

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

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

From January 1 to March 31, 2021 and 2020

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

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Independent Auditors' Review Report

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

Introduction

We have audited the consolidated balance sheets of Kedge Construction Co., Ltd. and its subsidiaries as of March 31, 2021, and 2020, the consolidated statements of comprehensive income, changes in equity, and cash flows for the three-month periods from January 1 to March 31, 2021 and 2020 as well as notes to the consolidated financial statements (including a summary of significant accounting policies) for the period then ended. It is the management's responsibility to prepare a set of fairly presented consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 Interim Financial Reporting as endorsed, issued, and effected by the Financial Supervisory Commission (FSC). Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects of the consolidated financial position of Kedge Construction Co., Ltd. and its subsidiaries as of March 31, 2021 and 2020 and their consolidated financial performance and their consolidated cash flows for the three-month periods then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and "IAS 34 - Interim Financial Reporting" approved and issued by FSC.

KPMG

Taipei, Taiwan

Republic of China

May 6, 2021

Notices to Readers

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

The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying

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

As of March 31, 2021 and 2020, only reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.
KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Balance Sheets

March 31, 2021, December 31, 2020 and March 31, 2020

Unit: Thousand NTD

Assets		2021.3.31		2020.12.31		2020.3.31		Liabilities and equity		2021.3.31		2020.12.31		2020.3.31	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Notes 6(1) and (18))	\$ 4,491,862	50	4,108,192	44	3,083,571	35	2100	Short-term loans (Notes 6(8), (18), and 8)	\$ -	-	150,000	2	150,000	2
1110	Financial assets at fair value through profit or loss - current (Notes 6(2) and (18))	53,282	1	44,039	-	36,044	-	2130	Contract liabilities- current (Note 6(15))	1,131,636	13	1,525,341	16	1,526,309	17
1140	Contract assets- current (Notes 6(15) and 7)	1,883,803	22	1,441,162	16	1,927,497	23	2150	Notes payable (Note 6(18))	265,499	3	335,247	3	355,429	4
1170	Notes and accounts receivable, net (Notes 6(4), (15), and (18))	633,782	7	939,444	10	755,981	9	2170	Accounts payable (Note 6(18))	3,795,894	42	3,749,899	40	3,608,122	41
1180	Notes and accounts receivable - related-parties, net (Notes 6(15), (18), and 7)	845,457	9	1,888,856	20	1,944,271	23	2200	Other payables (Notes 6(12) and (18))	193,785	2	315,681	3	152,521	3
1410	Prepayments	83,038	1	93,656	1	180,849	2	2230	Current tax liabilities	144,807	2	118,771	1	75,476	1
1470	Other current assets	53,477	1	35,855	-	25,404	-	2300	Other current liabilities (Note 6(18))	32,974	-	7,110	-	15,340	-
1476	Other financial assets - current (Notes 6(18) and 8)	188,552	2	201,785	2	281,398	3			<u>5,564,595</u>	<u>62</u>	<u>6,202,049</u>	<u>65</u>	<u>5,883,197</u>	<u>68</u>
		<u>8,233,253</u>	<u>93</u>	<u>8,752,989</u>	<u>93</u>	<u>8,235,015</u>	<u>95</u>								
Non-current assets:								Non-current liabilities:							
1550	Investments accounted for using equity method (Note 6(5))	20,515	-	20,507	-	20,226	-	2552	Warranty long-term provisions (Note 6(9))	149,141	2	150,363	2	101,903	1
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6(3) and (18))	427,089	5	363,370	4	246,377	3	2600	Other non-current liabilities (Note 6(18))	10,617	-	11,966	-	10,613	-
1600	Property, plant and equipment (Notes 6(6) and 8)	132,467	1	133,739	2	78,077	1			<u>159,758</u>	<u>2</u>	<u>162,329</u>	<u>2</u>	<u>112,516</u>	<u>1</u>
1755	Right-of-use assets	11,137	-	11,768	-	10,195	-			<u>5,724,353</u>	<u>64</u>	<u>6,364,378</u>	<u>67</u>	<u>5,995,713</u>	<u>69</u>
1760	Investment property, net (Notes 6(7) and 8)	101,960	1	102,077	1	102,427	1								
1840	Deferred tax assets (Note 6(12))	33,887	-	34,635	-	23,642	-								
1975	Net defined benefit assets - non-current (Note 6(11))	3,350	-	3,400	-	1,308	-								
1980	Other financial assets - non-current (Note 6(18))	10,657	-	11,171	-	7,561	-								
		<u>741,062</u>	<u>7</u>	<u>680,667</u>	<u>7</u>	<u>489,813</u>	<u>5</u>								
Total assets		\$ 8,974,315	100	9,433,656	100	8,724,828	100								
									Total liabilities						
									Equity attributable to owners of the parent company (Note 6(13)):						
								3100	Share capital	1,060,357	12	1,060,357	11	1,060,357	12
								3200	Capital reserve	518,294	6	518,294	6	518,305	6
								3300	Retained earnings	1,462,767	16	1,345,805	14	1,122,631	13
								3400	Other equity	208,356	2	144,653	2	27,687	-
									Total equity attributable to owners of the parent company	<u>3,249,774</u>	<u>36</u>	<u>3,069,109</u>	<u>33</u>	<u>2,728,980</u>	<u>31</u>
								36XX	Non-controlling interests	188	-	169	-	135	-
									Total equity	<u>3,249,962</u>	<u>36</u>	<u>3,069,278</u>	<u>33</u>	<u>2,729,115</u>	<u>31</u>
									Total liabilities and equity	\$ 8,974,315	100	9,433,656	100	8,724,828	100

(Please see the Notes to the Consolidated Financial Statements.)

**Reviewed, not audited in accordance with the laws and regulations and generally
accepted audit principles.**

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to March 31, 2021 and 2020

Unit: Thousand NTD

		<u>Jan. - Mar. 2021</u>		<u>Jan. - Mar. 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Notes 6(10), (15), 7)	\$ 2,645,265	100	2,772,204	100
5000	Operating costs (Notes 6(11) and 12)	<u>2,445,620</u>	92	<u>2,585,000</u>	93
	Gross profit	<u>199,645</u>	8	<u>187,204</u>	7
	Operating expenses:				
6200	Administrative expenses (Notes 6(11), (16), 7, and 12)	<u>66,425</u>	3	<u>62,620</u>	2
	Net operating profit	<u>133,220</u>	5	<u>124,584</u>	5
	Non-operating income and expenses:				
7100	Interest income (Note 6(17))	1,469	-	1,966	-
7010	Other income (Note 6(17))	132	-	730	-
7020	Other gains and losses (Note 6(17))	9,276	-	(14,170)	-
7050	Finance costs (Note 6(17))	(172)	-	(636)	-
7060	Share of gains or loss of associates and joint ventures accounted for using the equity method (Note 6(5))	<u>8</u>	-	<u>(280)</u>	-
		<u>10,713</u>	-	<u>(12,390)</u>	-
	Profit before tax from continuing operating department	143,933	5	112,194	5
7950	Less: Income tax expenses (Note 6(12))	<u>26,968</u>	1	<u>25,770</u>	1
	Net income	<u>116,965</u>	4	<u>86,424</u>	4
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>63,719</u>	3	<u>(98,495)</u>	(4)
8300	Other comprehensive income, net of tax	<u>63,719</u>	3	<u>(98,495)</u>	(4)
	Total comprehensive income for the period	<u>\$ 180,684</u>	<u>7</u>	<u>(12,071)</u>	<u>-</u>
	Net income attributable to:				
	Owners of the parent company	\$ 116,962	4	86,427	4
8620	Non-controlling interests	<u>3</u>	-	<u>(3)</u>	-
		<u>\$ 116,965</u>	<u>4</u>	<u>86,424</u>	<u>4</u>
	Total comprehensive income attributable to:				
	Owners of the parent company	\$ 180,665	7	(12,045)	-
	Non-controlling interests	<u>19</u>	-	<u>(26)</u>	-
		<u>\$ 180,684</u>	<u>7</u>	<u>(12,071)</u>	<u>-</u>
	Earnings per share (NT\$) (Note 6(14))				
9750	Basic earnings per share (NT\$)	<u>\$ 1.10</u>		<u>0.82</u>	
9850	Diluted earnings per share (NT\$)	<u>\$ 1.10</u>		<u>0.81</u>	

(Please see the Notes to the Consolidated Financial Statements.)

Reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to March 31, 2021 and 2020

Unit: Thousand NTD

	Equity attributable to owners of the parent company								Total equity
	Share capital	Retained earnings			Other equity			Non-controlling interests	
	Share capital of common stocks	Capital reserve	Legal reserve	Unappropriated earnings	Total	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Total equity attributable to owners of the parent company		
Balance as of January 1, 2020	\$ 1,060,35	518,241	241,986	794,218	1,036,204	126,159	2,740,961	161	2,741,122
Net income	-	-	-	86,427	86,427	-	86,427	(3)	86,424
Other comprehensive income for the period	-	-	-	-	-	(98,472)	(98,472)	(23)	(98,495)
Total comprehensive income for the period	-	-	-	86,427	86,427	(98,472)	(12,045)	(26)	(12,071)
Unclaimed dividends after effective period	-	64	-	-	-	-	64	-	64
Balance as of March 31, 2020	\$ 1,060,35	518,305	241,986	880,645	1,122,631	27,687	2,728,980	135	2,729,115
Balance as of January 1, 2021	\$ 1,060,35	518,294	282,311	1,063,494	1,345,805	144,653	3,069,109	169	3,069,278
Net income	-	-	-	116,962	116,962	-	116,962	3	116,965
Other comprehensive income for the period	-	-	-	-	-	63,703	63,703	16	63,719
Total comprehensive income for the period	-	-	-	116,962	116,962	63,703	180,665	19	180,684
Balance as of March 31, 2021	\$ 1,060,35	518,294	282,311	1,180,456	1,462,767	208,356	3,249,774	188	3,249,962

(Please see the Notes to the Consolidated Financial Statements.)

Reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to March 31, 2021 and 2020

Unit: Thousand NTD

	<u>Jan. - Mar. 2021</u>	<u>Jan. - Mar. 2020</u>
Cash flows from operating activities:		
Income before income tax	\$ 143,933	112,194
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	4,841	738
Net (profit) loss on financial assets or liabilities at fair value through profit or loss	(9,243)	14,090
Interest expenses	172	636
Interest income	(1,469)	(1,966)
Share of (gains) loss of associates and joint ventures accounted for using the equity method	(8)	280
Gain or loss on disposal of property, plant and equipment	(33)	-
Total adjustments to reconcile profit (loss)	<u>(5,740)</u>	<u>13,778</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial instruments mandatorily measured at fair value through profit or loss	-	23,984
Increase in contract assets	(442,641)	(332,789)
Decrease in notes and accounts receivable	305,662	371,607
Decrease (increase) in notes and accounts receivable - related parties	1,043,399	(30,896)
Decrease in prepayments	10,618	24,834
Increase in other current assets	(17,622)	(2,880)
Decrease (increase) in other financial assets	12,804	(38,193)
Decrease in net defined benefit assets - non-current-	50	53
Total changes in operating assets	<u>912,270</u>	<u>15,720</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(393,705)	538,198
Decrease in notes payable	(69,748)	(6,482)
Increase in accounts payable	45,995	8,771
Decrease in other payables	(121,896)	(106,355)
Decrease in provisions	(1,222)	(579)
Increase (decrease) in other current liabilities	25,402	(4,706)
Increase (decrease) in other non-current liabilities	(269)	270
Total changes in operating liabilities	<u>(515,443)</u>	<u>429,117</u>
Total changes in operating assets and liabilities	<u>396,827</u>	<u>444,837</u>
Total adjustments	<u>391,087</u>	<u>458,615</u>
Cash flows generated from operations	535,020	570,809
Interests received	1,898	2,397
Interest paid	(172)	(636)
Income taxes paid	(184)	(238)
Net cash flows generated from operating activities	<u>536,562</u>	<u>572,332</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(2,864)	(15,236)
Disposal of property, plant and equipment	76	-
Decrease in other financial assets	514	394
Net cash flows used in investing activities	<u>(2,274)</u>	<u>(14,842)</u>
Cash flows from financing activities:		
Increase in short-term loans	-	1,000
Decrease in short-term loans	(150,000)	(1,000)
Increase in short-term notes and bills payable	100,000	-
Decrease in short-term notes and bills payable	(100,000)	-
Repayments of lease liabilities	(618)	(328)
Net cash flows used in financing activities	<u>(150,618)</u>	<u>(328)</u>
Net increase in cash and cash equivalents	383,670	557,162
Cash and cash equivalents at beginning of the period	4,108,192	2,526,409
Cash and cash equivalents at end of the period	<u>\$ 4,491,862</u>	<u>3,083,571</u>

(Please see the Notes to the Consolidated Financial Statements.)

Reviewed, not audited in accordance with the laws and regulations and generally accepted audit principles.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

From January 1 to March 31, 2021 and 2020

(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company History

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

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved and issued on May 6, 2021 by the Board of Directors.

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

- (1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the FSC

The group has adopted the newly recognized IFRSs specified above since January 1, 2021, and assessed that the application will not have a material impact on the consolidated financial statements.

- Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

- (2) Impact of IFRSs endorsed by the FSC but yet to come into effect

The group has assessed that the application of the above newly endorsed IFRSs, effective on April 1, 2021, will not result in a material impact on the consolidated financial statements.

- Amendments to IFRS 16 "COVID-19-Related Rent Concessions after June 30, 2021"

- (3) Impact of IFRSs issued by the IASB but yet to be endorsed by the FSC

The table below lists the impact of IFRSs issued by the IASB but yet to be endorsed by the FSC, and the possible impacts on the group are as follows:

New, revised or amended standards and interpretations	Main amendments	Effective date released by the IASB
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due within one year) or non-current in the balance sheet. The amendments also clarify the classification requirements for debts that may be repaid through convert into equity.	January 1, 2023

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

New, revised or amended standards and interpretations	Main amendments	Effective date released by the IASB
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	<p>The amendments stated that the cost of fulfilling a contract comprises the costs that relate directly to the contract. The costs include:</p> <ul style="list-style-type: none"> • Incremental costs (for example, direct labor and materials); and • Allocations of costs that relate directly to contract activities (for example, depreciation property, plant and equipment used in fulfilling the contract, etc.) 	January 1, 2022

The group is in the process of evaluating the impact on the consolidated financial position and performance of the adoption of the standards and interpretations mentioned above, and the group will disclose relevant impacts when the evaluation is completed.

The group anticipates that the application of the following other newly published and amended but recognized IFRSs will not have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Annual Improvements to IFRS Standards during 2018 - 2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

4. Summary of Significant Accounting Policies

(1) Compliance statement

The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter "the Regulations") and the IAS 34 - Interim Financial Reporting approved and issued by the FSC. The consolidated financial statements do not contain all necessary information that should be disclosed in the annual consolidated financial statements in accordance with the International Financial Reporting Standards, International Accounting Standard, and the explanations and interpretations endorsed by the FSC (hereinafter referred to as the "IFRSs endorsed by the FSC").

Apart from the matters described in the following paragraphs, the major accounting policies adopted by the consolidated financial statements are the same as those adopted by the 2020 consolidated financial statements. For related information, please refer to Note 4 to the 2020 consolidated financial statements.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(2) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Name of investor	Subsidiary name	Nature of business	Percentage of ownership			Explanation
			110.3.31	109.12.31	109.3.31	
The company	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)	Electrical equipment installation and fire safety equipment installation, etc.	99.96%	99.96%	99.96%	The company holds directly more than 50% of the issued voting share in the subsidiary.
The company	Jiequn Investment Co., Ltd. (Jiequn Investment)	General investment	99.98%	99.98%	99.98%	The company holds directly more than 50% of the issued voting share in the subsidiary.
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Construction Co., Ltd. (Dingtian Construction)	The comprehensive construction industry, etc.	100.00%	100.00%	100.00%	The company holds indirectly more than 50% of the issued voting share in the subsidiary.

2. Subsidiaries not absorbed into the consolidated financial statements: None.

(3) Income tax

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

Income tax expense is the best estimate of the amount that net income before tax for the period multiplies by the management' best estimate of the annual effective tax rate. The income tax expense is fully recognized as current period tax expenses.

(4) Employee benefits

The pension of defined benefit plan for the interim period is calculated based on the actuarial cost ratio determined by the actuarial calculation at the end of the previous fiscal year. Calculation term is from the beginning of the period to the end of the period, and adjustments will be made for post-period major market fluctuations, curtailment, settlement, or other significant one-time matters.

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

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

In preparing the consolidated financial statements, the significant judgments made by management when adopting the accounting policies of the group and the major sources of uncertainty over estimation are consistent with Note 5 to the 2020 consolidated financial statements.

6. Description of Significant Accounting Items

Apart from the matters described in the following paragraphs, the descriptions of significant accounting items in the consolidated financial statements bear no significant difference from those adopted by the 2020 consolidated financial statements. For related information, please refer to Note 6 to the 2020 consolidated financial statements.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(1) Cash and cash equivalents

	<u>110.3.31</u>	<u>109.12.31</u>	<u>109.3.31</u>
Cash and petty cash	\$ 610	710	710
Demand deposits	116,196	224,793	429,591
Check deposits	607,836	503,467	370,169
Time deposits	-	1,548	440
Cash equivalents	3,767,220	3,377,674	2,282,661
Cash and cash equivalents	<u><u>\$ 4,491,862</u></u>	<u><u>4,108,192</u></u>	<u><u>3,083,571</u></u>

The maturity dates of the aforementioned cash equivalents are in the periods, Apr. - Jun. 2021, Jan. - Mar. 2021, and Apr. - Jun. 2020, and the interest rate collars are 0.20%~0.25%, 0.24%~0.26%, and 0.43%~0.54%, respectively.

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

(2) Financial assets at fair value through profit or loss

	<u>110.3.31</u>	<u>109.12.31</u>	<u>109.3.31</u>
Financial assets mandatorily classified as at fair value through profit or loss:			
Non-derivative financial assets			
TWSE (or TPEX) listed company shares	<u><u>\$ 53,282</u></u>	<u><u>44,039</u></u>	<u><u>36,044</u></u>

As of March 31, 2021, December 31, 2020, and March 31, 2020, none of the financial assets of the group has been pledged as collateral.

(3) Financial assets at fair value through other comprehensive income

	<u>110.3.31</u>	<u>109.12.31</u>	<u>109.3.31</u>
Equity instruments measured at fair value through other comprehensive income:			
Domestic TWSE (or TPEX) listed company shares - Kindom Development Co., Ltd.	\$ 420,236	357,545	240,667
Domestic non-TWSE (nor TPEX) listed company shares - Commonwealth Publishing Co., Ltd.	6,853	5,825	5,710
Total	<u><u>\$ 427,089</u></u>	<u><u>363,370</u></u>	<u><u>246,377</u></u>

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

The equity instrument investment held by the group is a long-term strategic investment and not held for trading purposes, so it has been designated to be measured at fair value through other comprehensive income.

2. The group did not dispose strategic investment in the period from January 1 to March 31, 2021 and 2020. The accumulated gains and losses in that period have not been transferred within the equity.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

3. None of the financial assets of the group has been pledged as collateral.
 4. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(18).
- (4) Notes and accounts receivable

	110.3.31	109.12.31	109.3.31
Accounts receivable	\$ 633,782	939,444	755,981
Less: Allowance for losses	-	-	-
	<u>\$ 633,782</u>	<u>939,444</u>	<u>755,981</u>

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

	110.3.31		
	Book value of notes and accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	<u>\$ 633,782</u>	-	<u>-</u>

	109.12.31		
	Book value of notes and accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	<u>\$ 939,444</u>	-	<u>-</u>

	109.3.31		
	Book value of notes and accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	<u>\$ 755,981</u>	-	<u>-</u>

- (5) Investments accounted for using equity method

Investments of the group under equity method at reporting date are listed below:

	110.3.31	109.12.31	109.3.31
ReadyCom eServices Corp.	<u>\$ 20,515</u>	<u>20,507</u>	<u>20,226</u>

As of March 31, 2021, December 31, 2020, and March 31, 2020, none of the investments accounted for using equity method of the group has been pledged as collateral.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(6) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportati on equipment</u>	<u>Others equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance as of January 1, 2021	\$ 62,430	36,313	1,930	58,969	159,642
Addition	-	-	-	2,864	2,864
Disposal	-	-	(1,930)	-	(1,930)
Balance as of March 31, 2021	<u>\$ 62,430</u>	<u>36,313</u>	<u>-</u>	<u>61,833</u>	<u>160,576</u>
Balance as of January 1, 2020	\$ 62,430	14,969	1,930	407	79,736
Addition	-	-	-	15,236	15,236
Balance as of March 31, 2020	<u>\$ 62,430</u>	<u>14,969</u>	<u>1,930</u>	<u>15,643</u>	<u>94,972</u>
Depreciation and impairment losses:					
Balance as of January 1, 2021	\$ -	16,190	1,887	7,826	25,903
Depreciation for the year	-	1,086	-	3,007	4,093
Disposal	-	-	(1,887)	-	(1,887)
Balance as of March 31, 2021	<u>\$ -</u>	<u>17,276</u>	<u>-</u>	<u>10,833</u>	<u>28,109</u>
Balance as of January 1, 2020	\$ -	14,337	1,876	407	16,620
Depreciation for the year	-	18	3	254	275
Balance as of March 31, 2020	<u>\$ -</u>	<u>14,355</u>	<u>1,879</u>	<u>661</u>	<u>16,895</u>
Book value:					
January 1, 2021	<u>\$ 62,430</u>	<u>20,123</u>	<u>43</u>	<u>51,143</u>	<u>133,739</u>
March 31, 2021	<u>\$ 62,430</u>	<u>19,037</u>	<u>-</u>	<u>51,000</u>	<u>132,467</u>
January 1, 2020	<u>\$ 62,430</u>	<u>632</u>	<u>54</u>	<u>-</u>	<u>63,116</u>
March 31, 2020	<u>\$ 62,430</u>	<u>614</u>	<u>51</u>	<u>14,982</u>	<u>78,077</u>

As of March 31, 2021, December 31, 2020, and March 31, 2020, for information regarding the group's property, plant and equipment pledged as collateral, please refer to Note 8.

(7) Investment property

	<u>Land and buildings</u>
Book value:	
January 1, 2021	<u>\$ 102,077</u>
March 31, 2021	<u>\$ 101,960</u>
January 1, 2020	<u>\$ 102,544</u>
March 31, 2020	<u>\$ 102,427</u>

There is no recognition or reversal regarding major acquisition, disposition, and impairment of the group's investment property in the period from January 1 to March 31, 2021 and 2020. For the amount of depreciation for the current period, please refer to Note 12(1). For other relevant information, please refer to Note 6(7) to the 2020 consolidated financial statements.

There is no significant difference between the fair value or the investment property of the group and the information disclosed in Note 6(7) to the 2020 annual consolidated financial statements.

As of March 31, 2021, December 31, 2020, and March 31, 2020, for information regarding the group's investment property pledged as collateral, please refer to Note 8.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(8) Short-term loans

The details of the short-term loans of the group are as follows:

	<u>110.3.31</u>	<u>109.12.31</u>	<u>109.3.31</u>
Unsecured bank loans	\$ -	150,000	150,000
Unused limit	\$ 4,454,322	4,288,003	3,997,717
Interest rate collars	-	1.1%	1.6%

For details on interest rate risk and liquidity risk, please refer to Note 6(18)).

For details on the group's assets used as collateral for bank loans, please refer to Note 8.

(9) Provisions

	<u>Jan. - Mar. 2021</u>	<u>Jan. - Mar. 2020</u>
Balance of warranty provisions as of January 1	\$ 150,363	102,482
Provisions used in the current period	(1,222)	(579)
Balance of warranty provisions as of March 31	\$ 149,141	101,903

For the periods from January 1 to March 31, 2021 and 2020, the warranty provisions of the group are mainly related to construction contracting. The warranty provisions are estimated based on the historical warranty data of various constructions. The group expects that the liability will occur mostly one year after the construction acceptance.

(10) Operating lease

Regarding the investment property leased by the group, the group does not transfer all risks and returns attached to the ownership of the underlying assets, so the tenancy agreement is classified as an operating lease. For details, please refer to Note 6(7) investment property.

The maturity analysis of the lease payment is listed as follows according to the non-discounted future cash flows of lease receivable after the reporting date:

	<u>110.3.31</u>	<u>109.12.31</u>	<u>109.3.31</u>
Less than 1 year	\$ 5,145	6,074	5,235
1~2 years	-	580	2,625
Non-discounted future cash flows of lease	\$ 5,145	6,654	7,860

The rent income generated from investment property for the periods January 1 to March 31, 2021 and 2020 were NT\$1,511 thousand and NT\$1,517 thousand, respectively. There were no major maintenance or repair expenses.

(11) Employee benefits

1. Defined benefit plan

There were no major market fluctuations, significant reduction, liquidation or other one-time-only significant events in the previous fiscal year. Therefore, the group measures and discloses the interim period pension costs based on actuated amount on December 31, 2020 and 2019.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

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

	Jan. - Mar. 2021	Jan. - Mar. 2020
Operating costs	\$ 153	274
Administrative expenses	796	67
Total	\$ 949	341

2. Defined contribution plan

The pension expenses under the group's defined contribution plan are as follows, and have been appropriated to the Bureau of Labor Insurance.

	Jan. - Mar. 2021	Jan. - Mar. 2020
Operating costs	\$ 4,201	4,024
Administrative expenses	1,334	1,296
Total	\$ 5,535	5,320

3. Short-term compensated absence liabilities

The details of employee benefit liabilities of the group are as follows:

	110.3.31	109.12.31	109.3.31
Short-term compensated absence liabilities	\$ 11,539	15,057	13,033

(12) Income tax

Income tax expense is the best estimate of the amount that net income before tax for the period multiplies by the management' best estimate of the annual effective tax rate.

1. The details of the group's income tax expenses are as follows:

	Jan. - Mar. 2021	Jan. - Mar. 2020
Current income tax expenses		
Accrued in current year	\$ 26,186	25,100
Surtax on unappropriated retained earnings	34	252
	<u>26,220</u>	<u>25,352</u>
Deferred income tax expenses		
Occurrence and reversal of temporary differences	748	418
Income tax expenses	\$ 26,968	25,770

2. The tax filling of Kedge Construction was assessed by the tax collecting agencies for 2018. The tax fillings of other entities of the group were assessed for 2019.

(13) Capital and other equity

Apart from the matters described in the following paragraphs, there were no major changes in the group's capital and other equity in the periods from January 1 to March 31, 2021 and 2020. For relevant information, please refer to Note 6(13) to the 2020 consolidated financial statements.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

1. Capital reserve

The details of capital reserve were as follows:

	<u>110.3.31</u>	<u>109.12.31</u>	<u>109.3.31</u>
Shares premium	\$ 383,109	383,109	383,109
Premium on conversion of convertible bonds	130,766	130,766	130,766
Changes in equity of associates and joint ventures accounted for using equity method	2,568	2,568	2,568
Unclaimed dividends after effective period	414	414	425
Others	1,437	1,437	1,437
	<u>\$ 518,294</u>	<u>518,294</u>	<u>518,305</u>

In accordance with the Company Act, realized capital surplus can only be distributed to shareholders based on their original shareholding percentage as new shares or cash dividends after offsetting losses. The realized capital surplus referred to in the preceding paragraph includes the overage from the issuance of shares over the par value and the proceeds from the receipt of gifts. In accordance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital reserve may be capitalized, and the combined amount of any portions capitalized may not exceed 10% of the paid-in capital each year.

2. Retained earnings

The company's Articles of Association stipulate that the company's earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, if any, can be distributed to the shareholders as dividends, and bonus dividends according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

The company will develop towards contracting large-scale constructions and strive for growth and innovation. To continuously maintain sufficient capital to meet the needs of the business, and to take into account the cash required for shareholders, the company's future cash dividend ratio will be no less than 20% of the total cash and share dividends to be distributed in the current year.

(1) Legal reserve

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(2) Earnings distribution

The 2020 and 2019 distribution of earnings were proposed by the Board meeting on March 26, 2021 and resolved at the shareholders' meeting on June 15, 2020, respectively. The dividends distributed to owners are as follows:

	2020		2019	
	Dividend rate (NTD)	Amount	Dividend rate (NTD)	Amount
Dividends to common shareholders:				
Cash dividend	\$ 3.6	<u>381,728</u>	3.0	<u>318,107</u>

3. Other equity (net after tax)

	Unrealized gains and losses from financial assets at fair value through other comprehensive income	
Balance as of January 1, 2021	\$	144,653
Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income		<u>63,703</u>
Balance as of March 31, 2021	\$	<u>208,356</u>
Balance as of January 1, 2020	\$	126,159
Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income		<u>(98,472)</u>
Balance as of March 31, 2020	\$	<u>27,687</u>

(14) Earnings per share

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

	<u>Jan. - Mar. 2021</u>	<u>Jan. - Mar. 2020</u>
Basic earnings per share		
Net income attributable to the holders of common shares of the company	\$ <u>116,962</u>	<u>86,427</u>
Weighted average number of common shares outstanding	<u>106,036</u>	<u>106,036</u>
	\$ <u>1.10</u>	<u>0.82</u>
Diluted earnings per share		
Net income attributable to the holders of common shares of the company	\$ <u>116,962</u>	<u>86,427</u>
Weighted average number of common shares outstanding	106,036	106,036
Impact of potential common shares with the dilution effect		
Influence of employees' share bonus	726	175
Weighted average number of common shares outstanding (after adjusting the impact of diluting potential common shares)	<u>106,762</u>	<u>106,211</u>
	\$ <u>1.10</u>	<u>0.81</u>

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(15) Revenue from contracts with customers

1. Disaggregation of revenue

	Jan. - Mar. 2021	Jan. - Mar. 2020
Timing of revenue recognition:		
Gradually transferred constructions over time	\$ 2,643,754	2,770,687
Gradually transferred services over time	1,511	1,517
	\$ 2,645,265	2,772,204

2. Contract balances

	110.3.31	109.12.31	109.3.31
Notes and accounts receivable (including related parties)	\$ 1,479,239	2,828,300	2,700,252
Less: Allowance for losses	-	-	-
Total	\$ 1,479,239	2,828,300	2,700,252
Contract asset construction-	\$ 1,883,803	1,441,162	1,927,497
Less: Allowance for losses	-	-	-
Total	\$ 1,883,803	1,441,162	1,927,497
Contract liability construction-	\$ 1,131,636	1,525,341	1,526,309

For details of accounts receivable and their impairments, please refer to Note 6(4).

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the group transfers commodity or services to clients to meet the performance obligations and the time when clients pay. There were no other material changes during the periods from January 1 to March 31, 2021 and 2020.

(16) Remuneration to employees, directors and supervisors

The company's Articles of Incorporation stipulate that, after annual earnings first offset against any deficit, a minimum of 0.5% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. However, profits must first be taken to offset against cumulative losses if any.

The estimated remunerations to employees amounted to NT\$6,106 thousand and NT\$1,152 thousand, and the estimated remunerations to directors and supervisors amounted to NT\$3,053 thousand and NT\$2,304 thousand for the three-months periods then ended on March 31, 2021 and 2020, respectively. These amounts were calculated using the company's net income before tax without the remunerations to employees and directors and supervisors for each period, multiplied by the percentage which is stated under the company's Article of Incorporation. These remunerations were expensed under operating costs and operating expenses for each period. If the actual distribution is different from the estimation, the difference will be accounted for as changes in accounting estimates and recognized in profit or loss for the following year.

The actual distribution of employee remuneration amounted to NT\$33,223 thousand and NT\$5,105 thousand, and the actual distribution of director and supervisor remuneration amounted to NT\$16,611 thousand and NT\$10,209 thousand for the years of 2020 and 2019. There is no difference between the estimation and the actual distribution. Please refer to the MOPS for relevant information.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(17) Non-operating income and expenses

1. Interest income

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

	Jan. - Mar. 2021	Jan. - Mar. 2020
Loans and receivables	\$ 1,442	1,930
Bank deposits	27	36
	\$ 1,469	1,966

2. Other income

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

	Jan. - Mar. 2021	Jan. - Mar. 2020
Rental income	\$ 3	3
Other income	129	727
	\$ 132	730

3. Other gains or losses

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

	Jan. - Mar. 2021	Jan. - Mar. 2020
Gains (or losses) on financial assets measured at fair value through profit or loss	\$ 9,243	(14,090)
Gains on disposal of property, plant and equipment	33	-
Other expenses	-	(80)
	\$ 9,276	(14,170)

4. Finance costs

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

	Jan. - Mar. 2021	Jan. - Mar. 2020
Interest expenses		
Bank loans	\$ 104	591
Others	68	45
	\$ 172	636

(18) Financial instruments

Apart from the matters described in the following paragraphs, there are no major changes in the fair value of the group's financial instruments and matters exposed to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to Note 6(18) to the 2020 consolidated financial statements.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

1. Liquidity risk

The following table presents the due date of financial liability contracts, including estimated interest to the exclusion of influence of net amount agreements.

	Book value	Contractual cash flows	Less than 1 year	1~3 years-	3~5 years-	Over 5 years
March 31, 2021						
Non-derivative financial liabilities						
Notes payable	\$ 265,499	265,499	265,499	-	-	-
Accounts payable	3,795,894	3,795,894	1,919,967	1,875,927	-	-
Other payables	193,785	193,785	193,785	-	-	-
Other current liabilities (leases liabilities)	2,621	2,652	2,652	-	-	-
Other non-current liabilities (leases liabilities)	8,642	9,938	-	4,182	1,360	4,396
	\$ 4,266,441	4,267,768	2,381,903	1,880,109	1,360	4,396
December 31, 2020						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 150,000	151,100	151,100	-	-	-
Notes payable	335,247	335,247	335,247	-	-	-
Accounts payable	3,749,899	3,749,899	1,855,504	1,894,395	-	-
Other payables	315,681	315,681	315,681	-	-	-
Other current liabilities (leases liabilities)	2,159	2,652	2,652	-	-	-
Other non-current liabilities (leases liabilities)	9,722	10,601	-	4,474	1,682	4,445
	\$ 4,562,708	4,565,180	2,660,184	1,898,869	1,682	4,445
March. 31, 2020						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 150,000	150,800	150,800	-	-	-
Notes payable	355,429	355,429	355,429	-	-	-
Accounts payable	3,608,122	3,608,122	2,075,066	1,533,056	-	-
Other payables	152,521	152,521	152,521	-	-	-
Other current liabilities (leases liabilities)	1,318	1,486	1,486	-	-	-
Other non-current liabilities (leases liabilities)	8,929	10,213	-	2,972	2,649	4,592
	\$ 4,276,319	4,278,571	2,735,302	1,536,028	2,649	4,592

The group does not expect that the occurrence timing of cash flow analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary

2. Other price risk

If the equity securities price changes on the reporting date (the same basis is adopted for the analysis for both periods, with the assumption that other variable factors remain unchanged), the impacts on the comprehensive gains or losses are as follows:

	Jan. - Mar. 2021		Jan. - Mar. 2020	
	Other comprehensive income after tax	Net income after tax	Other comprehensive income after tax	Net income after tax
Securities price on the reporting date				
Increased by 10%	\$ 42,024	5,328	24,067	3,604
Decreased by 10%	\$ (42,024)	(5,328)	(24,067)	(3,604)

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

3. Fair value information

(1) Type and fair value of financial instruments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of various types of financial assets and financial liabilities (including fair value level information, then again the carrying amount of financial instruments not measured by fair value is a reasonable approximation, and the fair value of equity instrument investment lease liabilities without quotation in the active market that cannot be reliably measured, the fair value is not required to be disclosed according to regulations) are listed as follows:

	110.3.31				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Financial assets mandatorily classified as at fair value through profit or loss	\$ 53,282	53,282	-	-	53,282
Financial assets at fair value through other comprehensive income	\$ 427,089	420,236	-	6,853	427,089
Financial assets at amortized cost					
Cash and cash equivalents	\$ 4,491,862	-	-	-	-
Notes and accounts receivable (including related parties)	1,479,239	-	-	-	-
Other financial assets - current-	188,552	-	-	-	-
Other financial assets - non-current-	10,657	-	-	-	-
Subtotal	<u>6,170,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,650,681</u>	<u>473,518</u>	<u>-</u>	<u>6,853</u>	<u>480,371</u>
Financial liabilities at amortized cost					
Notes and accounts payable	\$ 4,061,393	-	-	-	-
Other current liabilities (leases liabilities)	2,621	-	-	-	-
Other non-current liabilities (leases liabilities)	8,642	-	-	-	-
Other payables	193,785	-	-	-	-
Total	<u>\$ 4,266,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	109.12.31				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Financial assets mandatorily classified as at fair value through profit or loss	\$ 44,039	44,039	-	-	44,039
Financial assets at fair value through other comprehensive income	\$ 363,370	357,545	-	5,825	363,370
Financial assets at amortized cost					
Cash and cash equivalents	\$ 4,108,192	-	-	-	-
Notes and accounts receivable (including related parties)	2,828,300	-	-	-	-
Other financial assets - current-	201,785	-	-	-	-
Other financial assets - non-current-	11,171	-	-	-	-

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

	109.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Subtotal	7,149,448	-	-	-	-
Total	\$ 7,556,857	401,584	-	5,825	407,409
Financial liabilities at amortized cost					
Short-term loans	\$ 150,000	-	-	-	-
Notes and accounts payable	4,085,146	-	-	-	-
Other current liabilities (leases liabilities)	2,159	-	-	-	-
Other non-current liabilities (leases liabilities)	9,722	-	-	-	-
Other payables	315,681	-	-	-	-
Total	\$ 4,562,708	-	-	-	-

	109.3.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily classified as at fair value through profit or loss	\$ 36,044	36,044	-	-	36,044
Financial assets at fair value through other comprehensive income	\$ 246,377	240,667	-	5,710	246,377
Financial assets at amortized cost					
Cash and cash equivalents	\$ 3,083,571	-	-	-	-
Notes and accounts receivable (including related parties)	2,700,252	-	-	-	-
Other financial assets - current-	281,398	-	-	-	-
Other financial assets - non-current-	7,561	-	-	-	-
Subtotal	6,072,782	-	-	-	-
Total	\$ 6,355,203	276,711	-	5,710	282,421
Financial liabilities at amortized cost					
Short-term loans	\$ 150,000	-	-	-	-
Notes and accounts payable	3,963,551	-	-	-	-
Other current liabilities (leases liabilities)	1,318	-	-	-	-
Other non-current liabilities (leases liabilities)	8,929	-	-	-	-
Other payables	152,521	-	-	-	-
Total	\$ 4,276,319	-	-	-	-

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(2) Changes in Level 3 financial assets

	Measured at fair value through other comprehensive income		
	Equity instruments		
	without public quotes	Bond investment	Total
January 1, 2021	\$ 5,825	-	5,825
March 31, 2021	\$ 6,853	-	6,853
January 1, 2020	\$ 5,920	-	5,920
March 31, 2020	\$ 5,710	-	5,710

The above total profit or loss is reported in "unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income." Among them, the assets still held on March 31, 2021 and 2020 are as follows:

	Jan. - Mar. 2021	Jan. - Mar. 2020
Total profit or loss		
Recognized in other comprehensive income (reported in "unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	\$ 1,028	(210)

(3) There was no matter of transfer between each level during the periods from January 1 to March 31, 2021 and 2020.

(19) Financial risk management

There is no significant difference between the goals and policies of the group's financial risk management and the information disclosed in Note 6(19) to the 2020 consolidated financial statements.

(20) Capital management

The goals, policies and procedures of the group's capital management are in line with the information disclosed in Note 6(20) to the 2020 consolidated financial statements. The aggregated quantitative data of the projects used as capital management in the current period is as follows:

	110.3.31	109.12.31	109.3.31
Total liabilities	\$ 5,724,353	6,364,378	5,995,713
Less: Cash and cash equivalents	(4,491,862)	(4,108,192)	(3,083,571)
Net liabilities	1,232,491	2,256,186	2,912,142
Total equity	3,249,962	3,069,278	2,729,115
Adjusted capital	\$ 4,482,453	5,325,464	5,641,257
Debt-to-capital ratio	27%	42%	52%

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

7. Related-Party Transactions

- (1) The parent company and the ultimate controlling party

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

- (2) Name of related parties and relations

The affiliates which have trading with the group within the period of the consolidated financial statements are as follows:

Name of related party	Relationship with the group
Kindom Development Co., Ltd.	The parent company of the company
Kindom Yu San Education Foundation	The entity's chairman is the first-degree relative of the company's director.

- (3) Significant transactions with related parties

1. Sales of services to related parties

The substantial sales amount of the group to related parties is as follows:

		Jan. - Mar. 2021			
		Total contract amount	Valuated amount	Current valuation amount	Income recognized in the current period
	Nature				
Parent company - Kindom Development Co., Ltd.	Engineering construction	\$ 11,031,066	5,537,716	624,043	631,569

		Jan. - Mar. 2020			
		Total contract amount	Valuated amount	Current valuation amount	Income recognized in the current period
	Nature				
Parent company - Kindom Development Co., Ltd.	Engineering construction	\$ 16,868,943	7,120,261	1,261,826	946,849

- (1) The constructions contracted by the group from related parties are compliant with the outsourcing regulations of the affiliates, plus a reasonable management fee and profit in accordance with the project budget, and after the price comparison and negotiation procedures, the contract prices are determined after they are submitted to the supervisors for approval.
- (2) From January 1 to March 31, 2021 and 2020, the gross profit margin of the constructions contracted by the group from non-affiliates was approximately 1.92%~19.90% and 3.96%~12.59%; that of the affiliates was about 3.74%~4.64% and 3.85%~4.94%, respectively.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

2. Receivables from related parties and contract assets

The group's receivables from related parties and contract assets are as follows:

<u>Account title in book</u>	<u>Type of related party</u>	<u>110.3.31</u>	<u>109.12.31</u>	<u>109.3.31</u>
Notes receivable	Parent company - Kindom Development Co., Ltd.	\$ 208,415	1,119,596	1,324,917
Accounts receivable	Parent company - Kindom Development Co., Ltd.	637,042	769,260	619,354
Contract assets	Parent company - Kindom Development Co., Ltd.	124,158	131,468	283,430
Contract assets (retention receivables)	Parent company - Kindom Development Co., Ltd.	43,299	19,774	20,549
		<u>\$ 1,012,914</u>	<u>2,040,098</u>	<u>2,248,250</u>

For 2021 and 2020, the collection period of the group from related parties was 50% due immediately, 50% due in 60 days, and 100% due in 90 days; one assessment was performed on general cases in a month, 100% due immediately, or 100% due in 30 days, or 100% due in 90 days.

3. Endorsements/guarantees

On March 31, 2021, December 31, 2020, and March 31, 2020, the group was the joint partner and joint debtor of the parent company - Kindom Development Co., Ltd. for cooperative development and construction, with the amount of NT\$28,384 thousand.

4. Leases

For the three-month periods ended March 31, 2021 and 2020, the group leased to the parent company - Kindom Development Co., Ltd. office building and signed a tenancy agreement, taking into account the rental market prices of offices in neighboring areas. The total contract value was NT\$294 thousand per month. The rent income was NT\$840 thousand for each of the periods from January 1 to March 31, 2021 and 2020.

The group leased the office building from its parent company, Kindom Development Co., Ltd., with a total contract value of NT\$575 thousand and NT\$195 thousand per month from January 1 to March 31, 2021 and 2020, respectively. The rental expenses were NT\$1,643 thousand and NT\$557 thousand for the periods from January 1 to March 31, 2021 and 2020, respectively.

5. Others

(1) The group donated a total of NT\$1,500 thousand and NT\$1,375 thousand to Kindom Yu San Education Foundation in the periods from January 1 to March 31, 2021 and 2020, respectively, for the promotion of foundation affairs.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

(4) Key management personnel transactions

Remuneration to key management personnel includes:

	Jan. - Mar. 2021	Jan. - Mar. 2020
Short-term employee benefits	\$ 33,727	25,583
Benefits after retirement	47	46
	\$ 33,774	25,629

8. Pledged Assets

The details of the carrying value of pledged assets by the group are as follows:

Name of assets	Pledge guarantee object	110.3.31	109.12.31	109.3.31
Other financial assets - current	Loan facilities collateral and construction guarantees	\$ 160,332	168,484	265,016
Property, plant and equipment, net	Loan facilities collateral	53,200	53,200	53,200
Investment property, net	Loan facilities collateral	95,295	95,353	95,527
		\$ 308,827	317,037	413,743

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments

- The major construction undertaking by the group as of March 31, 2021, December 31, 2020, and March 31, 2020 amounted to NT\$44,225,291 thousand, NT\$44,164,036 thousand, and NT\$42,272,858 thousand, respectively; the group already collected NT\$21,762,297 thousand, NT\$19,796,069 thousand, and NT\$15,493,618 thousand based on the contracts.
- Approved by the Board of Directors on December 30, 2020 and December 20, 2019, the group undertook to donate NT\$6,000 thousand and NT\$5,500 thousand to the Kindom Yu San Education Foundation in 2021 and 2020, respectively, for the promotion of the foundation's business.

(2) Contingent liabilities

In relation to the construction project under Project Code 041A, the neighbor manufacturer alleged that the structural damages on the manufacturer's plants and land were as a result of the company's construction. Both parties were not able to settle the issue in mediation, so the company was sued by the neighbor manufacturer, in the amount of NT\$15,665 thousand. The company has yet to assess any contingent liability for this litigation.

10. Significant Disaster Loss: None.

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

12. Others

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

Function Nature	Jan. - Mar. 2021			Jan. - Mar. 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salaries and wages	\$ 125,768	44,756	170,524	123,197	41,770	164,967
Labor insurance and national health insurance	9,444	2,516	11,960	8,874	2,298	11,172
Pension expenses	4,354	2,130	6,484	4,298	1,363	5,661
Other employee benefit expenses	570	574	1,144	518	1,016	1,534
Depreciation expenses	1,723	3,118	4,841	117	621	738
Depletion expenses	-	-	-	-	-	-
Amortization expenses	-	-	-	-	-	-

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

13. Supplementary Disclosures

(1) Information on significant transactions

In the period from January to March 31, 2021, the group shall disclose information related to significant transactions pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." Such information is as follows:

1. Financings provided: None.
2. Endorsement/guarantees for others:

Unit: Thousand NTD

No.	Name of endorsement/guarantee provider	Subject of endorsement/guarantees		Limit on endorsement/guarantees provided for a single party (Note 2)	Maximum balance for this period	Closing balance of endorsement/guarantees	Actual amount used	Amount of endorsement/guarantees collateralized with assets	Ratio of accumulated endorsement/guarantees to net equity per latest financial statements	Maximum endorsement/guarantee amount (Note 2)	Endorsement/guarantees provided by parent company to subsidiaries	Endorsement/guarantees provided by subsidiaries to parent company	Endorsement/guarantees provided to entities in China
		Company name	Relationship (Note 1)										
0	Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	Parent company and subsidiary	\$ 6,499,548	14,192	14,192	14,192	-	0.44%	6,499,548	-	Y	-
1	Dingtian Construction Co., Ltd.	Kindom Development Co., Ltd.	Parent company and subsidiary	53,373	14,192	14,192	14,192	-	26.59%	53,373	-	Y	-
1	"	Kedge Construction Co., Ltd.	"	8,005,884	1,376,500	1,376,500	1,376,500	-	2,579.02%	16,011,768	-	Y	-

Note 1. Listed below are the 7 types of companies to which the company may provide endorsement/guarantees:

- (1) A company with which the company has business relationship.
- (2) A company in which the company directly or indirectly holds more than 50% of the voting shares.
- (3) A company that directly or indirectly holds more than 50% of the voting shares in the company.
- (4) Between the companies in which the company directly or indirectly holds more than 90% of the voting shares.

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

- (5) A company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) All capital contributing shareholders make endorsement/guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2. 1. The aggregate balance of endorsement/guarantees provided by the company shall not exceed 200% of the company's net worth stated in the most recent financial statements, and the amount of endorsement/guarantees provided by the company for any single entity shall not exceed 200% of the company's net worth stated in the most recent financial statements. Nevertheless, the total guarantee amount for construction projects shall not exceed 10 times the company's net worth stated in the most recent financial statements, and the total guarantee amount for construction projects of a single enterprise shall not exceed 5 times the company's net worth stated in the most recent financial statements.

2. The aggregate balance of endorsement/guarantees provided by Dingtian Construction shall not exceed 100% of Dingtian Construction's net worth stated in the most recent financial statements, and the amount of endorsement/guarantees provided by Dingtian Construction for any single entity shall not exceed 100% of Dingtian Construction's net worth stated in the most recent financial statements. Nevertheless, the total guarantee amount for construction projects shall not exceed 300 times of Dingtian Construction's net worth stated in the most recent financial statements, and the total guarantee amount for construction projects of a single enterprise shall not exceed 150 times of Dingtian Construction's net worth stated in the most recent financial statements.

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

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

Unit: Thousand NTD

Holding company	Type and name of securities	Relationship with the securities issuer	Account title in book	End of period				Remark
				Number of shares (thousand shares)	Book value	Percentage of shareholding	Fair value	
Kedge Construction Co., Ltd.	Shares - Kindom Development Co., Ltd.	Kedge Construction Co., Ltd. is its subsidiary	Financial assets at fair value through other comprehensive income - non-current	500	\$ 19,775	0.10 %	19,775	
Jiequn Investment Co., Ltd.	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	472	26,782	- %	26,782	
"	Shares - SinoPac Financial Holdings Co., Ltd.	-	"	211	2,713	- %	2,713	
"	Shares - Kindom Development Co., Ltd.	Jiequn Investment is the second-tier subsidiary of that company.	Financial assets at fair value through other comprehensive income - non-current	8,518	336,904	1.69 %	336,904	
"	Shares - Taiwan Calcom International Computer Graphic Co., Ltd.	-	"	405	-	0.78 %	-	
Guanqing Electromechanical Co., Ltd.	Shares - Kindom Development Co., Ltd.	Guanqing Electromechanical is the second-tier subsidiary of that company.	"	1,607	63,557	0.32 %	63,557	
"	Shares - Commonwealth Publishing Co., Ltd.	-	"	132	6,853	0.59 %	6,853	
"	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	419	23,787	- %	23,787	

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

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

7. Purchase and sales with related parties amounting to NT\$100 million or more than 20% of the paid-up capital:

Unit: Thousand NTD

Company name	Name of transaction counterparty	Relationship	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/accounts receivable (or payable)		Remark
			Purchases/sales	Amount (Note)	As a percentage of total purchase (sales)	Loan period	Unit price	Loan period	Balance	As a percentage of total notes/accounts receivable (or payable)	
Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	An investment company that evaluates Kedge Construction Co., Ltd. by the equity method	Contracting	\$ (624,043)	(31.74)%	Payment by installment following the contract is equivalent to the general transaction.	Equivalent	Slightly longer than normal	888,756	33.13%	

Note: It refers to the current valuation amount.

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

Unit: Thousand NTD

Company that records such transactions as receivables	Name of transaction counterparty	Relationship	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Amounts received in subsequent periods	Allowance for loss appropriated
					Amount	Action taken		
Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	An investment company that evaluates Kedge Construction Co., Ltd. by the equity method	\$ 888,756	1.81	-	-	94,566	-

9. Derivative financial instrument transactions: None.

10. Business relationship and significant transactions between the parent company and subsidiaries:

No.	Company name	Name of transaction counterparty	Relationship	Transactions			
				Account	Amount	Terms and conditions	As a percentage of consolidated revenue or total assets
0	Kedge Construction Co., Ltd.	Guanqing Electromechanical Co., Ltd.	1	Contract liabilities	\$ 16,003	Equivalent to general transactions	0.18%
0	"	"	1	Notes and accounts payable	30,834	"	0.34%
0	"	"	1	Operating costs	42,667	"	1.61%
0	"	Dingtian Construction Co., Ltd.	1	Contract liabilities	10,130	"	0.11%
0	"	"	1	Notes and accounts payable	18,526	"	0.21%
0	"	"	1	Operating costs	31,525	"	1.19%
1	Guanqing Electromechanical Co., Ltd.	Kedge Construction Co., Ltd.	2	Contract assets	16,003	"	0.18%
1	"	"	2	Notes and accounts receivable	30,834	"	0.34%
1	"	"	2	Operating revenue	42,667	"	1.61%
2	Dingtian Construction Co., Ltd.	"	2	Contract assets	10,130	"	0.11%
2	"	"	2	Notes and accounts receivable	18,526	"	0.21%
2	"	"	2	Operating revenue	31,525	"	1.19%

Note 1. Instructions on numbering:

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries (continued)

1. The parent company is numbered 0.
2. Subsidiaries are numbered from number 1.

Note 2. The type of relationship with the transaction counterparty is marked as follows:

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

Note 3. The above-mentioned transactions have been written off at the preparation of the consolidated financial statements.

(2) Information on investees

The information on the group's investees in the period from January 1 to March 31, 2021 is as follows:

Unit: Thousand NTD/thousand shares

Name of investor	Investee	Location	Principal business	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of this period	End of last year	Number of shares	Percentage	Book value			
Kedge Construction Co., Ltd.	Jiequn Investment Co., Ltd.	Taiwan	General investment	\$ 163,935	163,935	16,396	99.98%	450,132	4,638	4,637	Subsidiary
Kedge Construction Co., Ltd.	Guanqing Electromechanical Co., Ltd.	Taiwan	Electrical equipment installation and fire safety equipment installation, etc.	81,326	81,326	7,747	99.96%	225,764	5,260	5,258	"
Jiequn Investment Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	16,012	(815)	(245)	Second-tier subsidiary
Guanqing Electromechanical Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	37,361	(815)	(570)	"
Dingtian Construction Co., Ltd.	ReadyCom eServices Corp.	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	20,515	17	8	Investments accounted for using equity method

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

(3) Information on investments in Mainland China

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

(4) Information on major shareholders

Unit: Share

Name of major shareholder	Shareholding	Number of shares held	Percentage of shareholding
Kindom Development Co., Ltd.		36,247,768	34.18%
Yute Investment Co., Ltd.		8,785,536	8.28%

14. Segment Information

The operation department of the group which should be reported is the construction segment. The construction segment is mainly responsible for the integrated operation and maintenance of construction, management, and other overall works. The information on segment profit and loss, segment assets, and segment liabilities are consistent with the financial statements. Please refer to the consolidated balance sheets and consolidated statements of comprehensive income for details.