1,599
Amount appropriated to the plan	459	531
Benefits paid by the plan	(3,113)	(3,580)
Fair value of the plan assets on December 31	$ 20,529	22,707

(4) The Company had no ceiling effect on the defined benefit plan assets in 2023 and 2022.

(5) Expenses recognized in profit or loss

The Company's expenses recognized in profit or loss in 2023 and 2022 are as follows:

	2023	2022
Net interest of net defined benefit liabilities (assets)	$ (76)	(15)

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

	2023	2022
Operating cost	$ (76)	(15)

(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, 2023 and 2022 is as follows:

		2023	2022
Accumulated balance on January 1	$	5,164	2,328
Recognized in current period		592	2,836
Accumulated balance on December 31	$	5,756	5,164

(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:

	2023.12.31	2022.12.31
Discount rate	1.25%	1.25%
Future salary increase	2.00%	2.00%

The Company expects to have an amount of NTD459 thousand appropriated for the payment of the defined benefit plan within one year after the 2023 reporting date.

The weighted average duration of the defined benefit plan is 10.6 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2023 and 2022 and the impact on the present value of defined benefit obligations is as follows:

		Effect on defined benefit obligations	
		Increase	Decrease
December 31, 2023			
Discount rate (changed by 0.25%)	$	(321)	331
Future salary increase (1% change)		1,378	(1,237)
December 31, 2022			
Discount rate (changed by 0.25%)		(397)	411
Future salary increase (1% change)		1,713	(1,533)

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. Defined 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 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 NTD25,299 thousand and NTD23,736 thousand in 2023 and 2022, respectively; also, the amount 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:

	2023.12.31	2022.12.31
Short-term paid leave of absence	$ 12,330	11,304

(XII) Income tax

1. The details of the Company's income tax expenses for 2023 and 2022 are as follows:

	2023	2022
Current income tax expense		
Occurred in the current period	$ 242,135	255,380
Adjustment of the current income tax of the previous period	(216)	(245)
Imposition on undistributed earnings	20,248	12,810
	262,167	267,945
Deferred income tax expense		
Occurrence and reversal of temporary difference	66	6,277
Income tax expense	$ 262,233	274,222

2. The relationship between the Company's income tax expenses and net income before tax for 2023 and 2022 is adjusted as follows:

	2023	2022
Net income before tax	$ 1,252,578	1,322,155
Income tax calculated in accordance with the domestic tax rate in the place where the Company is located	$ 250,515	264,431
Adjustment of the current income tax of the previous period	(216)	(245)
Imposition on undistributed earnings	20,248	12,810
Investment gains under equity method	(8,399)	(2,741)
Tax-exempted income	(193)	(275)
Non-deductible expenses	385	139
Other	(107)	103
Total	$ 262,233	274,222

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:

	2023.12.31	2022.12.31
Deductible temporary difference	$ 798	798

(2) Recognized deferred income tax assets

2023 and 2022 movements in deferred income tax assets are as follows:

	Provision for liabilities	Employee bonus for unused vacation	Impairment loss	Other	Total
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**
January 1, 2022	$ 36,127	2,743	3,639	3,485	45,994
Recognized in the income statement	(382)	(482)	(3,639)	(1,774)	(6,277)
December 31, 2022	**$ 35,745**	**2,261**	**-**	**1,711**	**39,717**

4. The income tax returns of the Company's profit-seeking business have been audited by the tax authorities up to 2021.

(XIII) Capital and other equity

On December 31, 2023 and 2022, the Company's authorized capital was NTD1,800,000 thousand and NTD1,200,000 thousand, respectively, with a face value of NTD10 per share and 180,000 thousand shares and 120,000 thousand shares, respectively. The above-mentioned authorized capital stock is of common stock, and the issued shares are 120,722 thousand and 116,639 thousand, respectively. All payments on the issued shares have been collected.

1. Issuance of common shares

On June 2, 2023 and June 15, 2022 respectively, the Company's general shareholders' meetings resolved to increase capital by earnings, amounting to NTD 40,824 thousand and NTD 106,035 thousand, at NTD 10 per share, respectively. There shares were 4,082 thousand and 10,604 thousand shares, respectively. The aforementioned capital increase was approved by the Financial Supervisory Commission, Executive Yuan on July 3, 2023 and July 5, 2022, respectively. The ex-rights base date is August 2, 2023 and August 7, 2022, and the relevant statutory registration procedures have been completed.

2. Capital reserve

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

	2023.12.31	2022.12.31
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	2,568	2,568
Overtime but unclaimed dividends	754	660
Others	1,437	1,437
	$ 518,634	518,540

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

On June 2, 2023 and June 15, 2022, the Company's shareholders' meetings resolved the 2022 and 2021 proposals for distribution of dividends to the shareholders with the following dividends as follows:

	2022		2021	
	Stock dividend rate (NTD)	**Amount**	**Stock dividend rate (NTD)**	**Amount**
Dividends distributed to common stock shareholders:				

Cash	$	4.15	484,053	2.6	275,693
Stocks		0.35	40,824	1.00	106,035
Total			**$ 524,877**		**381,728**

The Company's board of directors on March 12, 2024 resolved the amount of cash dividends for the 2023 earnings appropriation proposal and proposed the amount of stock dividends for the 2023 earnings appropriation. The amount of dividends distributed to the shareholders is as follows:

	2023	
	Stock dividend rate (NTD)	**Amount**
Dividends distributed to common stock shareholders		
Cash	$ 4.00	482,886
Stocks	0.20	24,144
Total		$ 507,030

4. Other equity (net amount after tax)

	Unrealized gains or losses on financial assets at fair value through other comprehensive income
Balance as of January 1, 2023	$ 129,294
Unrealized gains or losses on financial assets at fair value through other comprehensive income	112,450
Balance as of December 31, 2023	$ 241,744
Balance as of January 1, 2022	$ 229,197
Unrealized gains or losses on financial assets at fair value through other comprehensive income	(99,903)
Balance as of December 31, 2022	$ 129,294

(XIV) Earnings per share

Calculations of the Company's 2023 and 2022 basic earnings per share and diluted earnings per share are as follows:

	2023	**2022**
Basic earnings per share		
Net profit attributable to the Company's common stock shareholders	$ 990,345	1,047,933
Weighted average outstanding common stock	120,722	120,722
	$ 8.20	8.68
Diluted earnings per share		

Net profit attributable to the Company's common stock shareholders	$ 990,345	1,047,933
Weighted average outstanding common stock	120,722	120,722
Effect of potentially dilutive ordinary shares		
Effect of employee stock compensation	1,339	1,728
Weighted average outstanding common stock (After adjusting the dilutive potential ordinary shares)	122,061	122,450
	$ 8.11	8.56

(XV) Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Timing of revenue recognition:			
Construction transferred over time	$	14,216,279	14,172,015
Services gradually transferred over time		3,360	3,349
	$	14,219,639	14,175,364

2. Contract balance

		2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related party)	$	1,647,345	2,471,577	1,823,072
Less: Loss allowance		(7,551)	(7,551)	(7,551)
Total	$	1,639,794	2,464,026	1,815,521
Contract assets- construction project	$	3,362,547	1,841,624	2,139,978
Less: Loss allowance		-	-	-
Total	$	3,362,547	1,841,624	2,139,978
Contract liabilities- construction project	$	2,144,052	1,543,225	444,657

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 2023 and 2022.

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

(XVII) Non-operating income and expenses

1. Interest revenue

The Company's interest income as of 2023 and 2022 is as follows:

		2023	2022
Bank deposits	$	37,877	18,625
Short-term bill interest income		10,891	2,968
Other interest income		1	42
	$	48,769	21,635

2. Other income

The Company's other income as of 2023 and 2022 is as follows:

		2023	2022
Dividend income	$	964	1,375
Rental income		12	12
Other income		35	9,968
	$	1,011	11,355

3. Other gains and losses

The Company's other gains and losses as of 2023 and 2022 are as follows:

		2023	2022
Foreign exchange loss	$	(6)	(265)

4. Financial costs

The Company's financial costs for 2023 and 2022 are as follows:

		2023	2022
Interest expense			
Bank borrowings	$	4,235	4,119
Other		60	33
	$	4,295	4,152

(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 2023 and 2022 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 December 31, 2023 and 2022, 96% and 99% were composed of 5 and 4 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

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, 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	-	-
December 31, 2022						
Non-derivative financial liabilities						
Unsecured bank borrowings	$ 485,000	490,935	490,935	-	-	-

Payable notes	336,499	336,499	336,499	-	-	-
Accounts payable	4,343,075	4,340,075	2,449,916	1,890,159	-	-
Other payables	372,504	372,504	372,504	-	-	-
Other current liabilities (lease liabilities)	6,475	6,598	6,598	-	-	-
Other non-current liabilities (lease liabilities)	6,215	6,436	-	6,141	295	-
	$ 5,549,768	**5,553,047**	**3,656,452**	**1,896,300**	**295**	**-**

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 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:

Securities price on the reporting date	2023 Other comprehensive income after tax	2022 Other comprehensive income after tax
Up 10%	$ 2,137	1,606
Down 10%	$ (2,137)	(1,606)

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:

	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**	**-**	**-**	**-**	**-**

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income					
Financing assets	$ 16,060	16,060	-	-	16,060
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 4,690,359	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,464,026	-	-	-	-
Other financial assets- Liquidity	1,589,682	-	-	-	-
Other financial assets- Non-current	16,534	-	-	-	-
Subtotal	8,760,601	-	-	-	-
Total	**$ 8,776,661**	**16,060**	**-**	**-**	**16,060**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 485,000	-	-	-	-
Notes payable and accounts payable	4,676,574	-	-	-	-
Other payables	372,504	-	-	-	-
Other current liabilities (lease assets)	6,475	-	-	-	-
Other non-current liabilities (lease assets)	6,215	-	-	-	-
Total	**$ 5,546,768**	**-**	**-**	**-**	**-**

(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 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 2023 and 2022.

(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 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

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 and guarantees provided by the Company as of December 31, 2023 and 2022 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, 2023 and 2022 totaled NTD 4,845,523 thousand and NTD 7,099,010 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 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 2023 is consistent with that in 2022, in order to ensure the financing at reasonable cost. The debt capital ratios as of December 31, 2023 and 2022 are as follows:

	2023.12.31	**2022.12.31**
Total liabilities	$ 7,702,270	7,542,278
Less: Cash and cash equivalent	(4,970,473)	(4,690,359)
Net liabilities	2,731,797	2,851,919
Total equity	4,805,673	4,186,245
Adjusted capital	**$ 7,537,470**	**7,038,164**
Debt capital ratio	**36%**	**41%**

7. Transactions with related parties

(I) Parent company and ultimate controller

KINDOM DEVELOPMENT CO., LTD. is the parent company and the ultimate controller of the group to which the 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
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:

		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	$ 13,392,121	5,816,099	2,698,401	2,933,818

		2022			
	Nature	Total contracting price	Estimated amount	Amount denominated in the current period	Revenue recognized in current period
Parent company- Kindom Development Corp.	Construction contracting	$ 13,491,658	4,286,047	1,886,595	1,822,037

(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 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:

	2023			2022		
	Total contract price	Priced amount	Amount denominated in the current period	Total contract price	Priced amount	Amount denominated in the current period
Subsidiary	$ 1,995,250	382,671	262,637	2,169,637	305,908	124,924

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		2023.12.31	2022.12.31
Notes and accounts receivable	Parent company- Kindom Development Corp.	$	699,222	570,121
Contract assets	Parent company- Kindom Development Corp.		457,397	172,049
Contract assets (retained receivables)	Parent company- Kindom Development Corp.		136,295	44,503
		$	**1,292,914**	**786,673**

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		2023.12.31	2022.12.31
Accounts payable	Subsidiary	$	24,818	60,678
Other payables	Parent company		111	111
Other payables	Affiliated enterprise		-	150
Contract liabilities	Parent company		84,711	-
		$	**109,640**	**60,939**

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, 2023 and 2022, for an amount of NTD 14,192 thousand.

6. Leases

The Company leased an office building to its parent company, Kindom Development Corp., in 2023 and 2022, 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 2023 and 2022.

In addition, the Company and the parent company, Kindom Development Corp. rented office buildings in 2023 and 2022 for a total contract value of NTD 575 thousand per month in both years. The rent expense for 2023 and 2022 is both NTD 6,571 thousand.

7. Others

(1) The Company donated NTD 8,000 thousand and NTD 9,000 thousand to the Yushan Educational Foundation in 2023 and 2022, respectively, for the purpose of promoting affairs of the foundation.

(2) The Company entered into a professional service contract with a subsidiary in 2023 and 2022, to provide engineering research, advice, and teaching services. The total contract price was NTD 1,516 thousand and NTD 977 thousand, respectively. Payment has been made in full amount as of December 31, 2023.

(3) The Company signed a consulting service contract with its parent company, Kindom Development Corp. in 2023, whereby the parent company would provide consulting and suggestion services on procurement, information, administrative management, legal affairs, accounting, and treasury for a total contract price of NTD 3,000 thousand, which were paid in full as of December 31, 2023.

(4) 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.

(IV) Transactions by key management personnel

Remuneration to key management personnel includes:

	2023	2022
Short-term employee benefits	$ 103,477	72,880
Post-employment benefits	223	217
	$ 103,700	73,097

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	2023.12.31	2022.12.31
Other financial assets - current	Guarantee of loan limit, construction deposits and restricted assets	$ 1,159,843	1,543,062
Property, plant and equipment, net	Guarantee of loan limit	99,400	99,400
Investment property, net	Guarantee of loan limit	48,457	48,689
		$ 1,307,700	1,691,151

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

1. On December 31, 2023 and 2022, the Company undertook medium and major projects for an aggregate amount of NTD 51,701,505 thousand and NTD 54,139,748 thousand, respectively, and received payments of NTD 22,874,645 thousand and NTD 17,357,651 thousand in accordance with the agreements.
2. On December 31, 2023 and 2022, the guarantee notes issued by the Company for construction projects were both NTD 57,992 thousand.
3. On December 31, 2023 and 2022, the bank guarantees issued by the Company for project warranty, contract performance guarantee and prepayment guarantee are NTD 3,339,852 thousand and NTD 4,279,154 thousand respectively .
4. As of December 31, 2023, the letter of credit issued but not used by the Company amounted to US$1,008 thousand.
5. As approved by the Board of Directors on December 29, 2023 and 2022 and December 23, 2022, the Company commits to donate to Kindom Yu Shan Educational Foundation for $6,000 thousand and $8,000 thousand for the promotion of the Foundation's affairs.

X. Losses from major disasters: None.

XI. Material events after the period: None.

XII. Others

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

By function / By nature	2023			2022		
	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expenses	$ 595,033	169,159	764,192	571,308	157,911	729,219
Labor and national health insurance expenses	49,574	16,778	66,352	42,216	14,364	56,580
Pension expense	19,193	6,030	25,223	18,027	5,694	23,721
Remuneration to directors	-	30,888	30,888	-	31,943	31,943
Other employee benefit expenses	15,714	17,049	32,763	14,439	15,294	29,733
Depreciation expense	18,749	18,156	36,905	4,775	12,431	17,206
Depletion expense	-	-	-	-	-	-
Amortization expense	382	-	382	-	-	-

(II) Additional information on the number of employees and employee benefit expenses in 2023 and 2022 is as follows:

	2023	2022
Number of employees	937	783
Number of Directors who are not also employees	6	6
Average employee benefit expense	$ 954	1,080
Average employee salaries and wages	$ 821	939
Average employee salary expense adjustment (Note)	(12.57)%	
Remuneration to supervisors	$ -	-

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 2023 and 2022, of the salaries and wages of the Company, the basic salary adjustments for the full-time non-managerial employees' salaries were

6.30% and 3.20%, respectively. 30%. For the two years, the number of labors account for 35% and 30% 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 4.75%.

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.
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 2023 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		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	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	Endorsements and guarantees in Mainland China
		Company name	Relationship (Note 1)										

									financial statement			company	
0	Kedge Construction	Kindom Development Corp.	Parent and Subsidiary	$ 9,611,345	14,192	14,192	14,192	-	0.30%	9,611,345	-	Y	-
1	Dingtian Construction	Kindom Development Corp.	Parent and Subsidiary	55,274	14,192	14,192	14,192	-	25.68%	55,274	-	Y	-
1	〃	Kedge Construction	〃	8,291,142	1,376,500	1,376,500	1,376,500	-	2,490.32%	16,582,284	-	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 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	$ 21,368	0.10 %	21,368	
Jiechun Investment Co., Ltd.	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	592	38,338	- %	38,338	
〃	Stock - Sinopac Holdings	-	〃	229	4,511	- %	4,511	
〃	Stock - Kindom Development Corp.	Jiechun Investment Co., Ltd. is the sub-subsidiary of the company	Financial assets measured at fair value through other comprehensive income - non-current	9,373	364,144	1.69 %	364,144	
〃	Stock - Fubon Financial Preferred Shares C (FBFHCPSC)	-	〃	11	602	- %	602	
〃	Stock - TAIWAN CALCOM INTERNATIONAL COMPUTER GRAPHIC CO., LTD.	-	〃	405	-	0.78 %	-	
Kuan Ching Electromechanical	Stock - Kindom Development Corp.	Kuan Ching Electromechanical Co., Ltd. is a sub-subsidiary of the company	〃	1,768	68,675	0.32 %	68,675	
〃	Stock - Fubon Financial Preferred Shares C (FBFHCPSC)	-	〃	10	534	- %	534	
〃	Stock - Global Views Commonwealth Publishing Group	-	〃	177	6,428	0.59 %	6,428	
〃	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	525	34,051	- %	34,051	

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.

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	$ (2,698,401)	(18.62)%	The monthly payment collection according to the contract is generally slightly longer.	Equivalent	Slightly longer than general	835,517	22.92%	

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	$ 835,517	4.05	-	-	160,386	-

9. Engagement in derivative transactions: None.

(II) Information on reinvestment businesses

Information on the Company's reinvestments in 2023 is as follows:

Unit: NTD Thousand/Thousand shares

Name of Investment Company	Name of investee	Location of the Company	Main business items	Initial investment amount		Held at end of period			Investee profit or loss for the period	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
Kedge Construction	Jiechun Investment Co., Ltd.	Taiwan	General investment	$ 163,935	163,935	16,396	99.98%	552,185	27,032	27,026	Subsidiary
Kedge Construction	Kuan Ching Electromechanical	Taiwan	Electrical Appliance Installation and Fire Safety Equipment Installation Engineering	81,326	81,326	7,747	99.96%	260,217	14,977	14,971	〃
Jiechun Investment Co., Ltd.	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	16,500	16,500	-	30.00%	16,582	7,494	2,248	Sub-subsidiary
Kuan Ching Electromechanical	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	11,105	11,105	-	70.00%	38,692	7,494	5,246	〃
Dingtian Construction	READYCOM INFORMATION SERVICES CO., LTD.	Taiwan	IT software service and management consulting	15,000	15,000	1,400	46.67%	16,131	3,726	1,739	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

Shares of Stock Name of major shareholder	Number of shares held	Shareholding ratio
Kindom Development Co., LTD.	41,268,083	34.18%
Yu-De Investment Co., Ltd.	10,002,332	8.28%

XIV. Segment information

Please refer to the 2023 consolidated financial statements.

KEDGE CONSTRUCTION CO., LTD.

Statement of Cash and Cash Equivalents

December 31, 2023 **Unit: NTD thousand**

Item	Summary	Amount
Cash and petty cash		$ 320
Bank deposits	Demand deposits	228,172
	Check deposits	633,845
	Time deposit	3,008,789
Cash equivalents		1,099,347
		$ 4,970,473

Statement of Accounts Receivable

Customer name	Summary	Amount	Remarks
Company A	Construction payment	$ 761,035	
Company B	〃	48,000	
Other	〃	139,088	The balance of each household does not reach 5% of the amount in this account.
Less: Loss allowance		(7,551)	
		$ 940,572	
Related party			
Investment in the Company under the equity method (parent company)	Construction payment	$ 699,222	

KEDGE CONSTRUCTION CO., LTD.

Statement of Contract Assets/Liabilities

December 31, 2023

Unit: NTD thousand

Project	Nature	Contract assets	Contract liabilities
071P	Collections on construction works	$ -	84,711
081F	Construction receipts in advance and construction retention	133,264	114,117
091A	Estimated construction payment and construction retention	538,845	-
091D	Estimated construction payment and construction retention	119,084	-
091E	Estimated construction payment and construction retention	284,686	-
101B	Construction receipts in advance and construction retention	26,831	115,442
101F	Estimated construction payment and construction retention	225,129	-
101G	Construction receipts in advance and construction retention	19,541	1,084,056
101I	Construction receipts in advance and construction retention	624,034	622,651
111A	Estimated construction payment and construction retention	182,944	-
111B	Estimated construction payment and construction retention	77,769	-
111C	Estimated construction payment and construction retention	115,497	-
111E	Estimated construction payment and construction retention	48,230	-
121A	Estimated construction payment and construction retention	37,801	-
121C	Estimated construction payment and construction retention	53,809	-
121D	Estimated construction payment and construction retention	66,282	-
121E	Estimated construction payment and construction retention	2,925	-
121F	Collections on construction works	-	123,075
121G	Estimated construction payment and construction retention	111,384	-
Other	Estimated construction payment and	4,427	-

	construction retention		
Case closed	Construction retention	690,065	-
		$ 3,362,547	**2,144,052**

KEDGE CONSTRUCTION CO., LTD.

Statement of Changes in Investment Using Equity Method

January 1, 2023 to December 31, 2023

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 prosvided	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	$ 434,730	-	117,455	-	-	16,396	99.98%	552,185	-	552,308	-	
Kuan Ching Electromechanical	7,747	228,533	-	31,684	-	-	7,747	99.96%	260,217	-	260,317	-	
		$ 663,263		149,139		-			812,402		812,625		

Note: The increase in current period is the sum of the share of profit of the subsidiaries recognized using the equity method of NTD 41,997 thousand and the unrealized valuation gain of equity instrument investment measured at fair value through other comprehensive income of NTD 107,142 thousand.

KEDGE CONSTRUCTION CO., LTD.

Statement of Other Financial Assets - Current

December 31, 2023

Unit: NTD thousand

Item	Summary	Amount
Restricted assets		$ 1,159,843
Construction deposits paid		17,885
Other receivables		4,907
Other		3,223
		$ 1,185,858

Statement of Notes Payable

Item	Summary	Amount	Remarks
Company A	Construction payment	$ 33,285	
Company B	〃	24,340	
Company C	〃	18,612	
Company D	〃	15,491	
Other	〃	163,095	The balance of each household does not reach 5% of the amount in this account.
		$ 254,823	

Statement of Accounts Payable

Vendor Name	Summary	Amount	Remarks

Other	Construction payment and retention	**$ 4,387,808**	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, 2023 to December 31, 2023

Unit: NTD thousand

Item	Summary	Amount
Construction contract revenue	071P	$ 792,117
	071S	281,857
	091D	413,248
	111A	470,026
	111B	486,585
	111C	281,671
	111E	145,540
	121A	62,774
	081B、081C	1,269,800
	081F	800,888
	091A	1,551,665
	091E	1,088,588
	101B	543,714
	101C	336,683
	101D	230,778
	101F	587,623
	101G	464,806
	101I	3,319,889
	101J	470,743
	111D	367,674
	121C	53,809
	121D	77,960
	121E	2,925
	121F	28,420
	121G	111,384
	Other	(24,888)
	Subtotal	14,216,279
Rent income from investment property		3,360
		$ 14,219,639

KEDGE CONSTRUCTION CO., LTD.

Statement of Operating Cost

January 1, 2023 to December 31, 2023

Unit: NTD thousand

Item	Summary	Amount
Construction contract cost	071P	$ 776,108
	071S	267,147
	091D	394,116
	111A	448,266
	111B	464,058
	111C	268,631
	111E	138,799
	121A	62,774
	081B、081C	1,184,575
	081F	662,186
	091A	1,373,993
	091E	973,403
	101B	506,420
	101C	294,099
	101D	181,653
	101F	555,296
	101G	439,201
	101I	3,011,471
	101J	414,397
	111D	164,004
	121C	49,072
	121D	72,144
	121E	2,715
	121F	26,243
	121G	97,416
	Other	(100,355)
	Subtotal	12,727,832
Cost of lease of investment property		232
		$ 12,728,064

KEDGE CONSTRUCTION CO., LTD.

Statement of administrative expenses

January 1, 2023 to December 31, 2023

Unit: NTD thousand

Item	Summary	Amount	Remarks
Wages and salaries		$ 200,047	
Insurance premium		17,082	
Donation		8,220	
Employee benefits		9,033	
Labor service expense		8,495	
Miscellaneous purchases		9,222	
Other expenses		74,374	
		$ 326,473	

VI. If the company or its affiliates have experienced financial difficulties in the most recent year or up to the date of publication of the annual report, explain how said difficulties will affect the company's financial situation:

None.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial position:

Comparative Analysis of Consolidated Financial Position

Unit: NTD Thousand; %

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	11,819,601	11,146,094	673,507	6.04
Property, plant and equipment	158,824	160,593	(1,769)	(1.10)
Other assets	606,470	492,005	114,465	23.27
Total assets	12,584,895	11,798,692	786,203	6.66
Current liabilities	7,586,014	7,416,157	169,857	2.29
Non-current liabilities	192,984	196,104	(3,120)	(1.59)
Total liabilities	7,778,998	7,612,261	166,737	2.19
Equity attributable to owners of the parent company	4,805,673	4,186,245	619,428	14.80
Share capital	1,207,216	1,166,392	40,824	3.50
Capital reserve	518,634	518,540	94	0.02
Retained earnings	2,838,079	2,372,019	466,060	19.65
Other equity	241,744	129,294	112,450	86.97
Non-controlling interests	224	186	38	20.43
Total equity	4,805,897	4,186,431	619,466	14.80

Reasons for changes of more than 20%:

1. Increase in other assets and other equities: mainly due to the increase in the market price of financial assets measured at fair value through other comprehensive income in 2023, resulting in the recognition of unrealized gains.
2. Increase of retained earnings: Due to the overall profit growth in 2023 and the increase of net income after tax.

II. Financial performance:

(I) The main reasons for the material changes in operating revenues, net operating profits and net profits before tax in the most recent two years:

Unit: NTD Thousand; %

Item \ Year	2023	2022	Increase (decrease) amount	Percentage of change (%)
Operating revenue	14,292,411	14,204,563	87,847	0.62
Operating cost	12,785,961	12,604,056	181,905	1.44
Gross operating profit	1,506,450	1,600,507	(94,057)	(5.88)
Operating expenses	336,504	318,435	18,069	5.67
Net operating profit	1,169,946	1,282,072	(112,126)	(8.75)
Non-operating income and expenses	84,935	43,699	41,236	94.36
Net income before tax from continuing operations	1,254,881	1,325,771	(70,890)	(5.35)
Less: Income tax expense	264,524	277,835	(13,311)	(4.79)
Net income for the period	990,357	1,047,936	(57,579)	(5.49)
Other comprehensive income (net amount after tax)	113,068	(97,090)	210,158	216.46
Total comprehensive income for the period	1,103,425	950,846	152,579	16.05

Reasons for changes of more than 20%:

1. The increase in non-operating income and expenses is mainly due to the increase in interest income received from financial products undertaken in the current period.
2. Reduced other comprehensive income (after tax): mainly due to an increase in the market value of financial assets measured at fair value through other comprehensive income in 2023, resulting in an increase in recognized unrealized gains.

(II) Expected sales volume and basis, possible impact on the Company's future finance and business, and response plan: Not applicable.

III. Cash flow:

(I) Liquidity analysis for the most recent two years:

Item \ Year	2023	2022	Increase (decrease) ratio %
Cash flow ratio (%)	16.02	12.53	27.85
Cash flow adequacy ratio (%)	153.60	239.56	(35.88)
Cash reinvestment ratio (%)	14.39	14.71	(2.18)
Reasons for changes in the percentage of significant increase or decrease: Mainly due to the increase in net cash flow from operating activities in the last 5 years.			

(II) Analysis of changes in cash flow in the most recent year (2022):

Unit: NTD thousand

Cash balance at the beginning of period (1)	Net cash flow from operating activities for the year (2)	Net cash flow from investing and financing activities for the year (3)	Closing cash balance (Insufficient) Amount (1)+(2)+(3)	Remedies for Cash Shortage	
				Investment plan	Wealth management plan
4,947,697	1,215,477	(900,786)	5,262,388	-	-

1. Analysis of changes in cash flow for the year:
   (1) Operating activities: Cash inflow of NTD 1,215,477 thousand for the period, mainly due to the advance payment of construction works, denominated by the landlords, as agreed upon for new contracts.
   (2) Investing and financing activities: Cash outflow of NTD 900,786 thousand in the current period mainly due to cash dividend distribution and repayment of short-term loan.
2. Improvement plan for liquidity deficiency: None.

(III) Cash flow analysis for the coming year:

Unit: NTD thousand

Cash balance at the beginning of period (1)	Expected net cash flow from operating activities for the year (2)	Projected cash outflow for the year (3)	Projected cash surplus (Insufficient) Amount (1)+(2)+(3)	Projected cash shortage remedial measures	
				Investment plan	Wealth management plan
5,262,388	360,475	(282,886)	5,339,977	-	-

1. Analysis of cash flow changes in the coming year:
   (1) Operating activities: In 2024, mainly considered the impact of pricing and collection of new contracts and projects under construction from owners, the recovery of closed accounts, and the investment in new contracts and projects under construction.
   (2) Cash outflow for the year: Mainly takes into account the impact of investing activities and financing activities, including the distribution of cash dividends and borrowings

(repayments).

2. Expected improvement plan for insufficient liquidity: None.

IV. Impacts of major capital expenditures in the most recent year on financial operations:

(一)Utilization of material capital expenditures and sources of funds: None.

(二)Expected benefits: None.

V. The policy on investment in the most recent year, the main reason for profit or loss, improvement plans, and investment in the year ahead Plan:

At present, the Company's investment strategy is mainly to meet the needs for business expansion. In which, the market value of the financial assets held by Kuan Ching Electromechanical Co., Ltd. in 2023 recognized unrealized gains leading to the increase in overall profits and is recognized as investment gains amounting to NTD 14,971 thousand according to shareholding proportion. Moreover, the increase in market price of the financial assets held by Jiequn Investment Co., Ltd. in 2023 was recognized as unrealized gain, resulting in an increase in profits. Therefore, the Company recognized investment gains of NTD 27,026 thousand in accordance with its shareholding proportion. The Company has no major investment plan in the coming year.

VI. Risk matters, analysis and assessment in the most recent year and up to the publication date of this annual report:

(I) Impacts of interest rate and exchange rate changes and inflation on the Company's profit and loss and future countermeasures:

1. Changes in interest rates: Impact on profit and loss and future countermeasures

   The consolidated company's bank loan facility mainly comes from operating turnover, various guarantees required for contracted construction, and project financing. Under the influence of factors such as economic warming, higher inflation expectation, interest rate rise and other factors, the interest rate will continue to be high for a period of time, but the increase in the non-operating interest expense of the consolidated company is limited. The consolidated company's interest expense in 2023 was NTD 4,364 thousand . In the future, the consolidated company will pay close attention to the domestic and foreign economic and financial conditions, and retain a flexible and safe cash position, and will adopt the strategy of combining costs and benefits by adjusting the appropriate combination of fixed and floating interest rates in a timely manner, without causing significant interest rate changes resulting in having a significant impact on the profit or loss. In the future, the consolidated company will also continue to maintain good relationships with financial institutions, and in response to the sustainable development of ESG, the consolidated company will work with financial institutions to incorporate sustainable key performance indicators into linked credit conditions. If achieved, financial costs will be effectively reduced.

2. Changes in foreign exchange rates: Effect on profit or loss and future countermeasures

   The consolidated company's main business is domestic demand industries, the contracted projects are mainly domestic public construction and private construction projects, and the raw materials, including steel materials, are mainly obtained from the domestic market, and exchange rate fluctuations have no significant impact on the consolidated company.

3. Inflation: Effect on profit and loss and countermeasures in the future

The consolidated company's construction contracting and procurement of raw materials are mainly based on the domestic market. Among them, the price index subsidy can apply for public construction contracts. The private construction of technology plants has lesser impact due to the short construction period, and other construction projects with a construction period of more than 3 years are vulnerable to the impact of fluctuations in the cost of international bulk raw materials.

The consolidated company will increase the risk reserve at the stage of evaluating the contracting of construction projects, lock in a fixed contracting price, and carefully evaluate the contract terms with the landlords, in order to mitigate the impact of fluctuations in construction costs caused by inflation and ensure the stability of the Company's profits.

(II) The policy of engaging in high-risk and high-leverage investment, loaning of funds to others, endorsements and guarantees, and derivative commodity transactions, the main reasons for profit or loss, and future countermeasures:

The consolidated company is committed to the development of the Company's business and is not engaged in high-risk, high-leverage investments, lending of funds to others, and derivatives trading. Endorsements/guarantees are mainly for the contracting of construction business and are provided in accordance with the "Endorsement and Guarantee Procedures" and relevant regulations of the competent authority. The subjects are mainly affiliated enterprises and companies with business dealings. Their operating and financial conditions are normal, and their contract performance and solvency are intact, and loss has not been incurred due to endorsements/guarantees.

(III)Future R&D plans and expected R&D expenses to be invested:

1. Kedge Construction is a comprehensive construction company, and our R&D efforts are mainly focused on shortening the construction period, improving the construction techniques, reducing pollution, and improving efficiency. The construction methods and production technology improvements are developed by the Technological Research and Development Division on their own or with the introduction of technology from vendors. In recent years, on top of strengthening full computerization, the construction management system has also been introduced to improve management efficiency. At present, the system has been fully introduced for all construction sites. In 2024, it will continue to optimize and actively implement the following projects. The expected investment of manpower and resources is about NTD 10 million.

No.	Research plans in recent years
1	ERP System Innovation Plan
2	Introduction of Occupational Health and Safety Intelligent Management System
3	Construction occupational safety monitoring system
4	Research and development of BIM auxiliary project quantity output
5	Output of construction drawings from BIM software
6	Introduction of civil engineering CIM (Civil 3D / Infraworks)
7	Research and introduction of BIM maintenance and operation platform
8	Research on BIM, game engine, and MR glasses

No.	Research plans in recent years
9	Research and development of BIM combined with greenhouse gas inventory
10	Research and implementation of circular economy
11	Research on building automation

(IV)Impacts of changes in important domestic and foreign policies and laws on the Company's financial operations and countermeasures:

The consolidated company usually keeps a high degree of attention to the domestic and foreign political and economic developments and legal changes, and conducts regular reviews to ensure compliance with relevant government laws and regulations, and adheres to the principle of steady operation to maintain sustainable development. Changes in important domestic and foreign policies and laws in recent years did not have a significant impact on the consolidated company's financial operations.

(V) Impacts of technological and industrial changes on the Company's financial operations, and countermeasures:

Responding to the changes in technology and industry, the consolidated company keeps abreast of market changes, actively obtains industry information through various methods, and selects the best ones according to their suitability to improve the competitiveness of the Company's engineering project management, thereby achieving the development of potential business and improving the service ability to proprietors. At present, the consolidated company has no significant impact on the financial business due to changes in technology or industry changes.

(VI)Impacts of changes in corporate image on corporate crisis management and countermeasures:

The consolidated company adheres to the business philosophy of "integrity, quality, service, innovation, and sustainability" and insists on providing high-quality construction projects to reassure property owners, customers, and employees, and fulfill corporate social responsibility by enhancing corporate value and creating quality corporate image. There was no occurrence of events that change our corporate image.

(VII)Expected benefits and possible risks of mergers and acquisitions, and countermeasures: None.

(VIII)Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

(IX)Risks associated with any concentration of purchases or sales, and mitigation measures being or to be taken:

The main raw materials of the consolidated company are steel bars, concrete, cement, sand, red bricks and other bulk building materials. Except for some of the materials supplied by the proprietor, all of the materials can be purchased in the domestic market through negotiation, so there is no concentration of purchases. Furthermore, the consolidated company has established interaction with major suppliers for many years, and carefully evaluates the quality, technology, operating and financial status of each subcontractor and material supplier before trading, and diversifies specific work items according to the needs of construction, contracted supply from several subcontractors to ensure the smooth progress of the construction projects and to avoid the risk of concentration of contractors.

The consolidated company mainly contracts domestic public construction and private construction projects, and the main business scope includes constructions of public constructions, high-end residential buildings and technology factories, and there is no concentration of sales. Except for the public construction projects of the government agencies, the Company conducts credit investigation on the projects undertaken by the private owners before bidding, so the credit risk has been reduced to a minimum.

(X) Impacts upon and risks to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

As of the publication date of the annual report, the consolidated company's directors, supervisors or major shareholders holding more than 10% of the shares have not undergone significant transfer or replacement of shares.

(XI) Impacts and risks to the company due to change in management rights, and responsive measures: N/A.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

1. Major litigation, non-litigation or administrative disputes still under review: None.
2. Major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other important risks and countermeasures:

1. Risk management policies:

In the course of business operations, enterprises often encounter many uncertain factors that may threaten business operations. For the purpose of detecting and controlling risks as early as possible and reducing the losses caused by occurrence of risks, the Company has established a risk management execution working group to formulate risk management policies and regulations for the seven major types of risks, namely, strategy, operation, finance, industrial safety, legal compliance, information security, and others. The risk management execution working group discusses and effectively responds to various potential risks faced by the Company's management or construction procedures, and formulates corresponding effective strategies to ensure that most potential known risks can be effectively controlled.

2. Risk management structure:

(1) Board of Directors: The highest decision-making body for the Company's risk management. It appoints and supervises the Company's management. It is responsible for approving risk management policies and important risk management systems, and supervising the implementation of risk management systems to ensure the effective operation of the risk management mechanism.

(2) Risk Management Execution Team: The President directs the heads of each department and is responsible for formulating various risk management policies, reviewing the Company's risk management reports, strategies and improvement plans, and supervising the implementation and communication of risk control measures and improvement plans. Discuss risk management matters, and conduct review and assessment of the effectiveness of risk management measures. The Company convenes its review meetings once every six months, and submits regular reports to the Board of Directors every year, and reflects the implementation of risk management operations to the Board of Directors in a timely manner.

(3) Construction and management department: including Engineering Department No. 1 (civil engineering and construction), Engineering Department No. 2 (plant and internal project), Accounting Department, Design and Research Department, Electrical and Mechanical Department, Information Department, Occupational Safety and Health Department, Quality and Environment Control Department, Funds Department, Sales Department, Procurement and Contracting Department, Legal Affairs Department, General Affairs Department, Human Resources Department, Cost Management Department, Operation Management Department, etc. are the basic risk management and execution units, and are responsible for risk management in accordance with their business goals. Promote, identify, evaluate, and perform daily risk management in accordance with this Policy and relevant internal regulations; department heads shall supervise their colleagues to implement risk management tasks such as risk identification, evaluation, and control, and compile relevant information for reporting to senior managers. Determine the level of risk and propose the method of taking risks based on internal strategy changes, and coordinate cross-departmental risk management interactions and communications when necessary.

(4) Audit Office: subordinate to the Board of Directors and assisting the Board of Directors and managers in examining and reviewing the deficiencies of the internal control system, as well as measuring the effectiveness and efficiency of operations. Each year, the Company formulates an annual audit plan based on the risk assessment results, and regularly reports the audit implementation results to the Audit Committee and the Board of Directors to ensure the continuous and effective implementation of the internal control system and serve as the basis for internal control system review.

3. Risk assessment

In 2023, through the practical and professional experience of the construction and management departments, the Company assessed the potential risks of the Company in terms of their respective scopes of responsibility and operational procedures, supplemented by the risk matrix assessment method for possible risk types, with a total of 132 identification results (strategy, operation, finance, legal compliance, information security and others). Among them, under the existing management measures, 76 risks were considered acceptable, and 56 risks were unacceptable with risk reduction measures required; of these 56 risks, after control measures were implemented, 53 risk reduction were considered acceptable. There are 3 unacceptable risks, which are:

(1) Compliance risk: The violation of criminal laws and regulations is assessed as a high risk. Even after developing control measures to reduce the risk, the severity is still classified as a very significant medium risk. This requires further strengthening and implementation of internal control management, document review, and legal education and training in order to reduce the probability of risk.

(2) Information security risk: Malicious intrusions by hackers through the network or physical environment are assessed as high risk. Even after developing control measures to reduce the risk, the severity is still very significant and moderate risk. Social engineering drills each quarter needs to be further enhanced. The Company conducts information security general training for all employees every six months, and performs annual vulnerability scanning and regular operating system update for mainframes and employees' computers to reduce the probability of risk occurrence.

(3) Other risks: The contractual risk assessed is a high level of risk. Even after the control measures are developed to reduce the risk, the severity of the risk is still significant and moderate. This risk requires further enhancement of contractual content, cross-departmental communications and information transparency, consultation with lawyers working together to negotiate contracts and other actions to lower the occurrence probability of risks.

In 2023, the Company's environmental and industrial safety were measured with indicator construction sites (C611 railway viaduct project in Chiayi, Taoyuan Convention and Exhibition Center, Shui'an urban renewal project, Zhonghe LG08 project, AP6B Office), and a total of 2080 items were evaluated. Among them, there were 2030 acceptable risks and 50 unacceptable risks; after considering the control measures adopted to reduce risks, all of the risks were reduced to acceptable risks.

4. Conclusion of risk management

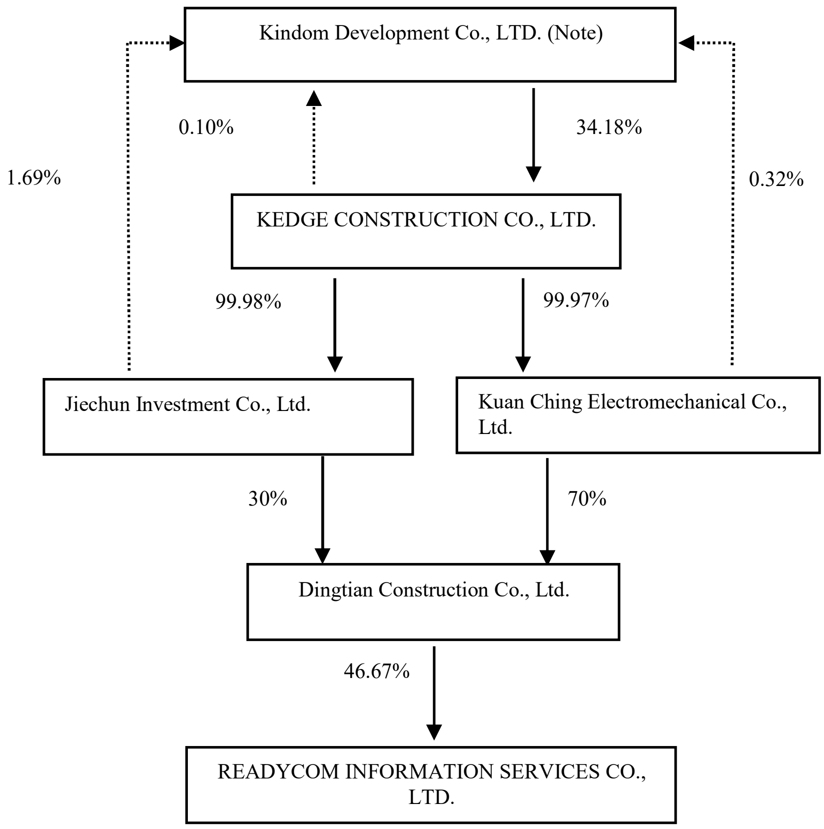
The domestic construction industry has been facing many challenges and risks. Looking forward to the future, we need to take precautionary measures to ensure the steady development of the Company. In light of the impacts from global economic fluctuations, geopolitical impacts, changes in raw material markets, and carbon tariffs, the Company will formulate flexible business strategies. At the same time, the shortage of labor and technology will become the bottleneck of implementation. The Company should not only focus on talent training, but also actively adopt new technologies and new methods to improve production efficiency, and use intelligent assistance systems to increase per capita production value, and participate in different types of construction projects to reduce market risk. At the same time, establish a comprehensive risk management system that includes monitoring market fluctuations and formulating reasonable contract terms. In terms of sustainable development, we should continue to implement energy conservation and carbon reduction to meet market demand, and to pursue the goal of diversified development and sustainable operation.

VII.Other important matters: None.

Eight. Special Notes

1. Information on affiliates:

(I) Organizational chart of affiliated enterprises:



Note: The controlling company which directly holds 34.18% of the ordinary shares of KEDGE CONSTRUCTION CO., LTD., and holds more than half of the seats on the board of directors.

(II) Basic information of each affiliated enterprise:

December 31, 2023; Unit: NTD Thousand

Company name	Date of establishment	Address	Paid-up capital	Main business or production items
Kindom Development Co., LTD.	68.11	2F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	5,541,701	1. Housing and building development and rental business. 2. Investment, Development and Construction in Public Construction. 3. Process Zone Expropriation and Urban Land Readjustment Agency. 4. Real Estate Business. 5. Real Estate Leasing.
Kuan Ching Electromechanical Co., Ltd.	86.12	3F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	77,500	Electrical Appliance Installation and Fire Safety Equipment Installation Engineering.
Jiechun Investment Co., Ltd.	87.01	3F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	164,000	Investment.
Dingtian Construction Co., Ltd.	72.07	8F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	23,000	Comprehensive Construction Activities.
READYCOM INFORMATION SERVICES CO., LTD.	97.05	10F-1, No. 207, Dunhua North Road, Taipei City, Taiwan	30,000	IT software service and management consulting.

(III) Information on the same shareholders presumed to have controlling and affiliation relation: None.

(IV) Industries covered by the business operations of the overall affiliated enterprises:

1. The overall business of the affiliated companies is mainly in the construction of residences, buildings and related civil engineering, mechanical and electrical constructions.

2. The Company and Dingtian Construction Co., Ltd. are contracted to the project of Kindom Development Co., LTD.; in addition, part of the project of the Company is contracted to Dingtian Construction Co., Ltd. and Kuan Ching Electromechanical Co., Ltd..

(V) Information on directors, supervisors, and presidents of affiliates:

December 31, 2023; Unit: Thousand shares; NTD thousand; %

Company name	Job Title	Name or Representative	Shareholding/Capital Contribution	
			Number of shares/capital contribution	Shareholding/Contribution ratio
Kindom Development Co., LTD.	Chairman	Yu-De Investment Co., Ltd. Legal Representative: Chih-Kang Ma	105,935 11,480	19.12% 2.07%
	Director concurrently General Manager	Yu-De Investment Co., Ltd. Legal Representative: Chin-Chin Hung	105,935	19.12%
	Director	Yu-De Investment Co., Ltd. Legal Representative: Mei-Chu Liu	105,935 65,635	19.12% 11.84%
	Director	Yu-De Investment Co., Ltd. Legal Representative: Sheng-An Chang	105,935 9	19.12% -
	Director	Yu-De Investment Co., Ltd. Legal Representative: Chen-Tan He	105,935 -	19.12% -
	Director	Yu-De Investment Co., Ltd. Legal Representative: Sui-Chang Liang	105,935 -	19.12% -
	Independent Directors	Shen-Yu Kung	-	-
	Independent Directors	Hung-Chin Huang	-	-
	Independent Directors	Kuo-Feng Lin	-	-
Kuan Ching Electromechanical Co., Ltd.	Chairman	KEDGE CONSTRUCTION CO., LTD. Legal Representative: Chin-Hua Fan	7,747	99.96%
	Director	KEDGE CONSTRUCTION CO., LTD. Legal Representative: Chih-Kang Ma	7,747	99.96%
	Director	KEDGE CONSTRUCTION CO., LTD. Legal Representative: Chih-Kuo, Tseng	7,747	99.96%
	Supervisor	Chia-Lin,Chen	-	-
Jiechun Investment Co., Ltd.	Chairman	KEDGE CONSTRUCTION CO., LTD. Legal Representative: Shu-Yuan Lin	16,396	99.98%
	Director	KEDGE CONSTRUCTION	16,396	99.98%

		CO., LTD. Legal Representative: Ming-Hua Ma		
	Director	KEDGE CONSTRUCTION CO., LTD. Legal Representative: Chih-Kang Ma	16,396	99.98%
	Supervisor	Shi-Fan,Pan	-	-
Dingtian Construction Co., Ltd.	Chairman	Kuan Ching Electromechanical Co., Ltd. Legal Representative: Shih-Hsuan Chou	1,610	70.00%
READYCOM INFORMATION SERVICES CO., LTD.	Chairman	Yu-Chang Li	-	-
	Director	MA,MING-NAI	-	-
	Director	Da-Long He	-	-
	Supervisor	Dingtian Construction Co., Ltd. Legal Representative: Shao-Ling Ma	1,400	46.67%

(VI) Overview of the operation of each affiliated enterprise:

December 31, 2023; Unit: NTD Thousand (except earnings per share)

Company name	Capital	Total asset value	Total liabilities	Net worth	Operating revenue	Net operating profit (loss)	Net profit (loss) (after tax)	Earnings per share (EPS) (NTD) (after tax)
Kindom Development Co., LTD.	5,541,701	41,133,948	21,172,140	19,961,808	6,474,705	2,207,598	2,395,148	4.42
Kuan Ching Electromechanical Co., Ltd.	77,500	313,748	53,431	260,317	113,397	(1,401)	14,977	1.93
Jiechun Investment Co., Ltd.	164,000	553,417	1,110	552,307	28,408	27,958	27,032	1.65
Dingtian Construction Co., Ltd.	23,000	143,148	87,874	55,274	228,481	6,767	7,494	(Note 1)
READYCOM INFORMATION SERVICES CO., LTD.	30,000	37,073	2,507	34,566	11,065	(266)	3,726	1.24

Note: Limited liability company with no earnings per share information.

(VII) Consolidated financial statements of affiliated enterprises:

The entities that are required to be included in the consolidated financial statements of the Company for 2023 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with IAS No. 27, "Consolidated Financial Statements" endorsed and issued into effect by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company and its subsidiaries will not prepare a separate set of combined financial statements.

(VIII) Affiliation report:

Statement of Declaration

The Company's 2023 (from January 1, 2023 to December 31, 2023) affiliation reports have been prepared in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" and the information disclosed had no material inconsistency with the relevant information disclosed in the notes to the financial statements of the preceding period.

We hereby declare

Company name: KEDGE CONSTRUCTION CO., LTD.

Chairman: Ai-Wei Yuan

Date: March 14, 2023

CPA's review opinion on the affiliate report

Contractor: KEDGE CONSTRUCTION CO., LTD.

The 2023 Affiliate Report of KEDGE CONSTRUCTION CO., LTD. has been reviewed and verified by Securities and Futures Bureau, Ministry of Finance in accordance with Tai-Cai-Zheng (VI) No. 04448 dated November 30, 1999 in accordance with the relevant laws and regulations. This review examines whether the 2023 affiliate report of KEDGE CONSTRUCTION CO., LTD. is prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and whether there is any material inconsistency with the relevant information disclosed in the notes to the financial statements for the same period audited on March 12, 2024, and we have provided a review opinion.

Our review results do not find any violation of the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" nor any information disclosed in the aforementioned affiliate report shows a material inconsistency with the relevant information disclosed in the notes to the financial statements for the same period.

KPMG Taiwan

Certified Public :

Accountant

Original Securities Exchange Approval No.	: Jin-Guan-Zheng-Shen-Zi No. 1090332798 : Jin-Guan-Zheng-Liu No. 0940129108

April 10, 2024

1. Overview of the relationship between the subsidiary and the controlling company:

Unit: shares; %

Name of controlling company	Reason for control	Shareholding and pledge of shares by the controlling company			Personnel appointed by the controlling company as directors, supervisors, or managers	
		Number of shares held	Shareholding ratio	Number of pledged shares	Job Title	Name
Kindom Development Co., LTD.	Acquisition of more than half of the seats in the Board of Directors of KEDGE CONSTRUCTION CO., LTD.	41,268,083	34.18%	-	Chairman Director Director Director Director and President Director and President	Ai-Wei Yuan Chih-Kang Ma Ching-Sung Tseng Mei-Chu Liu Yi-Fang Huang Shih-Hsuan Chou

2. Purchase and sale of goods:

Unit: NTD Thousand; %

Transactions with the controlling company				Terms of transactions with the controlling company		General terms and conditions		Accounts receivable (payable), notes		Overdue receivable			Remarks
Purchase (sale) goods	Amount	Percentage in total purchase (sales)	Accumulated gross (loss) profit from sales	Unit price	Credit period	Unit price	Credit period	Balance	Percentage of total accounts receivable (payable)	Amount	Treatment method	Allowance for bad debt	

Sales - construction contract	(2,698,401)	(18.62)%	165,149	-	Note	Equivalent	Slightly longer than general	835,517	22.92 %	-	-	-	

Note: Instalment collection is generally longer according to the contract.

3. Property transactions: None.

4. Capital financing: None.

5. Asset leasing:

In 2023, the Company's leases from related parties are as follows:

Unit: NTD thousand

Transaction type (rent or lease)	Subject matter		Lease period	Nature of lease (Note 1)	Basis for rent determination	Collection (payment) method	parison with general rent levels	Current total rent	Current period collection/payment	Other covenants (Note 2)
	ription Name	Location								
Rented out	Kindom Building	Portion of 6F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	2023.01.01-2023.12.31	Operating lease	Negotiated price	Monthly income	Equivalent to average	1,131	Received in full amount	-
Rented out	Kindom Building	7F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	2023.01.01-2023.12.31	Operating lease	Negotiated price	Monthly income	Equivalent to average	2,229	Received in full amount	-

Lease	Kindom Building	3F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	2023.01.01-2023.12.31	Operating lease	Negotiated price	Monthly payment	Equivalent to average	2,229	Paid in full	-
Lease	Kindom Building	2F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	2023.01.01-2023.12.31	Operating lease	Negotiated price	Monthly payment	Equivalent to average	2,114	Paid in full	-
Lease	Kindom Building	4F, No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan	2023.01.01-2023.12.31	Operating lease	Negotiated price	Monthly payment	Equivalent to average	2,229	Paid in full	-

Note 1: It should be stated whether the nature is a capital lease or an operating lease.

Note 2: If other rights are created, such as superficies, pledges, and easement, it shall be specified.

6. Other important transactions: None.

7. Endorsements and guarantees:

Unit: NTD Thousand; %

The maximum balance of endorsements/guarantees by the Company for the controlling company	Closing balance		Reasons for endorsements and guarantees	Provider of collateral			The conditions or dates for releasing the guarantee obligation or recovering the collateral.	Amount of contingent loss recognized in the financial statements	Non-compliance with relevant operating regulations
	Amount	As a percentage of net worth as stated in the financial statements		Title	Number	Value			
14,192	14,192	0.30 %	Note 1	-	-	-	Depending on the contracted project	-	-

Note 1: The investment of the Company under the equity method. The Company signed the "Zhongnan Supermarket Administrative Contract" with the Taipei City Government, which required a joint guarantor. The Company's joint guarantor was approved by the Board of Directors on November 11, 2015.

II. Private placement of securities in the last year up till the publication date of the annual report: None.

III. Holding or disposal of the Company's shares by subsidiaries in the last year up till the publication date of this annual report: None.

IV. Other matters for supplementary clarification: None.

Nine. Matters with material influence on shareholders' equity or securities prices as defined by Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which occurred during the most recent year or during the current year up to the date of publication of the annual report: None