Stock Code: 2546

Kedge Construction Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

2021 and 2020

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

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Thereaderisadvisedthattheseparentcompanyonlyfinancialstatementshavebeenpreparedoriginallyin Chinese.Intheeventofaconflictbetweenthesefinancialstatementsandtheoriginal Chineseversionordifferenceininterpretationbetweenthetwoversions,theChineselanguagefinancialstatementsshallprevail.

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Independent Auditors' Report

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

Audit Opinion

We have audited the parent company only Balance Sheets of Kedge Construction Co., Ltd. as of December 31, 2021 and 2020, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2021 and 2020.

In our opinion, the aforementioned parent company only financial statements in all material aspects are in compliance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and are sufficient to present the financial position of Kedge Construction Co., Ltd. as of December 31, 2021 and 2020, and its financial performance and cash flows for the annual period from January 1 to December 31, 2021 and 2020.

Foundation of Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements." Following the code of professional ethics of accountants, the persons subject to the independence standards of our accounting firm have maintained their independence from the Kedge Construction Co., Ltd. and fulfilled other responsibilities of the standards. We are convinced that we have acquired enough and appropriate audit evidence to serve as the foundation of the audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 individual financial statements of Kedge Construction Co., Ltd. These matters were addressed in our audit of parent company only financial statements as a whole and forming our audit opinion. We do not express a separate opinion on these matters. In our judgment, key audit matters that shall be communicated in the audit report are as follows:

1. Construction Contracts

   Please refer to Note 4 (12) "revenue recognition" of the parent company only financial statements for details of the accounting policies related to the building contracts. Please refer to Note 5 of the parent company only financial statements for details of the accounting estimates and assumed uncertainties of estimated total contract cost of the building contracts. Please refer to Note 6 (14) "revenue of the client contracts" of the parent company only financial statements for details of revenue recognition and the accumulated cost incurred.

   Description of Key Audit Matters:

   The change of the total contract price and planned total cost of the construction contracts involves a high degree of judgment by management. The miscalculation of gross contract revenue may cause material changes in profit and loss during the financial reporting period, and therefore there are significant risks. Also, Kedge Construction Co., Ltd. recognizes the revenue and cost of contracts under construction according to the percentage of completion method, while the degree of completion is calculated based on the proportion of the incurred cost to the estimated total contract cost as of the financial reporting date. The miscalculations disclosed above may cause significant differences in the timing of recognition for profit and loss and the current financial statements.

Corresponding Audit Procedures:

Our main audit procedures regarding the aforementioned key audit matters included the following:

- Test the internal control and implementation effectiveness of the contract and collection; obtain the detail list of addition and reduction of the total contract price of each construction for the current period; randomly check the external documents such as the contract, agreement, owner's communication or site coordination meeting minutes, as well as the valuation information of each period the condition of the owner's acceptance.
- Sampling evaluates the preparation process of the construction budget of the management team, and sampling tests the effectiveness of its internal control system and implementation; randomly check external documents such as construction price lists, contracts, daily construction reports, invoices, and construction budgets, and check with construction budgets to verify the appropriateness of collection and accumulation of the construction type; checks the pricing information of each period to calculate the percentage of completion of the construction; randomly check and execute the cut-off point test of the construction in progress for the period before and after the balance sheet date.

Responsibilities of the Management and Governing Body for the Parent Company Only Financial Statements

It is the management's responsibility to fairly present the parent company only financial statements in compliance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to sustain essential internal controls respecting the preparation of the parent company only financial statements so as to ensure that there is no material misrepresentation in the parent company only financial statements due to fraud or error.

In the preparation of the parent company only financial statements, the responsibility of management also includes the assessment of the sustainability of going concerned for Kedge Construction Co., Ltd., disclosure of relevant matters, as well as the adoption of the accounting base for continuing operations, unless the management intends to liquidate the Kedge Construction Co., Ltd. or terminate the business, or there is no practicable measure other than liquidation or termination of the business.

The governing bodies of Kedge Construction Co., Ltd. (including the Audit Committee or the supervisors) have the responsibility to oversee the process by which the financial statements are prepared.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

The purpose of our audit is to provide reasonable assurance that the parent company only financial statements as a whole do not contain material misrepresentation arising from fraud or errors, and to issue an independent auditors' report. Reasonable assurance is a high degree of assurance but is not a guarantee that an audit conducted in accordance with the Generally Accepted Auditing Standards will always detect the existence of any material misrepresentation in the parent company only financial statements. Misrepresentation may be due to fraud or error. It is considered to be material if the misrepresented individual amount or the aggregated total can be reasonably expected to affect the economic decisions made by the users of the parent company only financial statements.

When auditing in accordance with Generally Accepted Auditing Standards, we practice professional judgment and maintains professional suspicion. We also perform the following tasks:

1. Identify and assess the risks of material misrepresentation in the parent company only financial statements due to fraud or error; design and implement applicable countermeasures for the assessed risks, as well as obtaining sufficient and appropriate audit evidence as to the foundation of audit opinions. Because fraud may involve collusion, forgery, intentional omission, untrue declaration or the override of internal control, the risk of not detecting the material misrepresentation caused by fraud is higher than that caused by the error.

2. To acquire the necessary understanding of internal control relevant to audit so as to design appropriate audit procedures under the circumstances, but its purpose is not to express opinions on the effectiveness of internal control of Kedge Construction Co., Ltd.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, conclude on the appropriateness of the accounting base for continuing operations adopted by the management and whether there is a material uncertainty in the events or circumstances that may cause material doubts about the sustainability of going concerned for Kedge Construction Co., Ltd. If we believe that there is a material uncertainty in such events or circumstances, we shall remind the users of the parent company only financial statements to pay attention to the relevant disclosure of the parent company only financial statements in our auditor's report or we shall amend the audit opinion when such disclosure is inadequate. Our conclusions are based on the audit evidence obtained as of the date of our auditor's report. However, future events or circumstances may result in Kedge Construction Co., Ltd. no longer having the ability to going concerned.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements fairly represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the invested company adopting the equity method to express opinions on the parent company only financial statements. We are responsible for the guidance, supervision, and implementation of the audit cases, and for forming the audit opinions for Kedge Construction Co., Ltd.

The matters we communicate with the governance body include the planned audit scope and time, as well as material audit findings (including a significant lack of internal control identified in the audit process).

We also provide the governance body with a declaration that the persons subject to the independence standards of our affiliated accounting firm have complied with the code of professional ethics of accountants, and communicate with the governance body all relations and other matters (including relevant protective measures) that may affect the independence of CPAs.

From the matters communicated with those charged with governance, we determined the key audit matters of the parent company only financial statements of Kedge Construction Co., Ltd. of 2021. We state such matters in the audit report unless the law or regulation does not allow public disclosure of specific matters. Or in rare circumstances, we determine not to communicate specific matters in the audit report due to the reasonable probability that the negative impact of such communication is greater than the public interest.

KPMG

Taipei, Taiwan

Republic of China

March 25 2022

Notices to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

Kedge Construction Co., Ltd.

Balance Sheets

As of December 31, 2021 and 2020

Unit: NT$ thousand

	Assets	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (17))	$ 3,773,795	41	3,809,741	41
1170	Notes and accounts receivable, net (Note 6(3), (14) and (17))	995,512	11	939,444	10
1180	Notes and accounts receivable - related-parties, net (Note 6(14) and (17) and 7)	820,009	9	1,888,856	21
1140	Current contract assets (Note 6(14) and 7)	2,139,978	23	1,419,467	15
1410	Prepayments	84,871	1	91,505	1
1470	Other current assets	43,541	1	34,485	-
1476	Other financial assets - current (Note 6(17) and 8)	310,105	3	201,775	2
		8,167,811	89	8,385,273	90
	Non-current assets:				
1518	Equity instrument measured at fair value through other comprehensive income (Note 6(2) and (17))	20,763	-	16,825	-
1550	Investments accounted for using equity method (Note 6(4))	744,759	8	605,247	7
1600	Property, plant and equipment (Note 6(5) and 8)	92,934	1	123,952	2
1760	Investment property, net (Note 6(6) and 8)	101,611	1	102,077	1
1755	Right-of-use assets	2,764	-	7,529	-
1840	Deferred tax assets(Note 6(11))	45,994	1	34,416	-
1975	Net defined benefit assets - non-current (Note 6(10))	2,438	-	3,400	-
1980	Other non-current financial assets (Note 6(17))	22,324	-	11,170	-
		1,033,587	11	904,616	10
	Total assets	$ 9,201,398	100	9,289,889	100

	Liabilities and equity	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(7), (17) and 8)	$ 200,000	2	150,000	2
2130	Current contract liabilities (Note 6(14))	444,657	5	1,495,664	16
2150	Notes payable (Note 6(17) and 7)	274,632	3	326,123	4
2170	Accounts payable (Note 6(17) and 7)	4,088,298	44	3,656,982	39
2200	Other payables (Note 6(10) and (17))	289,924	3	310,826	3
2230	Current tax liabilities	191,630	2	117,200	1
2300	Other current liabilities (Note 6(17))	16,280	-	6,831	-
		5,505,421	59	6,063,626	65
	Non-current liabilities:				
2552	Warranty long-term provisions (Note 6(8))	180,633	2	149,369	2
2600	Other non-current liabilities (Note 6(17))	4,411	-	7,785	-
		185,044	2	157,154	2
	Total liabilities	5,690,465	61	6,220,780	67
	Equity (Note 6(12)):				
3100	Share Capital	1,060,357	12	1,060,357	11
3200	Capital surplus	518,401	6	518,294	6
3300	Retained earnings	1,702,978	19	1,345,805	14
3400	Other equity interest	229,197	2	144,653	2
	Total equity	3,510,933	39	3,069,109	33
	Total liabilities and equity	$ 9,201,398	100	9,289,889	100

(Please refer to the attached Notes to Parent Company Only Financial Statements)

Kedge Construction Co., Ltd.
Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

Code	Item	2021 Amount	2021 %	2020 Amount	2020 %
4000	**Operating revenue (Note 6(9), (14) and 7)**	$ 10,720,013	100	14,103,408	100
5000	**Operating costs (Note 6(10), (15), 7 and 12)**	9,543,524	89	13,058,255	93
	Gross profit from operations	1,176,489	11	1,045,153	7
	Operating expenses:				
6200	Administrative expenses (Note 6(10), (15), 7 and 12)	296,788	3	274,682	2
6450	Expected credit loss (gain) (Note 6(3), (14))	7,551	-	-	-
		304,339	3	274,682	2
	Net Operating Profit	872,150	8	770,471	5
	Non-operating income and expenses:				
7100	Interest income (Note 6(16) and Note 7)	9,567	-	7,591	-
7010	Other income (Note 6(16))	1,723	-	4,935	-
7020	Other gains and losses (Note 6(5) and (16))	(19,601)	-	(14,171)	-
7050	Financial costs (Note 6(16))	(1,384)	-	(2,934)	-
7070	Share of profit and loss of subsidiaries, associates and joint ventures using equity method recognition	58,906	1	14,622	-
		49,211	1	10,043	-
	Net income before tax from continuing operating department	921,361	9	780,514	5
7950	**Less: Income tax expenses (Note 6(11))**	180,885	2	154,074	1
	Profit	740,476	7	626,440	4
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurements of defined benefit plans	(1,575)	-	1,268	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	84,544	1	18,494	-
		82,969	1	19,762	-
8300	**Other comprehensive income, net**	82,969	1	19,762	-
	Total Comprehensive Income for the Current Period	**$ 823,445**	**8**	**646,202**	**4**
	Earnings per share (NT$) (Note 6(13))				
9750	**Basic earnings per share (NT$)**	**$ 6.98**		**5.91**	
9850	**Diluted earnings per share (NT$)**	**$ 6.92**		**5.87**	

(Please refer to the attached Notes to Parent Company Only Financial Statements)

Kedge Construction Co., Ltd.
Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

	Share Capital		Retained earnings			Other equity interest	
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Total	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Total equity
Balance as of January 1, 2020	$ 1,060,357	518,241	241,986	794,218	1,036,204	126,159	2,740,961
Profit	-	-	-	626,440	626,440	-	626,440
Other Comprehensive Income in the Current Period	-	-	-	1,268	1,268	18,494	19,762
Total Comprehensive Income for the Current Period	-	-	-	627,708	627,708	18,494	646,202
Earnings appropriation and distribution:							
Legal reserve appropriated	-	-	40,325	(40,325)	-	-	-
Cash dividends of ordinary share	-	-	-	(318,107)	(318,107)	-	(318,107)
Unclaimed dividends after effective period	-	53	-	-	-	-	53
As of December 31, 2020	1,060,357	518,294	282,311	1,063,494	1,345,805	144,653	3,069,109
Profit	-	-	-	740,476	740,476	-	740,476
Other Comprehensive Income in the Current Period	-	-	-	(1,575)	(1,575)	84,544	82,969
Total Comprehensive Income for the Current Period	-	-	-	738,901	738,901	84,544	823,445
Earnings appropriation and distribution:							
Legal reserve appropriated	-	-	62,771	(62,771)	-	-	-
Cash dividends of ordinary share	-	-	-	(381,728)	(381,728)	-	(381,728)
Unclaimed dividends after effective period	-	107	-	-	-	-	107
Balance as of December 31, 2021	**$ 1,060,357**	**518,401**	**345,082**	**1,357,896**	**1,702,978**	**229,197**	**3,510,933**

(Please refer to the attached Notes to Parent Company Only Financial Statements)

Kedge Construction Co., Ltd.
Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

		2021	2020
Cash flows from operating activities:			
Profit before tax	$	921,361	780,514
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation expense		19,466	11,851
Expected credit loss		7,551	-
Net loss on financial assets and liabilities measured at fair value through profit or loss		-	5,099
Interest expense		1,384	2,934
Interest income		(9,567)	(7,591)
Dividend income		(1,200)	(750)
Share of profit of subsidiaries, associates and joint ventures using equity method recognition		(58,906)	(14,622)
Gains on disposal and scrap of property, plant and equipment		(33)	-
Impairment loss of non-financial assets		18,618	-
Gain on lease modification		(58)	-
Total adjustments to reconcile profit (loss)		(22,745)	(3,079)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease in financial instruments mandatorily measured at fair value through profit or loss		-	17,375
(Increase) Decrease in notes and accounts receivable		(63,619)	188,144
Notes and accounts receivable - decrease in related parties		1,068,847	19,349
(Increase) Decrease in contract assets		(720,511)	136,407
Decrease in prepayments		6,445	111,057
Increase in other financial instruments - current		(9,056)	(13,906)
Decrease (increase) in other financial assets		(108,708)	41,885
Decrease (Increase) in non-current net defined benefit assets		962	(2,039)
Total changes in operating assets		174,360	498,272
Total changes in operating assets:			
Decrease in notes payable		(51,491)	(30,310)
Increase in accounts payable		431,316	159,088
(Decrease) increase in contract liabilities		(1,051,007)	517,210
(Decrease) Increase in other payables		(20,795)	57,177
Increase in liability reserve		31,264	48,048
Increase (decrease) in other current liabilities		9,823	(13,776)
(Decrease) Increase in net defined benefit liabilities		(1,575)	1,268
Increase in other non-current liabilities		1,048	829
Total changes in operating liabilities		(651,417)	739,534
Total changes in operating assets and liabilities		(477,057)	1,237,806
Total adjustments		(499,802)	1,234,727
Cash inflow generated from operations		421,559	2,015,241
Interests received		9,945	7,482
Dividends received		1,200	750
Interest payment		(1,384)	(2,934)
Income taxes paid		(118,033)	(95,405)
Net cash flows from (used in) operating activities		313,287	1,925,134
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(3,875)	(80,717)
Disposal of property, plant and equipment		76	-
Increase in other financial assets		(11,154)	(3,215)
Net cash flows used in investing activities		(14,953)	(83,932)
Cash flows from financing activities:			
Increase in short-term loans		410,000	581,000
Decrease in short-term loans		(360,000)	(581,000)
Increase in short-term promissory notes payable		260,000	200,000
Decrease in short-term promissory notes payable		(260,000)	(200,000)
Repayment of lease principal amount		(2,552)	(1,994)
Cash dividend distribution		(381,728)	(318,107)
Net cash outflows from financing activities		(334,280)	(320,101)
Net (decrease) increase in cash and cash equivalents		(35,946)	1,521,101
Opening balance of cash and cash equivalents of the period		3,809,741	2,288,640
Ending balance of cash and cash equivalents of the period	$	3,773,795	3,809,741

(Please refer to the attached Notes to Parent Company Only Financial Statements)

Kedge Construction Co., Ltd.
Notes to Parent Company Only Financial Statements
2021 and 2020
(Unless otherwise stated, the unit for all amounts is in NT$ thousands.)

1. **Company Overview**

Kedge Construction Co., Ltd. (hereinafter referred to as "the Company") was established on April 13, 1982, with the approval of the Ministry of Economic Affairs, and its registered address is 6F., No. 131, Sec. 3, Heping E. Rd., Taipei City, Taiwan. The main business items of the Company are comprehensive construction and the development, lease, sale, etc. of housing and building.

2. **The Approval Date and Procedures of the Financial Report**

The individual financial statements were published upon approval by the Board of Directors on March 25, 2022.

3. **Application of Newly Issued and Revised Standards and Interpretations**

(1) The Impact of Adopting Newly Released and Revised Standards and Interpretations Endorsed by the Financial Supervisory Commission

The Company has adopted the following newly amended IFRSs starting from January 1, 2021, which have not had a material impact on the parent company only 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"

The Company has adopted the following newly amended IFRSs starting from April 1, 2021, which have not had a material impact on the parent company only financial statements.

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

(2) Impacts of IFRS Endorsed by FSC but yet to come into effect

The Company has assessed that the application of the above newly endorsed IFRS, effective on January 1, 2022, will not result in a material impact on the parent company only financial statements.

· Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"

· Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

· Annual Improvements to IFRS Standards during 2018-2020 Cycle

· Amendments to IFRS 3, "Reference to the Conceptual Framework"

(3) Newly issued and amended standards and interpretations yet to be endorsed by the FSC

For IFRSs issued by IASB but not yet endorsed by the FSC, the impact on the Company are as follows:

New or amended standards	Main amendments to the content	The effective date of issuance by IASB
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	The amendments are intended to enhance the consistency of the application of the standard, in order to assist companies in determining whether debts or other liabilities with uncertain liquidation dates should be classified as current (or those that might expire within one year) or non-current on the balance sheet. The amendments also clarify the classification requirements for debts that may be repaid through convert into equity.	January 1, 2023

The Company is in the process of evaluating the impact of the above standards and interpretations on the Company's financial condition and operating performance, and it will disclose relevant impacts when the evaluation is completed.

The Company expects that the following newly published and amended IFRS unendorsed will not result in a material 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"
- IFRS 17, "Insurance Contracts," and amendments to IFRS 17
- 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"

4. Summary of Significant Accounting Policies

The summary of material accounting policies adopted in the parent company only financial statements is as follows. Other than the description of accounting variations in note 3, the following accounting policies have been consistently applied to all stated periods in the parent company only financial statements.

(1) Compliance Statement

The parent company only financial report is prepared in accordance with the standards for the “Preparation Standards of Financial Reports for Securities Issuers."

(2) Foundation of Preparation

1. Foundation of Measurement

   Apart from the essential items in the following balance sheet, the parent company only financial statements are prepared on the foundation of historical cost:

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

   (2) Net defined benefit liabilities (or assets) are measured by the fair value of pension fund assets minus the present value of the defined benefit obligations and the cap effects measurement mentioned in note 4 (13).

2. Functional Currency and Presentation Currency

   The Company takes the currency of the main economic environment in which the business operates as its functional currency. The parent company only financial statements present the NT dollar as the functional currency. All financial information represented in NTD is in the unit of thousands of NT$.

(3) Classification Standard for Distinguishing Current and Non-current Assets and Liabilities

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized within its normal operating cycle, or it is intended to be sold or depleted;
2. The asset is held mainly for trading purposes;
3. The asset is expected to be realized within 12 months after the reporting period; or
4. The asset is cash or cash equivalent, but it will be used for the exchange of assets or settlement of liabilities at least 12 months after the reporting period, unless otherwise limited.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled within its normal operating cycle;
2. The liabilities held are primarily for the trading purpose;
3. The liabilities are expected to settle the obligation within 12 months after the reporting period; or
4. The liabilities have no unconditional right to defer the settlement for at least 12 months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

(4) Cash and cash equivalents

Cash includes cash on hand and demand deposit. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

(5) Financial Instruments

The accounts receivable and debt securities issued are primitively recognized at the time of generation. All other financial assets and financial liabilities are primitively recognized when the Company became a party to the terms of the financial instrument contract. Financial assets not measured at fair value through profit or loss (other than accounts receivable excluding material financial components) or financial liabilities primitively at fair value may be measured directly attributable to the transaction cost of the acquisition or issuance. The accounts receivable excluding material financial components are primitively measured at transaction prices.

1. Financial Assets

Where the purchase or sale of financial assets is in line with conventional trading practices, the accounting treatment of all purchases and sales of financial assets classified in the same way by the Company shall be consistently on the trade date or the settlement date.

Financial assets at the time of initial recognition are classified as financial assets measured at amortized cost or financial assets measured at fair value through profit and loss. The Company shall reclassify all the affected financial assets from the first day of the next reporting period only when changing the business model for managing financial assets.

(1) Financial Assets Measured at Amortized Cost

When financial assets meet the following conditions and not designated at fair value through profit or loss, they are measured at amortized cost:

· It refers to the holding of the financial assets under the business model for the purpose of receiving contractual cash flow.

· The contractual terms of the financial asset generate the cash flow on a specific date, which is fully used to pay for the outstanding principal amount and interest of the principal.

Such assets are subsequently amortized by the initial amount recognized plus or minus the accumulated amortization amount calculated by the effective interest method, and the amortized cost measurement of any allowance loss is adjusted. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

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

At the time of initial recognition, the Company may make an irrevocable choice and report the subsequent changes at the fair value of equity instrument investment not held for trading to other comprehensive income. The aforementioned choice is made on the item by item basis.

Equity instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit and loss.

The dividend income of equity investment shall be recognized on the date when the Company is entitled to receive dividends (usually the ex-dividend date).

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

Financial assets not measured at the aforementioned amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, to eliminate or materially reduce accounting mismatches, the Company may irrevocably designate financial assets that meet the criteria of measuring at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

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

(4) (4) Impairment of Financial Assets

Regarding the financial assets measured through amortized cost (including cash and equivalent cash, financial assets measured by amortized cost, notes receivable and accounts receivable, other receivables, refundable deposits, other financial assets, etc.,) account receivable, and contract assets, the Company shall recognize loss allowance for expected credit losses.

The loss allowance of the following financial assets are measured based on the expected credit losses amount in 12 months, and the remaining are measured based on the lifetime expected credit loss amount:

· Determine that the debt securities have low credit risk on the reporting date; and

· The credit risk of other debt securities and bank deposits (i.e., the occurrence of default risk exceeding the expected duration of financial instruments) has not increased significantly since the initial recognition.

The loss allowance for accounts receivable and contractual assets is measured by the amount of lifetime expected credit losses.

In determining whether the credit risk has increased significantly since the initial recognition, the Company shall consider reasonable and verifiable information (available without excessive cost or investment), including qualitative and quantitative information, analysis based on the historical experience, credit evaluation, and prospective information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected duration of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Company can collect according to the contract and the expected cash flow that the Company will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

On each reporting date, the Company assesses whether there is credit impairment on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. When one or more events are arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. Evidence of credit impairment of financial assets includes observable data on the following:

· Material financial difficulties of the borrower or the issuer;

· Default, such as delay or overdue for more than 90 days;

· Due to the economic or contractual reasons related to the borrower's financial difficulties, the Company gives the borrower concessions that would not have been inspected;

· The borrower is likely to file for bankruptcy or conduct other financial reorganization; or

· Due to financial difficulties, the active market of the financial assets disappeared.

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

When the Company cannot reasonably expect the whole or part of the recovered financial assets, it directly reduces the total carrying amount of its financial assets. The Company analyzes the time and amount of write off individually based on whether it reasonably expects to be recoverable. The Company expects that the amount written off will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Company to recover the overdue amount.

(5) Derecognition of Financial Assets

The Company only derecognizes the financial assets when the contractual rights of the assets' cash flow are terminated, or when the financial assets have been transferred and almost all the risks and remuneration of the ownership of the asset have been transferred to other enterprises, or when almost all the risks and remuneration of the ownership have not been transferred or retained, and the control of the financial assets have not been retained.

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

2. Financial Liabilities and Equity Instruments

(1) Classification of Liabilities or Equities

The debt and equity instruments issued by the Company are classified as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of financial liabilities and equity instruments.

(2) Equity Transactions

Equity instruments refer to any contracts containing residual interest after the Consolidated Company subtracts liabilities from assets. The equity instruments issued by the Company are recognized at the price obtained deduct the direct issue cost.

(3) Financial Liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities measured at fair value through profit or loss are the fair value measurement, and the related net profit and loss, including any interest paid, are recognized in profit and loss.

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

(4) Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled or matured. When the provisions of financial liabilities are revised and there is a material difference in the cash flow of the modified liabilities, the initial financial liabilities shall be derecognized, and the new financial liabilities shall be recognized at fair value based on the revised provisions.

When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash asset transferred or liability assumed) is recognized as profit or loss.

(5) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities shall be offset against each other and expressed in the net amount in the balance sheet only when the Company currently has the legally enforceable rights to offset and has the intention for netting settlement or realizing assets and settlement at the same time.

(6) Investee

In preparing parent company only financial reports, the Company adopts equity method evaluation for controlled investees. By the equity method, the current profit and loss and other comprehensive income in the individual financial report shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the combined financial report, and the owners' equity in the parent company only financial report shall be the same as the equity attributable to the parent company's owners in the combined financial report.

Where the change of the ownership interest and interests of the Company to a subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner.

(7) Investment Property

Investment property refers to property held for earning rent or asset appreciation or both, rather than for normal business sale, production, provision of goods or services, or administrative purposes. Investment property is initially measured by cost and subsequently measured by cost minus accumulated depreciation and accumulated impairment. Its depreciation method, service life, and residual value are treated following the provisions of property, plant, and equipment.

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

Rental income from investment property is recognized in operating revenue on a straight-line basis during the lease term. The lease incentive is recognized as part of the lease income during the lease term.

(8) Property, Plant and Equipment

1. Recognition and Measurement

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

When the useful life of a material component of property, plant, and equipment is different, it shall be treated as a separate item (main component) of property, plant, and equipment.

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

2. Subsequent Cost

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

3. Depreciation

Depreciation is calculated by deducting the residual value from the asset cost and is recognized in profit or loss within the estimated useful life of each component using the straight-line method.

No depreciation shall be recognized for the land.

The estimated useful life of the current period and comparative periods are as follows:

(1) Houses and buildings 5 to 53 years

(2) Transportation equipment 5 years

(3) Other equipment 3 to 5 years

The Company shall review the depreciation method, useful life, and residual value on each reporting date, and make appropriate adjustments as necessary.

(9) Leases

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

1. Lessee

The Company recognizes the right-of-use asset and the lease liability on the inception of the lease. The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

The right-of-use asset is subsequently depreciated by the straight-line method from the inception of the lease to the expiration of the useful life of the right-of-use asset or the earlier of the lease term. Also, the Company shall regularly assess whether the right-of-use asset is impaired and processes any impairment loss that has occurred, and cooperates to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are primitively measured by the present value of the unpaid lease benefits on the inception of the lease. If the interest rate implicit in the lease is easy to determine, the discount rate shall be the interest rate; if it is not easy to determine, the incremental borrowing rate of interest of the Consolidated Company shall be used. Generally speaking, the Company uses its incremental borrowing rate of interest as the discount rate.

Lease benefits included in the measurement of lease liabilities consist of:

(1) Fixed benefits, including substantial fixed benefits;

(2) The variable lease benefits depend on an index or rate, and the index or rate on the inception of the lease is applied as the initial measurement;

(3) The residual guarantee amount expected to be paid; and

(4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability subsequently accrues interest with the effective interest method, and its amount is measured when the following occurs:

(1) Changes in the index or rate used to determine lease benefits result in changes in future lease benefits;

(2) The residual guarantee amount expected to be paid has changed;

(3) The evaluation of the underlying asset purchase option has changed;

(4) The assessment of whether to exercise the option of extension or termination has changed, and alter the assessment of the lease term;

(5) Modification of the subject matter, scope, or other terms of the lease.

When the lease liability is remeasured due to the above changes in the index or rate used to determine the lease benefits, changes in the residual guarantee amount, and changes in the evaluation of the purchase, extension or termination option, the carrying amount of the right-of-use asset shall be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the surplus remeasured amount shall be recognized in profit and loss.

For the lease modification of reducing the lease scope, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between it and the remeasurement amount of the lease liability is recognized in profit and loss.

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

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

2. Lessor

For transactions in which the Company is the lessor, it is to classify the tenancy agreement according to whether it transfers almost all risks and remuneration attached to the ownership of the underlying asset on the lease establishment date. If so, it is classified as a financial lease, otherwise, it is classified as an operating lease. At the time of evaluation, the Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

If the Company is a sublease lessor, the main lease and sublease transactions are processed separately, and the classification of the sublease transaction is evaluated by the right-of-use asset generated by the main lease. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

If the agreement includes leasing and non-leasing components, the Company shall employ the provisions of IFRS 15 to share the consideration in the contract.

(10) Impairments of Non-financial Assets

The Company assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventory, contractual assets, and deferred income tax assets) may be impaired. If any indication exists, the recoverable amount of the asset is estimated. Goodwill is regularly tested for impairment every year.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group. Goodwill acquired from a business combination is allocated to each cash-generating unit or group of cash-generating units that are expected to benefit from the synergy combination.

The recoverable amount of an individual asset or a cash-generating unit is the higher of its fair value less costs of disposal and its use-value. When evaluating the use-value, the estimated future cash flow is converted to the present value at the pre-tax discount rate, which should reflect the current market's evaluation of the time value of money and the specific risk of the asset or cash-generating unit.

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

The impairment loss is recognized immediately in profit and loss, and first reduces the carrying amount of the goodwill of the cash-generating unit, and then reduces the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

(11) Provisions

The recognition of provisions means a current obligation for past events so that in the future the Company is most likely to outflow resources with economic benefits to settle it, and the amount of the obligation can be reliably estimated. The provision is discounted at a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risk of liabilities. The amortization of the discount is recognized as interest expense.

The warranty provision is recognized at the completion of the construction and is measured at correlation probability weighting according to the historical warranty data and all possible results.

(12) Revenue Recognition

1. Revenue from Contracts with Clients

The revenue is measured by the consideration expected to be entitled to for the transfer of goods or services. The Company recognizes the revenue when the control over goods or services is transferred to the client, and the performance obligations are met. The main revenue items of the Company are described as follows:

(1) Construction Contracts

The Company is engaged in the contracting business of residential property and public construction. Since the assets are under the control of clients at the time of construction, the revenue is gradually recognized over time based on the proportion of the construction costs incurred to date to the estimated total contract costs. The contract includes fixed and variable consideration. The client pays a fixed amount of money according to the agreed schedule. Some variable consideration (such as penalty and price adjustment calculated based on overdue days) is estimated by the expected value based on the accumulated experience in the past. the Company recognizes revenue only within the range where the accumulated income is highly unlikely to have a material reversal. If the amount of recognized revenue has not yet been claimed, it shall be recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset shall be transferred to the accounts receivable.

If it is unable to reasonably measure the completion degree of the performance obligation of the construction contract, the contract revenue shall only be recognized within the scope of the expected recoverable cost.

When the Company foresees that the inevitable cost of fulfilling the obligations of a construction contract exceeds the expected economic benefits from the contract, the liability reserve of the loss-making contract is recognized.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease will be reflected in profit and loss during the period when the management is informed of the change.

The Company provides a standard warranty for residential property and public construction in line with the agreed specifications and has recognized the warranty liability reserve for this obligation. Please refer to Note 6(8) for details.

2. Cost of Client Contracts

   Cost of Fulfilling Contracts

   If the cost of fulfilling client contracts is not within the scope of other standards (IAS 2 "inventory", IAS 16 "property, plant and equipment", or IAS 38 "intangible assets"), the Company shall only recognize such cost as an asset when it is directly related to contract or explicitly identifiable expected contract, which will be generating or strengthening resources for future satisfaction (or continuous satisfaction) of performance obligations, and expected to be recoverable.

   The general and management costs, the costs of wasted raw materials, labor or other resources used to perform the contract but not reflected in the contract price, the costs related to the fulfilled (or partially fulfilled) performance obligation and the costs related to unfulfilled performance obligation or fulfilled (or partially fulfilled) performance obligation that cannot be distinguished are recognized as an expense when incurred.

(13) Employee Benefits

1. Defined Contribution Plan

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

2. Defined Benefit Plan

   The net obligation of the Company to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value for each benefit plan and deducting the fair value of any plan assets.

   The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation result may be beneficial to the Company, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

   The remeasurement of net defined benefit liabilities, including actuarial gains and losses, plan asset returns (excluding interest), and any changes in the impact of the asset ceiling (excluding interest), are immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) determined by the Company is the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest paid and other expenses of the benefit plan are recognized in profit and loss.

   When the plan is amended or reduced, the number of benefits changes related to past service costs or reduced benefits or losses shall be recognized as profit or loss immediately. When the settlement occurs, the Company shall recognize the settlement profit and loss of the defined benefit plan.

3. Short-term Employee Benefits

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

(14) Income Tax

Income tax includes current and deferred income tax. Except for items related to the Consolidated Company and directly recognized into equity or other comprehensive incomes, current and deferred income tax shall be recognized in profit or loss.

Current income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to income tax payable or tax refund receivable in previous years. The amount is the best estimate of the expected payment or receipt based on the legal tax rate or substantively enacted tax rate on the reporting date.

Deferred income tax is measured and recognized on the temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. The temporary difference for the following conditions will not be recognized as deferred income tax:

1. Assets or liabilities initially recognized in a transaction other than a business combination that at the time of the transaction does not affect accounting profit and taxable income (loss);
2. Due to temporary differences arising from investment in subsidiaries, associates and joint venture interests, the Company can control the reversing point of temporary differences and is likely not to revert in the foreseeable future; and
3. The taxable temporary difference arising from the initial recognition of goodwill.

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. On each reporting day, it shall be reassessed to reduce the relevant income tax benefits to the extent that they are not likely to be realized or to revert the reduced amount to the extent that they are likely to become sufficient taxable income.

Deferred income tax is measured by the tax rate when the expected temporary difference is reversed and is based on the legal tax rate or substantively enacted tax rate on the reporting date.

The Company only offsets the deferred income tax assets and deferred income tax liabilities when the following conditions are met simultaneously:

1. Have the legally enforceable right to offset the current income tax assets and current income tax liabilities against each other; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers levied by the same taxation authority:
   (1) Same taxpayer; or

(2) Different taxpayers, yet each taxpayer intends to settle current income tax assets and liabilities on a net basis or realize assets and settle liabilities at the same time in each future period when a material amount of deferred income tax assets are expected to be recovered, and deferred income tax liabilities are expected to be settled.

(15) Earnings per Share

The Company presents the basic and diluted earnings per share attributable to the Company's common equity holders. The basic earnings per share of the Company are calculated by dividing the profit and loss attributable to the Company's common equity holders by the weighted average number of outstanding common shares in the current period. Diluted earnings per share are calculated by adjusting the profit and loss attributable to the common equity holders of the Company and the weighted average number of outstanding common shares, respectively, after adjusting the impact of all potential diluted common equity.

(16) Segment Information

The Company has disclosed segment information in the consolidated financial reports, so the parent company only financial reports do not disclose segment information.

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

The management must make judgments, estimates, and assumptions when preparing the parent company only financial statements under the “Preparation Standards of Financial Reports for Securities Issuers,” which will have an impact on the adoption of accounting policies and the reported amount of assets, liabilities, earnings, and expenses. The actual results may differ from the estimates.

The management continuously reviews estimates and basic assumptions, and changes in accounting estimates are recognized during the period of change and the future period affected.

The following assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and they reflects the impact of the COVID-19 pandemic, of which the details are as follows:

(1) Revenue Recognition

The recognition of the profit and loss of the construction contract of the Company refers to the recognition of the contract revenue and the contract cost respectively according to the complete degree of the contractual activities and the degree of completion is measured by the proportion of the contract cost incurred so far in the estimated total contract cost. The Company considers the nature, estimated duration, contract projects, construction process, construction method, and estimated contract amount of each project to estimate the total contract cost. The above estimation basis is subject to change due to conditions of work, overall price fluctuations, and owner requirements.

The accounting policy and disclosure of the Company include the adoption of fair value measurement on financial and non-financial assets and liabilities. The Company verifies the independent source data to make the evaluation result close to the market status, confirms that the data source is independent, reliable, consistent with other resources and represents the executable price, and regularly calibrates the evaluation model, conducts backtesting, updates the input value and data required by the evaluation model and any other necessary fair value adjustments to ensure that the evaluation result is reasonable. For investment property, the Company evaluates it periodically or entrusts an external appraiser to evaluate it according to the evaluation method and parameter hypothesis announced by the FSC.

In measuring the assets and liabilities, the Company will employ the observable input value in the market as much as possible. The level of fair value is classified as follows based on the input value adopted by the evaluation technology:

1. Level 1: The public offer price (unadjusted) of the same asset or liability in the active market.
2. Level 2: In addition to the public offer price included in level 1, the input parameters of assets or liabilities are directly (namely price) or indirectly (namely derived from price) observable.
3. Level 3: Input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

In case of any transfer event or situation of fair value between different levels, the Company shall recognize such transfer on the reporting date.

Please refer to the following notes for information about the assumptions used to measure fair value:

1. Note 6(6), investment property
2. Note 6(17), financial instrument

6. Descriptions of Significant Accounting Items

(1) Cash and cash equivalents

	2021.12.31	2020.12.31
Petty cash	$ 510	710
Demand deposits	2,204,233	155,007
Check deposits	1,061,681	477,689
Time deposits	-	1,548
Cash equivalents	507,371	3,174,787
Cash and cash equivalents	$ 3,773,795	3,809,741

The aforementioned cash equivalents are short-term bills, whose maturity ranges are between January and March in 2022 and 2021, and the interest rate ranges are 0.26% and 0.24% to 0.26%, respectively.

For the disclosed information on the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company, please refer to Note 6(17).

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

	2021.12.31	2020.12.31
Equity instruments measured at fair value through other comprehensive income		
Stocks listed in TWSE or TPEx - Kindom Development Co., Ltd.	$ 20,763	16,825

1. The equity instrument investment held by the Company is a long-term strategic investment and not held for trading purposes, so it has been designated to be measured at fair value through other comprehensive income.
2. For the equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Company in 2021 and 2020 were NT$1,200,000 and NT$750,000.
3. The Company did not dispose of strategic investment in 2021 and 2020, and accumulated profit and loss during that period were not transferred within the equity.
4. As of December 31, 2021 and 2020, none of the financial assets of the Company was pledged as collateral.
5. Please refer to Note 6(17) for credit risk (including impairment of debt instrument investment) and market risk information.

(3) Notes and accounts receivable

	2021.12.31	2020.12.31
Accounts Receivable	$ 1,003,063	939,444
Less: Loss allowance	(7,551)	-
	$ 995,512	939,444

The Company adopted a simplified method to estimate expected credit loss for notes receivable and accounts receivable, namely measurement through lifetime expected credit loss. For this purpose of measurement, the notes receivable and accounts receivable are grouped by the joint credit risk characteristics of the ability to pay the due amount according to the contract terms of representative customers, and incorporated into prospective information. The expected credit loss of notes receivable and accounts receivable of the Company is analyzed as follows:

	2021.12.31		
	The carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance of lifetime expected credit losses
Not past due	$ 995,512		-
Past due 90 days and above	7,551	100%	7,551
	$ 1,003,063		7,551

	2020.12.31		
	The carrying amount of notes receivable and accounts receivable	**Weighted average expected credit loss rate**	**Allowance of lifetime expected credit losses**
Not past due	$ 939,444	-	-

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

	2021	**2020**
Beginning balance	$ -	-
Impairment losses recognized	7,551	11,587
Reversal of impairment loss	-	(11,587)
Ending Balance	$ 7,551	-

As of December 31, 2021 and 2020, none of the receivables of the Company were pledged as collateral.

(4) Investments accounted for using equity method

The investment of the Company using the equity method on the reporting date is as follows:

	2021.12.31	**2020.12.31**
Subsidiary	$ 744,759	605,247

1. Subsidiary

   Please refer to the 2021 Consolidated Financial Statements

2. Collateral

   As of December 31, 2021 and 2020, none of the investments under the equity method of the Company was pledged as collateral.

(5) Property, Plant and Equipment

The changes in the cost, depreciation and impairment losses of property, plant and equipment in 2021 and 2020 of the Company are as follows:

	Land	Houses and buildings	Transportation equipment	Others equipment	Total
Cost or deemed cost:					
Balance as of January 1, 2021	$ 53,200	34,011	1,930	58,969	148,110
Additions	-	-	-	3,875	3,875
Disposal	-	-	(1,930)	-	(1,930)
Reclassification	-	-	-	189	189
Balance on December 31, 2021	**$ 53,200**	**34,011**	**-**	**63,033**	**150,244**
Balance on January 1, 2020	$ 53,200	12,667	1,930	407	68,204
Additions	-	21,344	-	59,373	80,717
Reclassification to contract assets	-	-	-	(811)	(811)
Balance on December 31, 2020	**$ 53,200**	**34,011**	**1,930**	**58,969**	**148,110**
Depreciation and impairment losses:					
Balance as of January 1, 2021	$ -	14,445	1,887	7,826	24,158
Depreciation for the year	-	3,913	-	12,508	16,421
Impairment loss	-	15,653	-	2,965	18,618
Disposal	-	-	(1,887)	-	(1,887)
Balance on December 31, 2021	**$ -**	**34,011**	**-**	**23,299**	**57,310**
Balance on January 1, 2020	$ -	12,667	1,876	407	14,950
Depreciation for the year	-	1,778	11	7,554	9,343
Reclassification to contract assets	-	-	-	(135)	(135)
Balance on December 31, 2020	**$ -**	**14,445**	**1,887**	**7,826**	**24,158**
Book Value:					
December 31, 2021	**$ 53,200**	**-**	**-**	**39,734**	**92,934**
January 1, 2020	**$ 53,200**	**-**	**54**	**-**	**53,254**
December 31, 2020	**$ 53,200**	**19,566**	**43**	**51,143**	**123,952**

1. Impairment loss

   In 2021, the Company had no substantial economic benefits in the future for its buildings and other equipment, and therefore it recognized the impairment loss of NT$18,618,000, accounted for under other gains and losses.

2. Collateral

   Please refer to Note 8 for details of collateral for the financing line as of December 31, 2021 and 2020.

(6) Investment Property

The changes in the cost, depreciation and impairment losses of investment property in 2021 and 2020 of the Company are as follows:

		Land, houses and buildings
Cost or deemed cost:		
Balance as of January 1, 2021	$	127,549
Balance on December 31, 2021	**$**	**127,549**
Balance on January 1, 2020	$	127,549
Balance on December 31, 2020	**$**	**127,549**
Depreciation and impairment losses:		
Balance as of January 1, 2021	$	25,472
Depreciation for the year		466
Balance on December 31, 2021	**$**	**25,938**
Balance on January 1, 2020	$	25,005
Depreciation for the year		467
Balance on December 31, 2020	**$**	**25,472**
Carrying amount:		
December 31, 2021	**$**	**101,611**
January 1, 2020	**$**	**102,544**
December 31, 2020	**$**	**102,077**
Fair value:		
December 31, 2021	**$**	**174,536**
December 31, 2020	**$**	**174,536**

The fair value of investment property is based on the evaluation of the independent appraisers (with a relevant professional qualification accredited) or of the Company through the comprehensive consideration by the comparative method (taking into account the information of the deal price of the real estate agent and the actual price registration of the Ministry of the Interior). The input value used in the fair value evaluation technique belongs to Level 3.

The fair value is evaluated by the income approach. In the absence of the current price in the active market, the evaluation considers the total aggregate estimated cash flow received from the lease of the property and discounts it with the earning rate that reflects the specific risks inherent in the net cash flow to determine the value of the property. The discount rates applied for the years ended on December 31, 2021 and 2020 both ranged at 1.18%.

Please refer to Note 8 for details of the investment property of the Company pledged as collateral for the financing line as of December 31, 2021 and 2020.

(7) Short-term loans

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

	2021.12.31	2020.12.31
Unsecured bank loans	$ 200,000	150,000
Unused limit	$ 4,462,680	4,288,003
Interest rate interval	1.05%	1.10%

For the Company's details on interest rate risk and liquidity risk, please refer to Note 6(17).

Please refer to Note 8 for details of the collateral of the Company's asset pledged for bank loans.

(8) Provisions

	Warranty
Balance as of January 1, 2021	$ 149,369
Additional provisions for the current period	37,076
Provisions used in the current period	(5,812)
Balance on December 31, 2021	$ 180,633
Balance on January 1, 2020	$ 101,321
Additional provisions for the current period	53,233
Provisions used in the current period	(5,185)
Balance on December 31, 2020	$ 149,369

In 2021 and 2020, the warranty provisions of the Company are mainly related to construction contracting. The warranty provisions are estimated based on the historical warranty data of various constructions. The Company expects that the liability will occur mostly one year after the construction acceptance.

(9) Operating lease

The investment property leased by the Company doesn't transfer all risks and remuneration attached to the ownership of the underlying assets, so the tenancy agreement is classified as an operating lease. Please refer to Note 6(6) investment property for details.

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:

		2021.12.31	2020.12.31
Less than 1 year	$	3,360	6,074
1 to 2 years		-	580
Non-discounted future cash flows of lease	$	3,360	6,654

In 2021 and 2020, the rental income from investment property were NT$5,992,000 and NT$6,082,000. In addition, there was no material maintenance and servicing expense.

(10) Employee Benefits

1. Defined Benefit Plan

The adjustment of the present value of the defined benefit obligations and the fair value of the plan assets of the Company is as follows:

		2021.12.31	2020.12.31
Present value of defined benefit obligations	$	21,585	22,148
Fair value of plan assets		(24,023)	(25,548)
Net defined benefit obligation (assets) liabilities	$	(2,438)	(3,400)

The defined benefit plan of the Company is contributed to the special pension fund account at the Bank of Taiwan. The pension payment of each employee under the Labor Standards Act is calculated based on the base number of service years and the average salary of 6 months before retirement.

(1) Components of plan assets

The pension fund contributed by the Company following the Labor Standards Act is under the overall management of the Bureau of Labor Funds of the Ministry of Labor. According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

The Company's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to NT$24,023,000 on the reporting date. For the utilization of the pension fund, including the earnings rate and asset allocation of the fund, please refer to the information published on the website of the Bureau of Labor Funds of the Ministry of Labor.

(2) Changes in present value of defined benefit obligations

The changes in the present value of defined benefit obligations of the Company in 2021 and 2020 are as follows:

		2021	2020
Defined benefit obligation on January 1	$	22,148	22,317
Current service cost and interest		177	201
Remeasurement of net defined benefit liability (asset)			
— Actuarial gain and loss arising from changes in financial assumptions		570	512
- Experience adjustments		(658)	(639)
Benefits paid by the plan		(652)	(243)
Defined benefit obligation on December 31	$	21,585	22,148

(3) Changes in fair value of plan assets

Changes in fair value of defined benefit plan assets of the Company in 2021 and 2020 are as follows:

		2021	2020
Fair value of plan assets on January 1	$	25,548	23,678
Interest income		207	217
Remeasurement of net defined benefit liability (asset)			
— Return on plan assets (excluding current interest)		(1,662)	1,141
Amount contributed to the plan		582	755
Benefits paid by the plan		(652)	(243)
Fair value of plan assets on December 31	$	24,023	25,548

(4) The Company had no upper limit impact on defined benefit plan assets in 2021 and 2020.

(5) Expenses recognized as profit and loss

The expenses recognized as profit and loss of the Company in 2021 and 2020 are as follows:

		2021	2020
Net interest from net defined benefit liability (asset)	$	(30)	(16)

Fees are recognized as follows in the statement of comprehensive income:

		2021	2020
Operating costs	$	(30)	(16)

(6) Remeasurement of net defined benefit liability (asset) recognized as other comprehensive income

The remeasurement of the net defined benefit liability (asset) accumulated and recognized as other comprehensive income of the Company as of December 31, 2021 and 2020 is as follows:

		2021	2020
Accumulated balance on January 1	$	3,903	2,635
Current recognition		(1,575)	1,268
Accumulated balance on December 31	$	2,328	3,903

(7) Actuarial assumption

The main actuarial assumptions used by the Company at the end of the financial reporting period are as follows:

	2021.12.31	2020.12.31
Discount rate	0.55%	0.80%
Future salary increase	1.75%	2.00%

Based on the actuarial report, the Company is expected to make a contribution payment of NT$582,000 to the defined benefit plans for the one-year period after the reporting date of 2021.

The weighted average lifetime of the defined benefit plans is 11.4 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2021 and 2020 on the present value of defined benefit obligations is as follows:

		Impact on defined benefit obligations	
		Increase	Decrease
December 31, 2021			
Discount rate (change of 0.25%)	$	(570)	589
Future salary increase (change of 1%)		2,441	(2,171)
December 31, 2020			
Discount rate (change of 0.25%)		(638)	662
Future salary increase (change of 1%)		2,748	(2,427)

The above sensitivity analysis is based on the impact of changes in a single assumption when other assumptions remain unchanged. In practice, the changes in assumptions may be interlinked. Sensitivity analysis is consistent with the method used to calculate net defined benefit liabilities on the balance sheet.

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

2. Defined Contribution Plan

   The Company's defined contribution plan contributes 6% of the worker's monthly wage to the individual labor pension accounts at the Bureau of Labor Insurance per the provisions of the Labor Pension Act. Under this plan, the Company contributes a fixed amount to the Bureau of Labor Insurance, and there is no legal or constructive obligation to pay the additional amount.

   The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2021 and 2020 amounted to NT$21,568,000 and NT$21,457,000, respectively.

3. Short-term compensated absences

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

		2021.12.31	2020.12.31
Short-term compensated absences	$	13,716	14,913

(11) Income Tax

1. The details of income tax expenses of the Company in 2021 and 2020 are as follows:

		2021	2020
Current income tax expenses			
Accrued in current year	$	183,438	164,339
Adjustments to income tax expenses of previous period		58	(1,904)
Surtax on unappropriated earnings		8,967	2,241
		192,463	164,676
Deferred tax expense			
Occurrence and reversal of temporary differences		(11,578)	(10,602)
Income tax expenses	$	180,885	154,074

2. The relationship between the income tax expense and the profit before tax of the Company in 2021 and 2020 is adjusted as follows:

	2021	2020
Profit before tax	$ 921,361	780,514
Income tax calculated according to the domestic tax rate of the location of the Company	$ 184,272	156,103
Adjustments to income tax expenses of previous period	58	(1,904)
Surtax on unappropriated earnings	8,967	2,241
Investment gain accounted for using equity method	(11,781)	(2,924)
Tax exemption profit	(240)	(170)
Non-creditable expense	114	157
Others	(505)	571
Total	$ 180,885	154,074

3. Deferred tax assets

(1) Unrecognized deferred tax assets

Items not recognized as deferred tax assets by the Company are as follows:

	2021.12.31	2020.12.31
Deductible temporary difference	$ 798	798

(2) Recognized deferred tax assets

The changes in deferred tax assets in 2021 and 2020 are as follows:

	Provisions	Cumulative compensated absences	Impairment loss	Others	Total
January 1, 2021	$ 29,874	2,982	-	1,560	34,416
Recognized in the income statements	6,253	(239)	3,639	1,925	11,578
December 31, 2021	$ 36,127	2,743	3,639	3,485	45,994
January 1, 2020	$ 20,264	2,886	-	664	23,814
Recognized in the income statements	9,610	96	-	896	10,602
December 31, 2020	$ 29,874	2,982	-	1,560	34,416

4. The Company's business income tax declaration has been approved by the collection authority until 2019.

(12) Capital and other equity

As of December 31, 2021 and 2020, the total authorized capital stock of the Company is NT$1,200,000,000; the total number of shares is 120,000,000 with a par value of NT$10 per share, and the number of issued shares is 106,036,000. The payment of all issued shares has been collected.

1. Capital surplus

Details of capital surplus was as follows:

	2021.12.31	2020.12.31
Shares premium	$ 383,109	383,109
Premium on conversion of convertible bonds	130,766	130,766
Changes in the equity net value of subsidiaries, associates and joint ventures recognized by the equity method	2,568	2,568
Unclaimed dividends after effective period	521	414
Others	1,437	1,437
	$ 518,401	518,294

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

2. Retained earnings

The Company's Articles of Association stipulates 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

In accordance with provisions of the Company Act, the Company shall contribute 10% after-tax net profit as a legal reserve until equalization with the total amount of capital. When there is no loss in the Company, the legal reserve will be used to issue new shares or cash dividends upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in capital.

(2) Earnings distribution

The 2020 and 2019 distribution of earnings were resolved at the shareholders' meeting on July 1, 2021 and June 15, 2020, respectively. The dividends distributed to owners are as follows:

	2020		2019	
	Dividend rate (NT$)	**Amount**	**Dividend rate (NT$)**	**Amount**
Dividends to common shareholders:				
Cash dividend	$ 3.6	**381,728**	3.0	**318,107**

3. Other equity interest (net after tax)

	Unrealized gains and losses from financial assets at fair value through other comprehensive income
Balance as of January 1, 2021	$ 144,653
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	84,544
Balance on December 31, 2021	**$ 229,197**
Balance on January 1, 2020	$ 126,159
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	18,494
Balance on December 31, 2020	**$ 144,653**

Notes to the Parent Company Only Financial Statements of KEDGE CONSTRUCTION CO., LTD. (continued)

(13) Earnings per Share

The basic and diluted earnings per share of the Company in 2021 and 2020 are calculated as follows:

	2021	2020
Basic earnings per share		
Net profit attributable to ordinary equity holders of the Company	$ 740,476	626,440
Weighted average number of ordinary shares outstanding	106,036	106,036
	$ 6.98	5.91
Diluted earnings per share		
Net profit attributable to ordinary equity holders of the Company	$ 740,476	626,440
Weighted average number of ordinary shares outstanding	106,036	106,036
Impact of potential ordinary shares with the dilution effect		
Influence of potentially diluted shares - employee compensation	938	711
Weighted average number of common shares outstanding (after adjusting the impact of diluting potential common shares)	106,974	106,747
	$ 6.92	5.87

(14) Revenue from Contracts with Clients

1. Disaggregation of revenue

	2021	2020
Timing of revenue recognition:		
Gradually transferred constructions over time	$ 10,714,021	14,097,326
Gradually transferred services over time	5,992	6,082
	$ 10,720,013	14,103,408

2. Contract balances

		2021.12.31	2020.12.31	2020.1.1
Notes and accounts receivable (including related parties)	$	1,823,072	2,828,300	3,035,793
Less: Loss allowance		(7,551)	-	-
Total	$	1,815,521	2,828,300	3,035,793
Contract asset-construction	$	2,139,978	1,419,467	1,555,198
Less: Loss allowance		-	-	-
Total	$	2,139,978	1,419,467	1,555,198
Contract liability-construction	$	444,657	1,495,664	978,454

Please refer to Note 6(3) for the disclosure of accounts receivable and their impairment.

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the Company transfers commodity or services to clients to meet the performance obligations and the time when clients pay. Therefore, there was no other material change in 2021 and 2020.

(15) Remuneration to employees, Directors and Supervisors

The Company's Articles of Association stipulates that, after annual earnings first offset against any deficit, a minimum of 0.5% shall be allocated as employee remuneration and a maximum of 2% as Directors' and Supervisors' remuneration. However, profits must first be taken to offset against cumulative losses if any.

The Company's estimated remuneration of employees in 2021 and 2020 are NT$49,810,000 and NT$33,223,000 respectively, and those of Directors and Supervisors are NT$19,602,000 and NT$16,611,000 respectively. That is based on the Company's profit before tax before deducting remuneration of employees, Directors, and Supervisors during the period multiplied by the remuneration distribution ratio of employees, Directors, and Supervisors stipulated in the Articles of Association of the Company as the estimated basis, and reported as the operating costs and operating expenses in 2021 and 2020. There is no difference between the remuneration of the employees, Directors, and Supervisors allocated by the aforesaid resolution of the Board of Directors and the amount estimated in the parent company only financial statements for 2021 and 2020. For relevant information, please refer to the Market Observation Post System (MOPS).

(16) Non-operating income and expenses

1. Interest income

The details of income tax expenses of the Company in 2021 and 2020 are as follows:

		2021	2020
Loans and receivables	$	4,887	7,268
Bank deposits		2,593	323
Other interest income		2,087	-
	$	9,567	7,591

2. Other income

Details of other income of the Company in 2021 and 2020 are as follows:

		2021	2020
Dividend income	$	1,200	750
Rental income		11	11
Other income		512	4,174
	$	1,723	4,935

3. Other gains or losses

Details of other gains and losses of the Company in 2021 and 2020 are as follows:

		2021	2020
Loss on Financial Assets at Fair Value through Profit or Loss	$	-	(5,099)
Gains on disposal of property, plant and equipment		33	-
Gain on lease modification		58	-
Impairment loss		(18,618)	-
Other expenses		(1,074)	(9,072)
	$	(19,601)	(14,171)

4. Financial costs

Details of the financial cost of the Company in 2021 and 2020 are as follows:

		2021	2020
Interest expense			
Bank loans	$	1,172	2,721
Others		212	213
	$	1,384	2,934

(17) Financial Instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximal amount of credit risk exposure.

(2) The concentration of credit risk

Revenues of the Group in 2021 and 2020 are derived from the sales to domestic clients; the clients of the Group are concentrated in the construction industry and public works. Among the notes receivable and balance of accounts receivable as of December 31, 2021 and 2020, 94% and 99% were composed of 6 clients, respectively, but mainly companies in the Group, creditworthy companies and government agencies. Therefore, no material concentration of credit risk is found in the evaluation of the Group. The Company still regularly evaluates the possibility of recovery of accounts receivable and provides the allowance for bad debts also the loss of bad debts is within the expectation of the management.

(3) Credit risk of receivables

Please refer to Note 6(3) for credit risk exposure information of notes and accounts receivable.

2. Liquidity risk

The following table shows the contractual maturity of financial liabilities, including estimated interest but excluding the impact of net amount agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	3-5 years	Over 5 years
December 31, 2021						
Non-derivative financial liabilities						
Unsecured bank loans	$ 200,000	201,400	201,400	-	-	-
Notes payable	274,632	274,632	274,632	-	-	-
Accounts payable	4,088,298	4,088,298	2,124,270	1,964,028	-	-
Other payables	289,924	289,924	289,924	-	-	-
Other current liabilities (leases liabilities)	1,661	1,680	1,680	-	-	-
Other non-current liabilities (leases liabilities)	1,119	1,150	-	1,150	-	-
	$ 4,855,634	4,857,084	2,891,906	1,965,178	-	-
December 31, 2020						
Non-derivative financial liabilities						
Unsecured bank loans	$ 150,000	151,100	151,100	-	-	-
Notes payable	326,123	326,123	326,123	-	-	-
Accounts payable	3,656,982	3,656,982	1,785,359	1,871,623	-	-
Other payables	310,826	310,826	310,826	-	-	-
Other current liabilities (leases liabilities)	2,035	2,455	2,455	-	-	-
Other non-current liabilities (leases liabilities)	5,541	5,370	-	4,081	1,289	-
	$ 4,451,507	4,452,856	2,575,863	1,875,704	1,289	-

The Company 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.

3. Interest Rate Analysis

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

The following sensitivity analysis is determined by the interest rate risk exposure of derivative and non-derivative instruments on the reporting date. For floating rate liabilities, the analysis method presumes that the amount of outstanding liabilities on the reporting date is outstanding throughout the year. The rate of change used in reporting the interest rate to the key management within the Company is 0.5% increase or decrease in the interest rate, which also signifies the management's evaluation of the reasonable range of likely fluctuations in the interest rate.

4. Other Price Risk

On the reporting date, if the price of equity securities fluctuates (two periods of analysis are based on the same basis, assuming that other variable factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

	2021		2020	
Securities price on the reporting date	**After-tax other comprehensive income**	**After-tax profit or loss**	**After-tax other comprehensive income**	**After-tax profit or loss**
Up by 10%	$ 2,076	-	1,683	-
Down by 10%	$ (2,076)	-	(1,683)	-

5. Fair Value Information

(1) Type and fair value of financial instruments

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

Notes to the Parent Company Only Financial Statements of KEDGE CONSTRUCTION CO., LTD. (continued)

	2021.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value through Other Comprehensive Income	$ 20,763	20,763	-	-	20,763
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	$ 3,773,795	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,815,521	-	-	-	-
Other financial assets-current	310,105	-	-	-	-
Other financial assets-non-current	22,324	-	-	-	-
Subtotal	5,921,745	-	-	-	-
Total	$ 5,942,508	20,763	-	-	20,763
Financial liabilities measured at amortized cost					
Short-term loans	$ 200,000	-	-	-	-
Notes payable and accounts payable	4,362,930	-	-	-	-
Other payables	289,924	-	-	-	-
Other current liabilities (leased assets)	1,661	-	-	-	-
Other non-current liabilities (leased assets)	1,119	-	-	-	-
Total	$ 4,855,634	-	-	-	-

	2020.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value through Other Comprehensive Income	$ 16,825	16,825	-	-	16,825
Financial Assets Measured at Amortized Cost					
Cash and cash equivalents	$ 3,809,741	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,828,300	-	-	-	-
Other financial assets-current	201,775	-	-	-	-
Other financial assets-non-current	11,170	-	-	-	-
Subtotal	6,850,986	-	-	-	-
Total	$ 6,867,811	16,825	-	-	16,825
Financial liabilities measured at amortized cost					
Short-term loans	$ 150,000	-	-	-	-
Notes payable and accounts payable	3,983,105	-	-	-	-
Other payables	310,826	-	-	-	-
Other current liabilities (leased assets)	2,035	-	-	-	-
Other non-current liabilities (leased assets)	5,541	-	-	-	-
Total	$ 4,451,507	-	-	-	-

(2) Fair value evaluation technique of financial instruments measured at fair value

Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, then the active market quotation shall be the fair value. The market price of the major Exchanges and the market price of popular central government bonds judged and released by the Taipei Exchange, which is the basis of the fair values of TWSE/TPEx listed equity instruments and debt instruments with active market quotations.

If the public quotation of a financial instrument can be obtained from an exchange, broker, underwriter, industry association, pricing service agency or competent authority in a timely and frequent manner, and the price represents the actual and regular fair market transactions, then the financial instrument has an active market quotation. If the above conditions are not met, the market is deemed not active. Generally speaking, large difference in buying and selling price, significant increase of buying and selling price, and few transactions are indexes of market not active.

If the financial instruments held by the Company fit into an active market, their fair values are listed according to the categories and attributes as follows :

The stock of a TWSE/TPEx listed company is a financial asset with standard terms and traded in an active market, and its fair value is determined by reference to the market quotation.

In addition to the aforementioned financial instruments with an active market, the fair value of other financial instruments is acquired by valuation technique or by reference to the counterparty quotes. The fair value acquired through valuation technique can refer to the current fair value, the discounted cash flow method or other valuation techniques for financial instruments with similar substantive conditions and characteristics in essence, including the market information available on the reporting date using the model (such as the reference yield curve of the OTC market and the average quotation of Reuters commercial promissory note rate).

If the financial instruments held by the Company do not fit into the active market, their fair values are listed according to the categories and attributes as follows :

The equity instrument without public quotation: The discounted cash flow model is used to estimate fair value. Its main assumption is that the expected future cash flow of the investee will be measured by discounting the rate of return, reflecting the time value of money and investment risk.

The equity instrument without public quotation: The market comparable company approach is used to estimate the fair value. Its main assumption is based on the estimated earnings before tax, interest, depreciation, and amortization of the investee and the earnings multiplier derived from the market quotation of comparable TWSE/TPEx listed companies. This estimate has adjusted the discount effect of the lack of market liquidity of the equity securities.

(3) The Company did not have any transfers between levels in 2021 and 2020.

(18) Financial Risk Management

1. Outline

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 notes convey the aforementioned various risk exposure of the Company and the objectives, policies, and procedures for the measurement and risk management of the Company. For further quantitative disclosure, please refer to the notes in the parent company only financial report.

2. Risk Management Framework

(1) Risk management policies:

In the process of operation, enterprises often encounter many uncertain factors that may threaten their operations. In order to perceive and control them as early as possible and reduce the losses caused by the occurrence of risks, a good risk management policy is essential. The Board of Directors of the Company establishes the overall risk management policy in line with the operating strategy, operating environment and department plan. Its main subjects include the aspects of the environment, internal and external operational flow, and strategic decision-making, etc. Furthermore, the Board of Directors shall put forward risk management reports on the resolutions, deliverables, supervision, and subsequent execution process of various risk management issues. So when the future operation and management encounter similar or the same problems, it can refer to the experience and propose better solutions.

(2) Organizational structure of risk management:

Each hierarchy level or department of the Company shall be responsible for the risks. Once the situation is found to be wrong, it shall promptly report to the auditing office or the senior executive and seek solutions as soon as possible. The decision-maker shall also take action within the shortest time.

The organizational structure of risk management of the Company is as follows:

Name of Organization	Scope of Responsibilities
The Board of Directors	Establish risk management policies and ensure the effective operation and resource allocation of risk management mechanism
Senior Management	Implement risk management decisions of the Board of Directors Coordinate risk management affairs across departments
Auditing Office	Conduct daily risk management audit Supervise risk management activities and report the implementation to the Board of Directors and Supervisors
Other Departments	Consolidate the implementation results of risk management activities Conduct daily risk management operations Determine the risk category depending on environmental changes, and propose the undertaking plan

3. Credit risk

   Credit risk refers to the risk of financial loss due to the failure of the Company's clients or counterparties of financial instruments to perform their contractual obligations. It mainly comes from the accounts receivable from clients and securities investment of the Company.

   (1) Accounts receivable and other receivables

   The credit risk exposure of the Company is primarily affected by the individual circumstances of each client. The management also considers the statistical data of the Company's client base, including the default risk of the client's industry and country, as these factors may affect the credit risk. In order to reduce the credit risk of receivables, the Company continuously assesses the financial status of its clients and requires the counterparty to provide collaterals or guarantees when necessary.

   (2) Investment

   The credit risks of bank deposits, fixed-income investments, and other financial instruments are measured and monitored by the financial department of the Company. Given that the trading counterpart and the contract performing party of the Company are financial institutions, corporate organizations, and government agencies with good credit, there is no material credit risk because there is no significant doubt about the contract performance.

   (3) Guarantee

   The Company's policy stipulates that financial guarantee can only be provided to fully-owned affiliated companies and companies with business interaction. As of December 31, 2021 and 2020, the endorsement guarantee provided by the Company was both NT$14,192,000.

4. Liquidity risk

   Liquidity risk refers to the risk that the Company is unable to deliver cash or other financial assets to settle financial liabilities and fails to perform relevant obligations. The method of managing the liquidity of the Company is to ensure that the Company has sufficient circulating capital to pay for its due liabilities under normal and stressful conditions, without any risk of unacceptable loss or damage to the reputation of the Company.

   Generally speaking, the Company ensures that there is sufficient cash to meet the needs of expected operating expenses, including the performance of financial obligations, but excluding the potential impact that cannot be reasonably expected under extreme circumstances, such as natural disasters. Moreover, the unused comprehensive loan facilities (including NTD loans, letters of credit, and commercial paper facilities) of the Company on December 31, 2021 and 2020 totaled NT$4,662,680,000 and NT$4,488,003,000.

5. Market Risk

   Market risk refers to the risk that changes in market prices, such as exchange rate, interest rate, and equity instrument price will affect the earnings of the Company or the value of the financial instruments it holds. The goal of market risk management is to control the market risk to an acceptable extent and optimize the return on investment.

(1) Interest rate risk

The policy of the Company is to ensure that the risk of borrowing interest rate fluctuation is based on fixed interest rates. To achieve this goal, part of this is through the signing of fixed interest rate instruments, and part is through the borrowing floating interest rates, and the use of interest rate swap contracts is attributed to avoid the cash flow variability due to interest rate fluctuations.

(2) Other market price risks

The Company has the risk of exposure in equity price due to the equity securities investment of TWSE/TPEx listed companies. The equity investment is not held for trading but a strategic investment. The Company has not actively traded such investments, and the managing personnel of the Company manage the risks by holding different risk investment portfolios.

(19) Capital management

The goal of the capital management of the Company is to ensure the ability to sustain operation to continuously offer the shareholders' remuneration and other stakeholders' interests and to maintain the best capital structure to reduce the cost of capital.

In order to maintain or recapitalize structure, the Company may adjust the dividends paid to the shareholders, refund of capital reduction to shareholders, issue new shares, or sell assets to settle the liabilities.

The Company is the same as its peers and uses debt to capital ratio as the foundation of capital control. The ratio is calculated by dividing net indebtedness over the capitalization. Net indebtedness is the total liabilities, shown in the balance sheets, less cash and cash equivalents. Capitalization is the entire component of equity (that is, equity, capital surplus, retained earnings, and other equity) plus net indebtedness.

The capital management strategy of the Company in 2021 is consistent with that in 2020, to ensure financing at a reasonable cost. The debt to capital ratios at December 31, 2021 and 2020 are as follows:

	2021.12.31	2020.12.31
Total Liabilities	$ 5,690,465	6,220,780
Less: Cash and cash equivalents	(3,773,795)	(3,809,741)
Net liabilities	1,916,670	2,411,039
Total Equity	3,510,933	3,069,109
Adjusted capital	**$ 5,427,603**	**5,480,148**
Debt-to-capital ratio	**35%**	**44%**

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) Names and relation of related parties

The related parties which have trading with the Company within the period of the parent company only financial report are as follows:

Name of related parties	Relationship with the Company
Kindom Development Co., Ltd.	The parent company of the Company
Guanqing Electromechanical Co., Ltd.	The Company's subsidiary
Dingtian Construction Co., Ltd.	The Company's subsidiary
Kindom Yu San Education Foundation	The entity's chairman is the first-degree relatives of the Company's Directors

(3) Significant transactions with related parties

1. Sales of services to related parties

The substantial sales amount of the Company to related party were as follows:

		2021			
	Nature	Total contract amount	Valuated amount	Current valuation amount	Income recognized in the current period
Parent company-Kindom Development Co., Ltd.	Engineering construction	$ 10,935,738	7,358,430	2,444,757	2,828,862

		2020			
	Nature	Total contract amount	Valuated amount	Current valuation amount	Income recognized in the current period
Parent company-Kindom Development Co., Ltd.	Engineering construction	$ 17,709,729	11,592,336	5,733,902	5,304,012

(1) The constructions contracted by the Company from the related parties are compliant to the outsourcing regulations of the related parties, 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 December 30 in 2021 and 2020, the gross profit margin of the constructions contracted by the Company from non-related parties was approximately 1.92% to 25.87% and 1.92% to 19.90%, and that of the related parties was about 3.74% to 4.64% and 3.74% to 4.94%, respectively.

2. Contracted works

The current valuation amount of the works contracted by the Company to related parties is as follows:

	2021			2020		
	Total contract amount	Valuated amount	Current valuation amount	Total contract amount	Valuated amount	Current valuation amount
Subsidiary	$ 830,627	724,778	275,256	1,113,702	824,376	324,120

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

3. Contract assets and receivables from related parties

The Company's details of receivables from related party were as follows:

Accounting items	Type of related parties	2021.12.31	2020.12.31
Notes receivable	Parent company-Kindom Development Co., Ltd.	$ -	1,119,596
Accounts Receivable	Parent company-Kindom Development Co., Ltd.	820,009	769,260
Contract assets	Parent company-Kindom Development Co., Ltd.	201,827	124,909
Contract assets (retention receivables)	Parent company-Kindom Development Co., Ltd.	16,746	19,774
		$ 1,038,582	2,033,539

For 2021 and 2020, the collection period of the Company 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.

4. Payables to related parties

The Company's details of payables to related party were as follows:

Accounting items	Type of related parties	2021.12.31	2020.12.31
Notes payable	Subsidiary	$ 441	2,160
Accounts payable	Subsidiary	68,699	50,553
		$ 69,140	52,713

5. Endorsements/guarantees

   On December 31, 2021 and 2020, the Company is the joint partner and joint debtor of the ultimate parent company Kindom Development Co., Ltd. for cooperative development and construction, with the amount of NT$14,192,000.

6. Leases

   In 2021 and 2020, the Company leased to parent company Kindom Development Co., Ltd. office building and signed a tenancy agreement concerning the rental market of offices in neighboring areas. The total contract value is NT$294,000 per month. The rental income for both 2021 and 2020 was NT$3,360,000.

   The Company leased office building from its parent company Kindom Development Co., Ltd., with a total contract value of NT$575,000 per month for both 2021 and 2020. The rental expense for 2021 and 2020 is NT$6,571,000 and NT$2,952,000, respectively.

7. Others

   In 2021 and 2020, the Company donated NT$6,000,000 and NT$5,500,000 to Yu San Education Foundation, a syndicate legal entity, for the promotion of the foundation's business.

(4) Key management personnel transactions

Remuneration to major management personnel includes:

	2021	2020
Short-term Employee Benefits	$ 108,470	94,662
Benefits after retirement	223	162
	$ 108,693	94,824

8. Pledged Assets

The Company's details of the carrying value of pledged assets were as follows:

Name of assets	Pledge guarantee object	2021.12.31	2020.12.31
Other financial assets - current	Loan facilities collaterals and construction guarantees	$ 179,276	168,484
Property, plant, and equipment - net	Loan facilities collaterals	53,200	53,200
Net amount of investment property	Loan facilities collaterals	95,121	95,353
		$ 327,597	317,037

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

1. On December 31, 2021 and 2020, the total amounts of material construction contracts by the Company were NT$46,613,096,000 and NT$43,875,723,000, respectively, and the payments received according to the contract were NT$7,741,953,000 and NT$19,507,756,000, respectively.

2. Approved by the Board of Directors on December 27, 2021, and December 30, 2020, the Company committed to donate NT$9,000,000 and NT$6,000,000 to the Kindom Yu San Education Foundation in 2022 and 2021 for the promotion of the foundation's business.

(2) Contingent liability

In relation to the construction project under Project Code 061M,the Company was asked for the joint damages amounted to NT$20,131,000; however, due to the lack of evidence for a long period, the case is currently undergoing mediation procedures.

10. Significant Disaster Loss: None.

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

12. Others

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

Function / Nature	2021			2020		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits expenses						
Salaries and wages	$ 468,374	161,741	630,115	492,569	157,337	649,906
Labor insurance and national health insurance	36,198	9,521	45,719	35,890	8,998	44,888
Pension expenses	16,363	5,175	21,538	16,407	5,034	21,441
Remuneration of Directors	-	22,962	22,962	-	19,609	19,609
Other employee benefits expenses	1,565	8,126	9,691	1,026	13,287	14,313
Depreciation expense	5,189	14,277	19,466	3,466	8,385	11,851
Depletion expenses	-	-	-	-	-	-
Amortization expenses	-	-	-	-	-	-

(2) The Company's employee number and employee benefit expenses in 2021 and 2020 are as follows:

	2021	2020
Number of employees	658	730
Number of Directors who are not employees	6	5
Average employee benefits	$ 1,084	1,008
Average employee salaries and wages	$ 966	896
Adjustments to average employee salary expenses (note)	7.81%	
Supervisors' remuneration	$ -	109

Note: the Company's salary expenses reflect the manpower structure of each year's operating requirements and the performance of the progress of the project completion. The above number of employees includes foreign workers who receive basic wages. Out of the Company's salary expenses in 2021 and 2020, the salary increase of non-executive full-time employees was 3.02% and 3.09% respectively. The number of foreign workers accounted for about 20% of the total number of employees.

(3) The Company's salary and remuneration policy (including Directors, managers, and employees) is as follows:

1. The Company's employee salary and renumeration policy is committed to providing employees with compensation and salary which meets the salary market dynamics and responds to changes in economic conditions and government regulations. Employees compensation mainly consists of basic payroll (including salary and fixed allowances, etc.), year-end and performance bonuses, etc. Each year, according to the operating conditions and internal and external salary analysis, the Company sets out salary adjustment policies in due course; The average rate of increase in the past two years was about 3%.
2. According to the Company's operating results, reference to the domestic industry bonus level and the Articles of Association, the Company shall decide the total number of year-end bonuses and compensation. The remuneration committee shall submit the amount and distribution method for approval by the Board of Directors. The amount allocated to each employee depends on the job, contribution and performance; the minimum salary standards for employees without working experience and foreign workers are in accordance with government regulations.
3. The Company's remuneration policy for the manager is based on the Company's operating strategy, profit status, performance and job contribution, and reference to the salary market. The Remuneration Committee shall submit for approval by the Board of Directors.

4. According to the Articles of Association, the Company's remuneration for the Chairman and Director is authorized to the Board which shall agree on the common industry standard according to its degree of participation in the operation and value of the contribution. The Articles of Association also specifies that no more than 2% of the annual profit shall be the remuneration of directors. Independent Directors receive a fixed monthly remuneration and do not participate in the distribution of the Directors' remuneration mentioned above.

13. Disclosure Notes

(1) Information on Material Transactions

In 2021, under Regulations Governing the Preparation of Financial Reports by Securities Issuers, information related to material transactions should be disclosed by the Company is as the following:

1. Loan of funds to others: none.
2. Endorsement/guarantees for others:

Unit: NT$ thousand

No.	Name of endorsement/ guarantee provider	Subject of endorsements/guarantees		Limit on endorsement/ guarantees provided for a single party (Note 2)	Maximum balance for this period	Outstanding Endorsements/ guarantees - Ending	Actual expenditure	Endorsement guarantee amount secured by the property	The ratio of accumulated endorsement guarantee amount to the net value of the latest financial statements	Maximum endorsement/ guarantee amount (Note 2)	Endorsement/ guarantees provided by subsidiaries to parent company	Endorsement /guarantees provided by parent company to subsidiaries	Endorsement /guarantee provided to subsidiary in China
		Company name	Relationship (Note 1)										
0	Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	Parent/Subsidiary Company	$ 7,021,866	14,192	14,192	14,192	-	0.40%	7,021,866	-	Y	-
1	Dingtian Construction Co., Ltd.	Kindom Development Co., Ltd.	Parent/Subsidiary Company	48,073	14,192	14,192	14,192	-	29.52%	48,073	-	Y	-
1	〃	Kedge Construction Co., Ltd.	〃	7,210,955	1,376,500	1,376,500	1,376,500	-	2,863.35%	14,421,910	-	Y	-

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

(1) A company with which the Company has business relationship.

(2) A company in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) A company that directly or indirectly holds more than 50% of the voting shares in the Company.

(4) Companies in which the Company holds directly or indirectly 90% or more of the voting rights.

(5) Where a company fulfills its contractual obligations by providing mutual endorsements for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) Where all capital contributing shareholders make endorsements for their jointly invested company in proportion to their shareholding percentages.

(7) Where companies in the same industry provide among themselves joint and several securities for a performance bond of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2. 1. the Company's endorsement method is that the total amount of external endorsements shall not exceed 200% of the net value of the Company's latest financial statements, and the endorsement amount for a single enterprise shall not exceed 200% of the net value of the Company's latest financial statements. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statements.

2. The endorsement method of Dingtian Construction Co., Ltd. is that the total amount of external endorsement shall not exceed 100% of the net value of the latest financial statements of the Company, and the endorsement amount for a single enterprise shall not exceed 100% of the net value of the latest

financial statements of the Company. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 300 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statements.

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

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

Unit: NT$ thousand

Holding company	Types and names of securities	Relationship with the securities issuer	Accounting item	End of period				Remarks
				Number of shares (thousand shares)	Carrying amount	Shareholding Ratio	Fair value	
Kedge Construction Co., Ltd.	Shares - Kindom Development Co., Ltd.	Kedge Construction Co., Ltd. is its subsidiary	Financial assets measured at fair value through other comprehensive income - non-current	550	$ 20,763	0.10 %	20,763	
Jiequn Investment Co., Ltd.	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	537	40,945	- %	40,945	
〃	Shares - SinoPac Financial Holdings Co., Ltd.	-	〃	211	3,410	- %	3,410	
〃	Shares - Kindom Development Co., Ltd.	Jiequn Investment is the second-tier subsidiary of that company.	Financial assets measured at fair value through other comprehensive income - non-current	9,373	353,834	1.69 %	353,834	
〃	Shares - Fubon Financial C Special	-	〃	11	657	- %	657	
〃	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.	〃	1,768	66,731	0.32 %	66,731	
〃	Shares - Fubon Financial C Special	-	〃	10	583	- %	583	
〃	Shares - Global Views-Commonwealth Publishing Co.	-	〃	145	6,633	0.59 %	6,633	
〃	Shares - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	477	36,367	- %	36,367	

4. Accumulated to buy or sell the same marketable securities amount to NT$300 million or more than 20% of the paid-up capital: None.

5. The amount of property acquired reaches NT$300 million or more than 20% of the paid-in capital: none.

6. The amount of property disposal reaches NT$300 million or more than 20% of the paid-in capital: none.

Notes to the Parent Company Only Financial Statements of KEDGE CONSTRUCTION CO., LTD. (continued)

7. Where the amount of goods purchased or sold with related parties reaches NT$100 million or more than 20% of the paid-in capital: none.

Unit: NT$ thousand

Purchases (Sales) Company	Name of transaction counterpart	Relationship	Transaction situation				The situation and reason for the difference between the transaction terms and the general transaction		Notes/accounts receivable (or payable)		Remarks
			Purchases/sales	Amount (Note)	As a percentage of total purchase (sales)	Loan period	Unit Price	Loan period	Balance	Ratio to total notes and accounts receivable (payable)	
Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	An investment company that evaluates Kedge Construction Co., Ltd. by the equity method	Contracting	$ (2,444,757)	(27.64)%	Payment by installment following the contract is equivalent to the general transaction.	Equivalent to other transactions	Slightly longer than normal	836,755	29.46%	
〃	Dingtian Construction Co., Ltd.	Investee of Kedge Construction accounted for using the equity method	〃	104,570	1.10%	〃	〃	Equivalent to other transactions	(18,383)	(0.42)%	
〃	Guanqing Electromechanical Co., Ltd.	〃	〃	170,686	1.79%	〃	〃	〃	(50,757)	(1.16)%	
Dingtian Construction Co., Ltd.	Kedge Construction Co., Ltd.	〃	〃	(104,570)	(100.00)%	〃	〃	〃	18,383	100.00%	
Guanqing Electromechanical Co., Ltd.	〃	〃	〃	(170,686)	(94.81)%	〃	〃	〃	50,757	67.46%	

Note: It refers to the current valuation amount.

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

Unit: NT$ thousand

The companies that record such transactions as receivables	Name of transaction counterpart	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the period	Provisions for loss allowance
					Amount	Treatment Method		
Kedge Construction Co., Ltd.	Kindom Development Co., Ltd.	An investment company that evaluates Kedge Construction Co., Ltd. by the equity method	$ 836,755	2.06	-	-	95,354	-

9. Derivative financial instrument transactions: None.

Notes to the Parent Company Only Financial Statements of KEDGE CONSTRUCTION CO., LTD. (continued)

(2) Information on Reinvestment

The information on the reinvestment of the Consolidated Company in 2021 is as follows:

Unit: thousand NTD/thousand shares

Name of investment company	Investee	Location	Principal business	Original investment amount		Holdings at the end of the period			Net income (loss) of the investee	Share of profit/loss of investee	Remarks
				End of this period	End of last year	Number of Shares	Ratio	Carrying amount			
Kedge Construction Co., Ltd.	Jiequn Investment Co., Ltd.	Taiwan	General Investment	$ 163,935	163,935	16,396	99.98%	500,444	38,059	38,050	Subsidiary
Kedge Construction Co., Ltd.	Guanqing Electromechanical Co., Ltd.	Taiwan	Electrical equipment installation and fire safety equipment installation, etc.	81,326	81,326	7,747	99.96%	244,315	20,864	20,856	〃
Jiequn Investment Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,422	(6,114)	(1,834)	Second-tier subsidiary
Guanqing Electromechanical Co., Ltd.	Dingtian Construction Co., Ltd.	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,651	(6,114)	(4,280)	〃
Dingtian Construction Co., Ltd.	ReadyCom eServices Corp.	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	15,120	(11,543)	(5,387)	Investments accounted for using equity method

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

(3) Information on Investments in Mainland China:

1. Relevant information incl. names and principal business of investees in Mainland China: None.
2. Limit of investment in Mainland China: None.
3. Material transactions with investee companies in Mainland China: None.

(4) Information on Major Shareholders:

Expressed in shares

Shareholding Name of Major Shareholders	Shareholding (shares)	Shareholding Ratio
Kindom Development Co., Ltd.	36,247,768	34.18%
Yute Investment Co., Ltd.	8,785,536	8.28%

14. Segment Information

Please refer to the 2021 Consolidated Financial Statements

Kedge Construction Co., Ltd.

List of Cash and Cash Equivalents

December 31, 2021

Unit: NT$ thousand

Items	Summary	Amount
Cash and petty cash		$ 510
Bank deposits	Demand deposits	2,204,233
	Check deposits	1,061,681
Cash equivalents	Financial notes	507,371
		$ 3,773,795

List of Accounts Receivable

Account Name	Summary	Amount	Remarks
Company A	Project receivables and reserves	$ 453,677	
Company B	〃	235,786	
Company C	〃	79,100	
Company D	〃	63,582	
Company E	〃	58,780	
Others	〃	112,138	Each client balance does not reach 5% of the account
Less: Loss allowance		(7,551)	
		$ 995,512	
Related parties			
The investing company valuates the Company by the equity method (parent companies)	Project receivables	**$ 820,009**	

Kedge Construction Co., Ltd.

List of Contract Assets/Liabilities

December 31, 2021

Unit: NT$ thousand

Project Name	Cumulative Costs Accrued and Profit Recognized	Accumulated Project Progress Payment Amount	Contract assets	Contract liabilities
061D	371,682	292,627	79,055	-
071K	419,485	396,574	22,911	-
071P	747,272	705,692	41,580	-
071S	911,805	872,730	39,075	-
081B、081C	969,772	1,174,571	42,922	204,799
081F	1,055,258	1,290,705	53,104	235,447
091A	780,775	487,425	313,342	-
091D	151,035	131,829	19,206	-
091E	793,087	572,238	250,892	-
091F	1,281,379	1,285,790	101,042	4,411
101A	101,826	100,209	12,183	-
101D	225,795	119,997	117,798	-
101E	541,862	303,485	268,726	-
Others	61,401	8,081	54,128	-
Case closed	-	-	724,014	-
	8,412,434	**7,741,953**	**2,139,978**	**444,657**

Kedge Construction Co., Ltd.

List of changes in investments under equity method

January 1 to December 31, 2021

Unit: thousand shares / NT$ thousand

	Beginning balance		Increase in the current period (Note)		Decrease in the current period (Note)		Ending Balance			Equity net worth			
Name	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Shareholding Ratio	Amount	Unit Price	Total Price	Status of guarantee provided, pledge or lending	Remarks
Jiequn Investment Co., Ltd.	16,396	$ 395,247	-	105,197	-	-	16,396	99.98%	500,444	-	500,555		-
Guanqing Electromechanical Co., Ltd.	7,747	210,000	-	34,315	-	-	7,747	99.96%	244,315	-	244,410		-
		$ 605,247		139,512		-			744,759		744,965		

Note: The increase in the current period is due to NT$58,906,000 from the share of gains and losses of subsidiaries recognized by the equity method and NT$80,606,000 in the unrealized assessment gain of equity instrument investment measured at fair value through other comprehensive income.

Kedge Construction Co., Ltd.

List of Sther Financial Assets - Current

December 31, 2021

Unit: NT$ thousand

Items	Summary	Amount
Project refundable deposit		$ 109,794
Restricted assets		179,276
Other notes receivable		13,543
Other payables		6,892
Others		600
		$ 310,105

List of Notes Payable

Items	Summary	Amount	Remarks
The Company's subsidiary	Project receivables	$ 441	
Company A	〃	18,212	
Company B	〃	17,441	
Company C	〃	15,617	
Company D	〃	13,995	
Others	〃	208,926	Each client balance does not reach 5% of the account
		$ 274,632	

Kedge Construction Co., Ltd.

List of Accounts Payable

December 31, 2021

Unit: NT$ thousand

Vendor	Summary	Amount	Remarks
Company A	Project receivables and reserves	$ 44,462	
Company B	〃	30,188	
Company C	〃	23,123	
Company D	〃	19,334	
Company E	〃	18,343	
Company F	〃	17,876	
Company G	〃	17,451	
Company H	〃	16,279	
Company I	〃	14,902	
Company J	〃	13,049	
Company K	〃	11,811	
Company L	〃	11,102	
Company M	〃	10,343	
Company N	〃	10,192	
Company O	〃	9,796	
Others	〃	3,820,047	Each company balance does not reach NT$5,000,000 and 1% of the account
		$ 4,088,298	

Kedge Construction Co., Ltd.

List of Operating Revenue

January 1 to December 31, 2021

Unit: NT$ thousand

Items	Summary	Amount
Construction Contract Revenues	041B	$ 308,232
	061B	310,423
	061C	520,300
	061D	150,611
	061G	278,151
	061I	55,476
	061J	325,586
	061L、061M	959,174
	071G	266,592
	071K	231,354
	071O	116,480
	071P	447,578
	071S	360,538
	081A	890,816
	081B、081C	625,526
	081F	513,908
	091A	706,126
	091B	677,608
	091D	151,036
	091E	643,201
	091F	1,187,079
	091G	54,317
	101A	101,826
	101C	29,654
	101D	225,795
	101E	541,862
	Others	34,772
	Subtotal	10,714,021
Rental Receipt of Investment Property		5,992
		$ 10,720,013

Kedge Construction Co., Ltd.

List of Operating Costs

January 1 to December 31, 2021

Unit: NT$ thousand

Items	Summary	Amount
Construction Contract Costs	041B	$ 293,962
	061B	211,883
	061C	496,208
	061D	143,635
	061G	265,273
	061I	50,815
	061J	302,199
	061L、061M	888,472
	071G	244,567
	071K	220,628
	071O	114,243
	071P	430,846
	071S	343,832
	081A	578,466
	081B、081C	577,347
	081F	474,192
	091A	638,592
	091B	616,816
	091D	151,036
	091E	607,809
	091F	1,067,684
	091G	49,971
	101A	75,488
	101C	27,437
	101D	203,838
	101E	445,410
	Others	22,408
	Subtotal	9,543,057
Rental Cost of Investment Property		467
		$ 9,543,524

Kedge Construction Co., Ltd.

List of Management Expense

January 1 to December 31, 2021

Unit: NT$ thousand

Items	Summary	Amount	Remarks
Payrolls		$ 184,703	
Insurance premiums		13,386	
Endowments		11,740	
Employee benefits		6,522	
Labor expenses		11,789	
Sundry purchases		9,884	
Other expenses		58,764	
		$ 296,788	