APEX SCIENCE & ENGINEERING CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Apex Science & Enginerring Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Apex Science & Enginerring Corp. as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Apex Science & Enginerring Corp. as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of Apex Science & Enginerring Corp. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Apex Science & Enginerring Corp. parent company only financial statements of the current period are stated as follows:

Recognition of construction revenue

Description

For accounting policy on revenue recognition, accounting estimates and related details of revenue, please refer to note 4(25), 5(2) and 6(20).

The Group is primarily engaged in construction-related business, and construction revenue is recognised based on the percentage of completion during the contract period. The percentage of completion will be calculated based on the actual cost in financial period-end in proportion to estimated total contract cost. The estimated total contract costs were based on owner’s plans, considering the changes in construction scaled caused by additional or less work, and the price fluctuations in the recent market to estimate the contract work, overhead and relevant costs. As the estimate of total cost affects the stage of completion and the recognition of construction revenue, the complexity of aforementioned total cost usually involves subjective judgement and contains a high degree of uncertainty, thus we consider recognition of construction revenue a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the reasonableness of policies and procedures which were used to recognise construction revenue.
2. Obtained the newly added construction contract list for current fiscal year, and check whether the total contract price is equal to construction revenue, selected samples of estimated total cost which is approved by project management department in order to check whether the calculation basis adopted in the estimated total cost is the same with the calculation of percentage of completion.
3. Verified the related supporting documents of current supplementary (subtractive) construction in order to check that changes in the estimated total cost were recognised appropriately.
4. Obtained the details of current incurred cost, selected samples on current incurred cost and tracing them to related vouchers, confirmed that current input cost have been accounted for appropriately, and examined the accuracy of percentage of completion.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Apex Science & Enginerring Corp. ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Apex Science & Enginerring Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing Apex Science & Enginerring Corp. financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Apex Science & Enginerring Corp. internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Apex Science & Enginerring Corp. ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Apex Science & Enginerring Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Liao, Fu-Ming	Chen, Ching Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

APEX SCIENCE & ENGINERRING CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 178,897	3	$ 103,498	1
1140	Current contract assets	6(20)	215,441	3	418,832	6
1150	Notes receivable, net	6(2)	1,578	-	4,462	-
1160	Notes receivable - related parties	7	39,830	1	-	-
1170	Accounts receivable, net	6(2)	484,349	8	335,818	5
1180	Accounts receivable - related parties	7	19,882	-	23,512	-
1200	Other receivables	6(3) and 8	1,910,130	30	942,777	14
130X	Inventories	6(4) and 8	806,588	13	2,312,316	33
1410	Prepayments	6(5)	90,751	1	349,587	5
1470	Other current assets	6(6), 7 and 8	1,701,283	27	1,509,695	22
11XX	**Total current assets**		5,448,729	86	6,000,497	86
	Non-current assets					
1517	Financial asset at fair value through other comprehensive income-non-current	6(7)	6,400	-	10,082	-
1550	Investments accounted for under equity method	6(8)	607,962	9	514,547	7
1600	Property, plant and equipment	6(9), 7 and 8	100,181	2	90,343	1
1755	Right-of-use assets		4,360	-	-	-
1760	Investment property - net	6(10) and 8	65,670	1	78,199	1
1840	Deferred tax assets	6(27)	123,595	2	105,388	2
1900	Other non-current assets	8	13,815	-	190,737	3
15XX	**Total non-current assets**		921,983	14	989,296	14
1XXX	**Total assets**		$ 6,370,712	100	$ 6,989,793	100

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APEX SCIENCE & ENGINERRING CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 388,772	6	$ 557,006	8
2110	Short-term notes and bills payable	6(12)	25,000	-	1,306,400	19
2130	Current contract liabilities	6(20)	97,653	2	413,726	6
2150	Notes payable		2,464	-	13,461	-
2170	Accounts payable		285,207	5	156,373	2
2180	Accounts payable - related parties	7	30,278	-	58,463	1
2200	Other payables		63,269	1	51,331	1
2230	Current tax liabilities	6(27)	1,715	-	-	-
2280	Lease liability - current		1,578	-	-	-
2300	Other current liabilities	6(13)(14)(15)	2,402,207	38	1,054,870	15
21XX	**Total current liabilities**		3,298,143	52	3,611,630	52
	Non-current liabilities					
2530	Bonds payable	6(14)	-	-	497,707	7
2570	Deferred tax liabilities	6(27)	14,917	-	14,516	-
2580	Lease liability - non-current		2,632	-	-	-
2600	Other non-current liabilities		895	-	633	-
25XX	**Non-current liabilities**		18,444	-	512,856	7
2XXX	**Total non-current liabilities**		3,316,587	52	4,124,486	59
	Equity					
	Share capital	6(17)				
3110	Common stock		2,287,135	36	2,287,135	33
	Capital surplus	6(18)				
3200	Capital surplus		249,009	4	234,909	3
	Retained earnings	6(19)				
3310	Legal reserve		248,440	4	230,896	3
3320	Special reserve		25,337	-	16,115	-
3350	Unappropriated retained earnings		548,857	9	377,426	6
	Other equity interest					
3400	Other equity interest		(22,686)	-	(25,337)	-
3500	Treasury stocks	6(17)	(281,967)	(5)	(255,837)	(4)
3XXX	**Total equity**		3,054,125	48	2,865,307	41
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 6,370,712	100	$ 6,989,793	100

The accompanying notes are an integral part of these parent company only financial statements.

APEX SCIENCE & ENGINERRING CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
			Year ended December 31			
4000	Operating revenue	6(20)	$ 3,905,707	100	$ 4,497,293	100
5000	Operating costs	6(4)(25)(26)	(3,480,427)	(89)	(4,158,475)	(92)
5900	Gross profit		425,280	11	338,818	8
	Operating expenses	6(25)(26)				
6100	Selling expenses		(76,032)	(2)	(34,346)	(1)
6200	General and administrative expenses		(95,244)	(2)	(91,052)	(2)
6300	Research and development expenses		(2,622)	-	(3,388)	-
6450	Expected credit impairment losses		(2,099)	-	-	-
6000	Total operating expenses		(175,997)	(4)	(128,786)	(3)
6900	Operating profit		249,283	7	210,032	5
	Non-operating income and expenses					
7100	Interest income	6(21)	11,737	-	3,354	-
7010	Other income	6(22)	5,712	-	6,812	-
7020	Other gains and losses	6(23)	(2,487)	-	(2,226)	-
7050	Finance costs	6(24)	(16,081)	-	(23,859)	(1)
7070	Share of profit of associates and joint ventures accounted for under equity method	6(8)	52,286	1	43,808	1
7000	Total non-operating income and expenses		51,167	1	27,889	-
7900	**Profit before income tax**		300,450	8	237,921	5
7950	Income tax benefit (expenses)	6(27)	15,203	-	(62,489)	(1)
8200	**Profit for the year**		$ 315,653	8	$ 175,432	4
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)	$ 1,581	-	($ 3,510)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		-	-	(1,071)	-
	Items may be subsequently reclassified to profit or loss					
8361	Exchange differences on translation		2,931	-	(6,271)	-
8300	**Other comprehensive income, net**		$ 4,512	-	($ 10,852)	-
8500	**Total comprehensive income for the year**		$ 320,165	8	$ 164,580	4
	Basic earnings per share	6(28)				
9750	Basic earnings per share		$	1.59	$	0.87
	Diluted earnings per share	6(28)				
9850	Diluted earnings per share		$	1.57	$	0.87

The accompanying notes are an integral part of these parent company only financial statements.

APEX SCIENCE & ENGINERRING CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves				Retained Earnings			Other equity interest			
	Notes	Share capital - common stock	Treasury stock transactions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Capital Surplus, changes in ownership interests in subsidiaries	Capital surplus, others	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total
2019													
Balance at January 1, 2019		$ 2,330,045	$ 235,647	$ 204	$ -	$ -	$ 230,896	$ 16,115	$ 201,994	($ 9,415)	($ 5,070)	($ 299,932)	$ 2,700,484
Profit for 2019		-	-	-	-	-	-	-	175,432	-	-	-	175,432
Other comprehensive income for the year		-	-	-	-	-	-	-	-	(6,271)	(4,581)	-	(10,852)
Total comprehensive income		-	-	-	-	-	-	-	175,432	(6,271)	(4,581)	-	164,580
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	67	-	-	-	-	-	-	-	-	67
Unclaimed overdue dividends transferred to capital surplus		-	-	-	-	176	-	-	-	-	-	-	176
Retirement of treasury shares	6(17)	(42,910)	(1,185)	-	-	-	-	-	-	-	-	44,095	-
Balance at December 31, 2019		$ 2,287,135	$ 234,462	$ 271	$ -	$ 176	$ 230,896	$ 16,115	$ 377,426	($ 15,686)	($ 9,651)	($ 255,837)	$ 2,865,307
2020													
Balance at January 1, 2020		$ 2,287,135	$ 234,462	$ 271	$ -	$ 176	$ 230,896	$ 16,115	$ 377,426	($ 15,686)	($ 9,651)	($ 255,837)	$ 2,865,307
Profit for 2020		-	-	-	-	-	-	-	315,653	-	-	-	315,653
Other comprehensive income for the year		-	-	-	-	-	-	-	-	2,931	1,581	-	4,512
Total comprehensive income		-	-	-	-	-	-	-	315,653	2,931	1,581	-	320,165
Appropriation and distribution of 2019 retained earnings:	6(19)												
Legal reserve		-	-	-	-	-	17,544	-	(17,544)	-	-	-	-
Special reserve		-	-	-	-	-	-	9,222	(9,222)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(114,357)	-	-	-	(114,357)
The Company's stocks held by subsidiaries deemed as treasury stocks acquiring cash dividends		-	12,192	-	-	-	-	-	-	-	-	-	12,192
Changes in ownership interests in subsidiaries		-	-	-	47	-	-	-	(4,960)	-	-	-	(4,913)
Purchase of treasury stocks	6(17)	-	-	-	-	-	-	-	-	-	-	(26,130)	(26,130)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	-	-	-	1,861	-	(1,861)	-	-
Difference between consideration and carrying amount of subsidiaries acquired		-	-	1,861	-	-	-	-	-	-	-	-	1,861
Balance at December 31, 2020		$ 2,287,135	$ 246,654	$ 2,132	$ 47	$ 176	$ 248,440	$ 25,337	$ 548,857	($ 12,755)	($ 9,931)	($ 281,967)	$ 3,054,125

The accompanying notes are an integral part of these parent company only financial statements.

APEX SCIENCE & ENGINERRING CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 300,450	$ 237,921
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(9)(10)(25)	2,782	2,905
Depreciation on right-of-use assets	6(25)	487	-
Amortisation	6(25)	1,373	2,046
Amortisation on right-of-use assets	6(25)	70	-
Deferred selling expenses transferred to commissions expense		28,016	-
Interest expense	6(24)	16,081	23,859
Interest income	6(21)	(11,737)	(3,354)
Share of profit of associates and joint ventures accounted for using equity method	6(8)	(52,286)	(43,808)
Expected credit impairment losses	6(2)	(2,099)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		203,391	8,840
Notes receivable		2,884	(1,571)
Notes receivable - related parties		(39,830)	-
Accounts receivable		(146,432)	(177,936)
Accounts receivable - related parties		3,630	-
Other receivables		(956,618)	(691,178)
Inventories		1,597,750	3,054,893
Prepayments		252,561	(90,638)
Other current assets		(124)	120,940
Changes in operating liabilities			
Contract liabilities		(316,073)	193,365
Notes payable		(10,999)	6,374
Accounts payable		48,041	(239,097)
Accounts payable - related parties		(28,185)	(16,444)
Other payables		6,301	25,090
Other current liabilities		60,200	363
Other non-current liabilities		262	88
Cash inflow generated from operations		959,896	2,412,658
Interest income received		1,003	2,078
Interest expenses paid		(14,147)	(56,289)
Cash dividends received	6(8)	5,202	10,264
Income taxes paid		(889)	(1,903)
Net cash flows from operating activities		951,065	2,366,808

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APEX SCIENCE & ENGINERRING CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method	6(8)	($ 34,260)	($ 410)
Proceeds from disposal of investments accounted for using equity method	6(8)	-	900
Acquisition of property, plant and equipment	6(9)	(91)	(1,966)
(Increase) decrease in restricted assets		(38,530)	168,764
Other non-current assets		(5,401)	(18,908)
Proceeds from disposal of financial assets at fair value through other comprehensive income		5,264	-
Net cash flows (used in) from investing activities		(73,018)	148,380
CASH FLOWS FROM FINANCING ACTIVITIES			
Unclaimed overdue dividends transferred to capital surplus		-	176
Proceeds from short-term borrowings		2,489,892	3,391,991
Repayments of short-term borrowings		(2,658,126)	(3,977,083)
Decrease in short-term notes and bills payable	6(29)	(1,281,400)	(1,897,500)
Proceeds from long-term borrowings	6(29)	788,180	-
Repayments of long-term borrowings	6(29)	-	(80,000)
Repayment of principal portion of lease liabilities		(707)	-
Cash dividends paid	6(19)	(114,357)	-
Purchase of treasury shares	6(17)	(26,130)	-
Net cash flows used in financing activities		(802,648)	(2,562,416)
Net increase (decrease) in cash and cash equivalents		75,399	(47,228)
Cash and cash equivalents at beginning of year		103,498	150,726
Cash and cash equivalents at end of year		$ 178,897	$ 103,498

The accompanying notes are an integral part of these parent company only financial statements.

APEX SCIENCE & ENGINERRING CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY, ORGANISATION AND BUSINESS

Apex Science & Engineering Corp. (collectively referred to herein as the "the Company") was incorporated on August 9, 1976, formerly "Apex Engineering Corp" and was renamed as "Apex Science & Engineering Corp." in 2001. The Company engaged in mechanical engineering, instrument electric engineering, environmental engineering, manufacture and sale of electronic products and being commissioned in houses and business buildings. The Company has been a listed company since November 1995.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorized for issuance by the Board of Directors on March 25, 2021.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note：Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(1) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company.

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income financial assets measured at fair value.

B. The preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. The operating period of engineering project and the Company acts as agent of land development were usually longer than one year, together with assets and liabilities of the building and construction contracts and land agency business were divided into current and non-current according to operating period, other items of assets and liabilities were divided based on the standard of one year.

B. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

C. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Loans and receivables Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(6) The Company acts as agent of land development

A. As agent of land development on behalf of government by agreement and responsible for some development and external sale.

B. In the period as agent, the Company paid takings compensation, construction cost, supervision, acceptance and other development expenses on behalf of others. The delegator calculated and paid interest periodically to the Company based on the costs which were paid on behalf of the delegator. The cost accounting of each agent case of land development business (development of industrial area, urban land consolidation and zone expropriation) was based on the development commission agreement and the contractors' agreement and recognised according to actual construction progress and the cost and expenses which were calculated from the acceptance of construction completion. The Company was commissioned to develop the industrial area. The service agent revenue was recognised periodically according to the proportion of input costs and following conditions:

(a) The contract cost can be reasonably certain.

(b) Except for the expenses paid on behalf of others who will return the expenses certainly, other contract costs can be reasonably estimated.

(c) The collectability of agency fee (service revenue) can be reasonably certain.

C. The development cost was debited as "receivables from agent of land development", and the land price from land buyer was credited as "other current liabilities-deposits which were received in advance from selling industrial area ", which shall be wrote off with receivables from agent of land development when the owner pays.

(7) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Lease receivables/ operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised profit (loss) that occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to be consistent with the Company's accounting policies.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. If changes in shareholdings in subsidiaries do not result in loss of control (transaction with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated.

Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	50~55 years
Building improvements	3~10 years
Machinery and equipment	3~8 years
Transportation equipment	5 years
Office equipment	3 years

(14) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the company . For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. The lease payments include fixed payments less any lease incentives receivable.

C. At the commencement date, the right-of-use asset measured at cost shall comprise the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 55 years.

(16) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(17) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Employee benefits

A. Salaries and other short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined benefit plan

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gain (loss) arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

(c) If the service cost in the prior year was vested immediately, related expenses was immediately recognised as profit or loss. Otherwise, related expenses was recognised as profit or loss with straight line method in the average vested period.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Land development and resale

(a) The Company develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

(b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted because the contract does not include a significant financing component.

C. Incremental costs of obtaining a contract

The Company recognises an asset (shown as 'other non-current assets') the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Company expects to recover those costs. The recognised asset is amortised on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates. The Company recognises an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Company expects to receive less the costs that have not been recognised as expenses.

D. Construction revenue

(a) The Company provides engineer construction services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost relative to the total cost. Some contracts' price may change from allowances or similar items, only when the future uncertainty was eliminated, the accumulated amount which was recognised and highly will not incur significant reversal will be listed in the transaction price. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

E. Service revenue

(a) The Company provides land development agent services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. Because the Company developed, plan and managed industrial area on behalf of the government. Services content is determined based on the supervised actual labour hours spent relative to the total expected labour hours.

(b) The Company provided land development agent service which was commissioned some development cases by the government and was responsible for external sales. This was identified as a default obligation which was satisfied with time. The Company recognised revenues based on the proportion of input costs relative to total cost.

(c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(d) Please refer to Note 4(8) for the recognition of related revenue,

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such 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. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Revenue recognition

The Company considers the projects' specifications and other objective factors in estimating the total project completion cost. The recognised revenue is calculated based on the percentage of the input cost, which the Company regularly assesses the reasonableness. Effects of changes in industry environment and construction status may also affect the total estimated project completion cost and further affect the Company's revenue recognition.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 1,555	$ 1,517
Checking accounts deposits	40,028	26,340
Demand deposits	137,314	75,641
	$ 178,897	$ 103,498

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's restricted cash and cash equivalents has been classified to other current assets. Please refer to Note 8 for details of pledged collaterals.

(2) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 1,578	$ 4,462
Accounts receivable	491,366	340,736
Less: Allowance for bad debts	(7,017)	(4,918)
	$ 485,927	$ 340,280

A. The Company does not hold any collateral.

B. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

C. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2020	December 31, 2019
Not past due	$ 485,512	$ 333,165
1~120 days past due	1,779	6,148
Over 121 days past due	5,653	5,885
	$ 492,944	$ 345,198

The above ageing analysis was based on past due date.

D. As of December 31, 2020 and 2019, accounts and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to $160,773.

(3) Other receivables

	December 31, 2020	December 31, 2019
Land development receivables	$ 1,908,352	$ 930,140
Interest receivable	31	25
Other non-operating receivables, others	1,747	12,612
	$ 1,910,130	$ 942,777

A. Land development agent receivable was generated from the contract "Chiayi County Machouhou Industry Park Development Project " which was entered into by the Company with Chiayi County Government in May 2013. The Company was commissioned to develop industrial area, the development period was 4 years starting from the date entered into the contract. Additionally, in October 2018, the Company entered into a contract "Chiayi County Machouhou Industry Park 2nd Precision Development Project" with Chiayi County Government and was commissioned to develop industrial area. The development period was 6 years starting from the date entered into the contract.

(a) The details of the land development agent receivable was as follows:

	December 31, 2020	December 31, 2019	December 31, 2020 Accumulated and recognised Service revenue	Principal unit
Chiayi County Machouhou Industry Park Development Project	$ 587,269	$ 556,117	$ 377,269	Chiayi County Government
Chiayi County Machouhou Industry Park 2nd Precision Development Project	1,321,083	374,023	76,766	"
	$ 1,908,352	$ 930,140	$ 454,035	

(b) For the years ended December 31, 2020 and 2019, changes in land development agent receivable were as follows:

Year ended December 31, 2020	Equity at beginning of period	Addition	Recovered	Outstanding balance
Chiayi County Machouhou Industry Park Development Project	$ 556,117	$ 31,152	$ -	$ 587,269
Chiayi County Machouhou Industry Park 2nd Precision Development Project	374,023	947,060	-	1,321,083
	$ 930,140	$ 978,212	$ -	$ 1,908,352

Year ended December 31, 2019	Equity at beginning of period	Addition	Recovered	Outstanding balance
Chiayi County Machouhou Industry Park Development Project	$ 237,950	$ 318,167	$ -	$ 556,117
Chiayi County Machouhou Industry Park 2nd Precision Development Project	-	374,023	-	374,023
	$ 237,950	$ 692,190	$ -	$ 930,140

B. Land development agent receivable was pledged to banks as collateral, please refer to Note 8 for details.

C. For the years ended December 31, 2020 and 2019, the Company recognised capitalisation of interest from land development agent receivable from payments on behalf of others to write off interest expenses in the amount of $6,275 and $0, respectively.

(4) Inventories

	December 31, 2020	December 31, 2019
Merchandise inventory	$ 10,546	$ 14,472
Finished goods	10,455	8,700
Semi-finished goods	11,732	8,561
Work in progress	2,426	3,685
Raw materials	9,480	14,756
Buildings and land held for sale	325,035	397,784
Lands wait for building	1,338	838
Construction in progress	1,200	1,873,541
Prepayment for land purchases	443,020	-
Subtotal	815,232	2,322,337
Less: Allowance for valuation loss	(8,644)	(10,021)
Total	$ 806,588	$ 2,312,316

A. The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2020	2019
Cost of goods sold	$ 114,698	$ 136,705
Cost of building	2,243,037	3,514,818
Cost of engineering sales	1,122,692	506,952
Total	$ 3,480,427	$ 4,158,475

B. Some inventories were pledged as collaterals for bank borrowings, please refer to Note 8 for details.

C. For the years ended December 31, 2020 and 2019, the amounts of interest capitalisation on inventory were $4,953 and $39,496, please refer to Note 6(24) for details.

D. On August 16, 2019, the Company entered into a property trading contract with Jean Pacific Development Co., Ltd. and sold lands and structures on the lands on Xinxing Rd., Banqiao Dist., New Taipei City (shaown as inventory-lands wait for building and construction in progress in the total amount of $3,369,506) to Jean Pacific Development Co., Ltd., the total transaction amount was $3,706,318. On November 4, 2019, the transference of property has been completed. As of December 31, 2020, the aforementioned proceeds from trading contract was $3,521,003. In January 2021, the Company has received some of the final proceeds of the trading contract in the amount of $92,658.

(5) Prepayments

	December 31, 2020	December 31, 2019
Prepayments for construction in progress	$ 69,121	$ 268,033
Excess business tax paid / overpaid VAT	-	42,423
Others	21,630	39,131
	$ 90,751	$ 349,587

(6) Other current assets

	December 31, 2020	December 31, 2019
Guarantees for jointly building	$ 415,000	$ 415,000
Guarantees for construction and bid bonds	4,831	2,388
Restricted assets	1,280,599	1,089,135
Others	853	3,172
	$ 1,701,283	$ 1,509,695

A. Guarantees for jointly building

(a)In April 2015, the Company has entered into a jointly building contract with the owner of lands on Xinxing Sec., Banqiao Dist., New Taipei City. As of December 31, 2020 and 2019, the Company has paid the performance gurantees for jointly guarantee to the owner of lands both in the amounts of $400,000.

(b)Please refer to Note 7(2)H for details.

B. Among the restricted assets, as of December 31, 2020 and 2019, the amounts of $769,531 and $724,438 was for land development agent business, receiving the land bid bonds which were deposited in the trust account by the buyer and the price of land, remaining was time deposits pledged as collaterals by the Company for the banks guarantees and borrowing facilities and reserve account.

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

Items	December 31, 2020	December 31, 2019
Non-current items:		
Equity instrument		
Listed stocks	$ -	$ 3,403
Unlisted stocks	14,727	14,727
	14,727	18,130
Revaluation – gross	(8,327)	(8,048)
Total	$ 6,400	$ 10,082

A. The Company has elected to classify security investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $6,400 and $10,082 as at December 31, 2020 and 2019, respectively.

B. Because of the adjustment of investment strategy, for the year ended December 31, 2020, the Company sold the security investment in the amount of $5,264, and transferred accumulated gain on disposal as retained earnings in the amount of $1,861.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 1,581	($ 3,510)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	$ 1,861	$ -

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(8) Investments accounted for using equity method

	2020	2019
At January 1	$ 514,547	$ 498,596
Addition of investments accounted for using equity method	34,260	410
Disposal of investments accounted for using equity method	-	(10,683)
Earnings distribution of investments accounted for using equity method	52,286	43,808
Share of profit or loss of investments accounted for using equity method	(5,202)	(10,264)
The Company's stocks held by subsidiaries deemed as treasury stocks acquiring cash dividends	12,192	-
Changes in capital surplus	1,908	67
Changes in retain earing	(4,960)	-
Changes in other equity items (Note 6(34))	2,931	(7,387)
At December 31	$ 607,962	$ 514,547

A.The details of the subsidiaries recognized by the equity method are as follows:

	December 31, 2020	December 31, 2019
Chang Ji Construction Co., Ltd.	$ 413,411	$ 341,793
Reinforce Energy Co. Ltd.	180,265	153,192
Shin Ding Engineering Construction Co., Ltd.	14,286	19,562
	$ 607,962	$ 514,547

B. Subsidiaries

(a) The basic information of the subsidiaries that are material to the Company is as follows:

		Shareholding ratio			
Company name	Principal place of business	December 31, 2020	December 31, 2019	Nature of relationship	Methods of measurement
Chang Ji Construction Co., Ltd.	Taiwan	90.53%	85.59%	Subsidiary	Equity method
Reinforce Energy Co. Ltd.	British Virgin Islands	100%	100%	"	"

(b) The summarised financial information of the subsidiaries that are material to the Company is as follows:

Balance sheets

	Chang Ji Construction Co., Ltd.	
	December 31, 2020	December 31, 2019
Current assets	$ 1,700,337	$ 1,662,428
Non-current assets	390,926	360,515
Current liabilities	(1,178,046)	(1,206,795)
Non-current liabilities	(42,957)	(15,000)
Total net assets	$ 870,260	$ 801,148
Share in associate's net assets	$ 787,846	$ 685,703
Carrying amount of the associate	$ 413,411	$ 341,793

	Reinforce Energy Co. Ltd.	
	December 31, 2020	December 31, 2019
Current assets	$ 245	$ 333
Non-current assets	180,020	152,859
Total net assets	$ 180,265	$ 153,192
Share in associate's net assets	$ 180,265	$ 153,192
Carrying amount of the associate	$ 360,530	$ 153,192

Statements of comprehensive income

	Chang Ji Construction Co., Ltd.	
	Year ended December 31	
	2020	2019
Revenue	$ 2,051,761	$ 1,043,730
Profit for the period from continuing operations	$ 52,413	$ 13,596
Other comprehensive income, net of tax	-	(1,253)
Total comprehensive income	$ 52,413	$ 12,343
Dividends received from associates	$ 14,062	$ -

	Reinforce Energy Co. Ltd.	
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	$ -	$ -
Profit for the period from continuing operations	$ 24,141	$ 21,867
Other comprehensive income, net of tax	(2,931)	(6,319)
Total comprehensive income	$ 21,210	$ 15,548

C. Please refer to Note 4(3) in the consolidated financial statements as of and for the year ended December 31, 2020 for the information regarding the Company's subsidiaries.

D. In May 2019, BRIGHT GLORY CORPORATION started the liquidation process which was completed in July 2019 and collected the proceeds of $900.

E. On August 13, 2019, LINKPLUS OPTOELECTRONICS INC. has been approved to dissolve and the dissolution was registered. The liquidation process has been completed in August 2020, and the proceeds of $9,820 has been collected.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation Equipment	Office equipment	Total
January 1, 2020						
Cost	$ 60,004	$ 38,750	$ 435	$ 4,184	$ 3,386	$ 106,759
Accumulated depreciation and impairment	-	(11,214)	(331)	(3,852)	(1,019)	(16,416)
	$ 60,004	$ 27,536	$ 104	$ 332	$ 2,367	$ 90,343
2020						
At January 1	$ 60,004	$ 27,536	$ 104	$ 332	$ 2,367	$ 90,343
Additions	-	-	-	91	-	91
Reclassifications	3,855	7,988	-	-	-	11,843
Depreciation expense	-	(863)	(65)	(303)	(865)	(2,096)
At December 31	$ 63,859	$ 34,661	$ 39	$ 120	$ 1,502	$ 100,181
December 31, 2020						
Cost	$ 63,859	$ 46,738	$ 435	$ 4,275	$ 3,386	$ 118,693
Accumulated depreciation and impairment	-	(12,077)	(396)	(4,155)	(1,884)	(18,512)
	$ 63,859	$ 34,661	$ 39	$ 120	$ 1,502	$ 100,181

	Land	Buildings and structures	Machinery and equipment	Transportation Equipment	Office equipment	Total
January 1, 2019						
Cost	$ 60,004	$ 38,995	$ 435	$ 4,184	$ 1,581	$ 105,199
Accumulated depreciation and impairment	-	(10,574)	(266)	(3,155)	(608)	(14,603)
	$ 60,004	$ 28,421	$ 169	$ 1,029	$ 973	$ 90,596
2019						
At January 1	$ 60,004	$ 28,421	$ 169	$ 1,029	$ 973	$ 90,596
Additions	-	-	-	-	1,966	1,966
Depreciation expense	-	(885)	(65)	(697)	(572)	(2,219)
At December 31	$ 60,004	$ 27,536	$ 104	$ 332	$ 2,367	$ 90,343
December 31, 2019						
Cost	$ 60,004	$ 38,750	$ 435	$ 4,184	$ 3,386	$ 106,759
Accumulated depreciation and impairment	-	(11,214)	(331)	(3,852)	(1,019)	(16,416)
	$ 60,004	$ 27,536	$ 104	$ 332	$ 2,367	$ 90,343

A. For the years ended December 31, 2020 and 2019, no interest expense of property, plant and equipment was capitalised.

B. For the year ended December 31, 2020, information about the transference into property, plant and equipment is provided in Note 6(10)C.

C. Refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

(10) Investment property

	2020	2019
At January 1		
Land	$ 59,235	$ 59,235
Buildings and structures	40,008	40,008
Accumulated depreciation	(21,044)	(20,358)
	$ 78,199	$ 78,885

	2020	2019
At January 1	$ 78,199	$ 78,885
Reclassifications	(11,843)	-
Depreciation expense	(686)	(686)
At December 31	$ 65,670	$ 78,199

	2020	2019
At December 31		
Land	$ 55,380	$ 59,235
Buildings and structures	24,584	40,008
Accumulated depreciation	(14,294)	(21,044)
	$ 65,670	$ 78,199

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2020	2019
Rental income from investment property	$ 1,511	$ 2,521
Direct operating expenses arising from the investment property that generated rental income during the year	$ 686	$ 686

B. The fair value of the investment property held by the Company as at December 31, 2020 and 2019 was $99,520 and $115,516, respectively, which was valued by independent valuers. Valuations were made using the income approach. According to the difference estimation of its reproduction cost, nature of usage, use situation now, use benefit, maintenance, depreciation and other factors.

C. For the year ended December 31, 2020, the Company transferred some investment property into property, plant and equipment which amounted to $11,843 based on nature.

D. Refer to Note 8 for further information on investment property pledged to others as collateral.

(11) Short-term borrowings

Type of Borrowings	December 31, 2020		Interest rate range	Collateral
Bank borrowings				
Secured borrowings	$	245,918	1.41%-2%	Pledged time deposits, allowance account, inventory, land, buildings and structures (shown as property, plant and equipment) and treasury shares.
Unsecured borrowings		142,854	"	None
	$	388,772		

Type of Borrowings	December 31, 2019		Interest rate range	Collateral
Bank borrowings				
Secured borrowings	$	418,223	0.49%-2.29%	Pledged time deposits, allowance account, inventory, land, buildings and structures (shown as property, plant and equipment) and treasury shares.
Unsecured borrowings		138,783	"	None
	$	557,006		

Details of collateral for short-term borrowings are provided in Note 8.

(12) Short-term notes and bills payable

	December 31, 2020		December 31, 2019	
Commercial paper payable	$	25,000	$	1,306,400
Interest rate range	0.42%		0.67%-1.35%	

Aforementioned short-term notes and bills were issued by financial institutes, please refer to Note 8 for details of collaterals.

(13) Other current liabilities

	December 31, 2020	December 31, 2019
Deposit received in advance from disposal of industrial area	$ 1,046,789	$ 1,046,789
Advance receipts from customers	-	2,651
Current portion	788,180	-
Current portion or exercise of put options	498,957	-
Others	68,281	5,430
	$ 2,402,207	$ 1,054,870

A. Deposit received in advance from disposal of industrial area and bid bonds from biding lands were from the Company's land development agent business which was commissioned by Chiayi County Government, for lands bid based on "Chiayi County Machouhou Industry Park Development Project", please refer to Note 6(3) for details of external customers' proceeds for land purchase and bid bonds and related proceeds receivable from land development agent.

B. Please refer to Note 6(14) for details of current portion or exercise of put options.

C. Please refer to Note 6(15) for details of long-term borrowings, current portion.

(14) Bonds payable

	December 31, 2020	December 31, 2019
Bonds payable	$ 500,000	$ 500,000
Less: Discount on bonds payable	(1,043)	(2,293)
	498,957	497,707
Less: Current portion or exercise of put options	(498,957)	-
	$ -	$ 497,707

A. The competent authority has approved the Company's first time raising and issuance of domestic secured corporate bonds. The bonds are with a total issuance amount of $500,000 thousand dollars and a coupon rate of 1.15%, cover a 5-year period of issuance and listed on the Taiwan Over-The-Counter Securities Exchange with a circulation period from November 11, 2016 and November 11, 2021. The common corporate bonds were repaid at once by cash at face value when matured. The pledged method was performed with guarantee of corporate bonds based commissioned guarantee contract by Taiwan Cooperative Bank.

B. Aforementioned corporate bonds payable was guaranteed and issued by financial institutes. Please refer to Note 8 for details of collateral.

(15) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Bank's unsecured borrowings				
Taiwan Cooperative Bank	Borrowing period is from April 13, 2020 to February 12, 2026, interest is payable monthly	3.17%	"	227,830
Taiwan Business Bank Co., Ltd.	Borrowing period is from April 13, 2020 to February 12, 2026, interest is payable monthly	3.17%	"	168,580
Chang Hwa Commercial Bank, Ltd.	Borrowing period is from April 13, 2020 to February 12, 2026, interest is payable monthly	3.17%	"	168,580
Agricultural Bank of Taiwan	Borrowing period is from April 13, 2020 to February 12, 2026, interest is payable monthly	3.17%	"	111,610
Hua Nan Commercial Bank, Ltd.	Borrowing period is from April 13, 2020 to February 12, 2026, interest is payable monthly	3.17%	"	55,790
Land Bank of Taiwan	Borrowing period is from April 13, 2020 to February 12, 2026, interest is payable monthly	3.17%	"	55,790
				788,180
Less: Current portion				(788,180)
				$ -

In October 2019, the Company entered into a contract for a syndicated borrowing with bank group, including Taiwan Cooperative Bank, Chang Hwa Commercial Bank, Ltd., Taiwan Business Bank Co., Ltd. The borrowing was a execution fund for "Chiayi County Machouhou Industry Park 2nd Precision Development Project" which was signed in October 2018. Total syndicate facility was $6,780,000 (including guarantee amount of $780,000 and borrowing amount of $6,000,000). The credit term was 6 years starting from the date of first drawn. As of December 31, 2020, the Company has drawn performance guarantee amount of $755,800 and borrowing amount of $788,180. The Company's chairman agreed individually to serve as joint guarantor of the credit borrowing. In the term of the credit borrowing, the Company's primarily promised items were as follows:

A. The financial ratios in the annual consolidated financial statements shall be maintained as follows:

   Tangible equity interest: shareholders' equity net of intangible assets shall not lower than NT$ 2.5 billion.

B. The development case shall complete the first announce for selling or registration in 2 years starting from the date of first drawn.

C. In 2 years starting from the date of the first announce for selling or registration, the sales rate shall reach 25% (including).

D. In 2 years starting from the date of the first announce for selling or registration, the sales rate shall reach 35% (including).

E. In the term of the credit borrowing, if there are shareholder's payment on behalf of the Company, the Company shall obtain the agreement of the shareholder in document which agrees that if the credit borrowing has not been repaid, the Company can not repay shareholder's payment on behalf of the Company. The interest rate of shareholder's payment on behalf of the Company can not higher than the interest rate of the credit borrowing at current or after. However, if shareholder's payment on behalf of the Company is invested in the Company, this is not restricted.

For the years ended December 31, 2020 and 2019, the Company has not violated aforementioned promised items in both years.

(16) Pensions

Defined contribution plan

A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were $4,745 and $5,706, respectively.

(17) Common stock

A. As of December 31, 2020, the Company's authorised capital was $2,500,000, and the paid-in capital was $2,287,135 with a par value of $10 (in dollars) per share, totaling 228,714 thousand shares. Information of movements in the number of the Company's ordinary shares outstanding are as follows (thousand shares):

	2020 (Note)	2019 (Note)
At January 1	228,714	228,714
Purchase of treasury shares	(2,525)	-
At December 31	226,189	228,714

Note: The number of the parent company's shares outstanding, including shares held by the subsidiaries

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2020	
		No. of shares	Book value
The Company	To be reissued to employees	2,525 thousand shares	$ 26,130
Subsidiaries- Chang Ji Construction Co., Ltd.	Protect shareholders' equity interest	28,125 thousand shares	255,837
Total			$ 281,967

Name of company holding the shares	Reason for reacquisition	December 31, 2019	
		No. of shares	Book value
Subsidiaries- Chang Ji Construction Co., Ltd.	Protect shareholders' equity interest	28,125 thousand shares	$ 255,837

(b) On November 12, 2015, the Company's Board of Directors approved to transfer shares to employees and repurchased treasury shares in the amount of 10,000 thousand. As of January 2016 (fulfill a period of execution), the treasury shares which were repurchased totaling 4,291 thousand shares with a total amount of $44,095. As of January 29, 2019, because there were treasury shares which has not been transferred when the execution period was fulfilled, 4,291 thousand treasury shares were canceled and reduced the capital. The number of outstanding shares was 228,714 thousand shares after the capital reduction.

(c) On March 27, 2020, the Company's Board of Directors approved to repurchased 6,000 thousand treasury shares. As of May 29, 2020 (fulfill a period of execution), the Company repurchased 2,525 thousand treasury shares in total with a total amount of $26,130.

(d) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(f) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(g) Information about collaterals is provided in Note 8(2).

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policies were as follows: the Company's industrial life cycle was in growth stage, in order to match with the Company's long-term financial plan for sustainable operation, the Company's dividend policies adopted residual dividend policy. According to the Company's capital budget plan, the stock dividend shall be distributed first to retain demand capital, if any, shall be distributed as cash dividend. If cash dividend can be distributed in the current year, the cash dividend shall be adjusted to not lower than 5% of total dividend.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. Special reserve

(a) Special reserve (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) According to Jin-Guan-Zheng-Fa-Zi No.1010047490, the accounting of public issued company invested in the subsidiary who hold the shares of parent shall follow Securities and Exchange Act paragraph 1 of Article 41. Thus, listed and emerging companies shall not distribute special reserve at the same amount which was calculated from the difference between the market price and carrying amount of shares which was parent company's shares held by the subsidiary and the shareholding ratio. Afterward, if the market price has reversed, listed and emerging company shall reverse special reserve based on the shareholding ratio.

E. Appropriation of earnings

The appropriations of earnings of years 2019 and 2018 as resolved by the shareholders at their meetings on June 19, 2020 and June 24, 2019 are as follows:

	Year ended December 31			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal surplus	$ 17,544		$ -	
Special reserve	9,222		-	
Cash dividend	114,357	$ 0.50	-	$ -
Total	$ 141,123		$ -	

F. The appropriation of 2020 earnings was resolved by the Board of Directors on March 25, 2021. The above appropriation of earnings of year 2020 is yet to be resolved by the shareholders in 2021.

Related distribution of earnings were as follows:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal surplus	$ 31,520	
Special reserve reversed	(2,652)	
Cash dividend	180,951	$ 0.80
Total	$ 209,819	

As of March 25, 2021, the aforementioned proposal for 2020 earnings distribution has not yet been resolved by the shareholders.

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the recognition of goods and services over time and at a point in time in the following major product lines:

Year ended December 31, 2020	Sales revenue	Building revenue	Construction revenue	Service revenue	Total
Timing of revenue recognition					
At a point in time	$ 131,713	$ 2,705,394	$ -	$ -	$ 2,837,107
Over time	-	-	989,344	79,256	1,068,600
	$ 131,713	$ 2,705,394	$ 989,344	$ 79,256	$ 3,905,707

Year ended December 31, 2019	Sales revenue	Building revenue	Construction revenue	Service revenue	Total
Timing of revenue recognition					
At a point in time	$ 171,201	$ 3,855,495	$ -	$ -	$ 4,026,696
Over time	-	-	446,229	24,368	470,597
	$ 171,201	$ 3,855,495	$ 446,229	$ 24,368	$ 4,497,293

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets:			
Contract assets-proceeds from building contract	$ 215,441	$ 418,832	$ 427,672

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities:			
Contract liabilities-proceeds from building contract	$ 96,123	$ 94,801	$ 103,112
Contract liabilities-proceeds from sale contract	1,530	318,925	117,249
Total	$ 97,653	$ 413,726	$ 220,361

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Building pre-sale contract	$ 302,756	$ -

C. The Company contracted with CPC Corporation, Taiwan for “Subsea pipeline replacement project for the second overseas oil unloading baoy of Taoyuan Oil Retinery ”, the construction was delayed due to the climate which was not responsible by anyone, causing disputes on the construction proceeds between both parties, the Company is conciliated with CPC Corporation, Taiwan by Complaint Review Board for Government Procurement now.

(21) Interest income

	Year ended December 31	
	2020	2019
Interest income from bank deposits	$ 865	$ 1,433
Other interest income	10,872	1,921
	$ 11,737	$ 3,354

(22) Other income

	Year ended December 31	
	2020	2019
Rental revenue	$ 2,211	$ 2,521
Other income, others	3,501	4,291
	$ 5,712	$ 6,812

(23) Other gains and losses

	Year ended December 31	
	2020	2019
Foreign exchange losses, net	($ 357)	($ 822)
Gains on disposals of investments	(2,130)	(1,404)
	($ 2,487)	($ 2,226)

(24) Finance costs

	Year ended December 31	
	2020	2019
Interest expenses:		
Bank borrowings	$ 20,270	$ 56,354
Payment on interest of corporate bond	5,766	5,750
Amortisation of discounts on bonds	1,250	1,250
Others	23	1
Less: Capitalisation of qualifying assets	(11,228)	(39,496)
Finance costs	$ 16,081	$ 23,859

(25) Expenses by nature

	Year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense	$ 59,315	$ 81,982	$ 141,297
Depreciation expenses (including investment property)	-	2,782	2,782
Depreciation expense of right-of-use assets	-	487	487
Amortisation charge	-	1,373	1,373
Amortisation expense of right-of-use assets	-	70	70

	Year ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense	$ 68,550	$ 69,686	$ 138,236
Depreciation expenses (including investment property)	-	2,905	2,905
Depreciation expense of right-of-use assets	-	-	-
Amortisation charge	-	2,046	2,046
Amortisation expense of right-of-use assets	-	-	-

(26) Employee benefit expense

	Year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Salary expenses	$ 50,154	$ 65,685	$ 115,839
Labour and health insurance fees	4,495	4,255	8,750
Pension costs	2,649	2,096	4,745
Directors' emoluments	-	8,237	8,237
Other personnel expenses	2,017	1,709	3,726
	$ 59,315	$ 81,982	$ 141,297

	Year ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Salary expenses	$ 55,888	$ 55,590	$ 111,478
Labour and health insurance fees	6,358	3,658	10,016
Pension costs	3,676	2,030	5,706
Directors' emoluments	-	6,847	6,847
Other personnel expenses	2,628	1,561	4,189
	$ 68,550	$ 69,686	$ 138,236

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be 8% for employees' compensation and not higher than 2% for directors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $26,707 and $21,149, respectively; while directors' remuneration was accrued at $6,677 and $5,287, respectively. The aforementioned amounts were recognised in salary expenses.

   The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 8% and 2% of distributable profit for the year ended December 31, 2020. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $26,707 and $6,677, and the employees' compensation will be distributed in the form of cash.

   Employees' compensation of $21,149 and directors' remuneration of $5,287 in 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements.

   Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

C. As of December 31, 2020 and 2019, the Company had 128 and 144 employees respectively, excluding 5 directors for the both years.

D. The company's stock has been listed on the stock exchange for trading, so the following information will be disclosed

(a)For the years ended December 31, 2019 and 2018, the Company's average employee benefit expenses were $1,082 and $945

(b)For the years ended December 31, 2019 and 2018, the Company's average employee wages and salaries were $942 and $802

(c)Change in average wages and salaries adjustments was 17.46%.

(d)The Company has set up an audit committee, so there is no supervisory application, and there is no need to disclose supervisors' remuneration information.

E. The Company's remuneration policy

(a) The overall salary and remuneration level of employees takes external competitiveness and internal fair trading as important considerations, and can effectively attract and retain talents.

(b) Through the performance management system, it connects employees' salary and remuneration, provides motivation for employee development, and drives the company's positive development.

(c) Link the company's long-term and short-term goals, personal investment time, positions held and overall work performance to achieve the purpose of motivating employees.

(d) Set up a salary and remuneration committee to effectively measure the overall salary and remuneration of the company's directors and managers.

(27) Income taxes

A. Tax (income) expense

Components of income tax (income) expense:

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	$ 889	$ 1,903
Tax on undistributed earnings	1,715	-
Prior year income tax underestimation	1,679	-
Total current tax	4,283	1,903
Deferred tax:		
Origination and reversal of temporary differences	(19,486)	60,586
Income tax (income) expenses	($ 15,203)	$ 62,489

B. Reconciliation between income tax (income) expense and accounting profit

	Year ended December 31	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate (note)	$ 60,090	$ 47,584
Expenses disallowed and tax exempt income by tax regulation	(115,030)	(7,048)
Increment tax on land value	889	1,903
Temporary differences not recognised as deferred tax assets	(1,254)	(1,693)
Tax losses not recognised as deferred tax assets	(34,895)	-
Change in assessment of realisation of deferred tax assets	71,603	21,743
Tax on undistributed earnings	1,679	-
Prior year income tax under estimate	1,715	-
Income tax (income) expenses	($ 15,203)	$ 62,489

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Company entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2020			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Temporary differences:				
-Deferred income tax assets:				
Unrealised losses on doubtful debts	$ 677	$ -	$ -	$ 677
Unrealised loss for market value decline and obsolete and slow-moving inventories	2,004	(275)	-	1,729
Unrealised loss on foreign investment	4,205	(3,888)	-	317
Unrealised impairment loss	84	-	-	84
Deferred recognition expenses	7,400	(7,352)	-	48
Loss carryforward	91,018	29,722	-	120,740
Subtotal	105,388	18,207	-	123,595
-Deferred tax liabilities:				
Unrealised exchange gain	(151)	151	-	-
Currency translation differences	(3,136)	-	-	(3,136)
Unrealised gain on foreign investments	(11,229)	(552)	-	(11,781)
Subtotal	(14,516)	(401)	-	(14,917)
Total	$ 90,872	$ 17,806	$ -	$ 108,678

	2019			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Temporary differences:				
-Deferred income tax assets:				
Unrealised losses on doubtful debts	$ 677	$ -	$ -	$ 677
Unrealised loss for market value decline and obsolete and slow-moving inventories	2,004	-	-	2,004
Unrealised loss on foreign investment	22,731	(18,526)	-	4,205
Unrealised impairment loss	84	-	-	84
Deferred recognition expenses	5,364	2,036	-	7,400
Loss carryforward	134,272	(43,254)	-	91,018
Subtotal	165,132	(59,744)	-	105,388
-Deferred tax liabilities:				
Unrealised exchange gain	(251)	100	-	(151)
Currency translation differences	(6,568)	3,432	-	(3,136)
Unrealised gain on foreign investments	(6,855)	(4,374)	-	(11,229)
Subtotal	(13,674)	(842)	-	(14,516)
Total	$ 151,458	($ 60,586)	$ -	$ 90,872

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2020			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 47,167	$ 47,167	$ -	2022
2013	131,026	131,026	-	2023
2014	47,655	47,655	-	2024
2015	37,887	37,887	-	2025
2016	10,737	10,737	-	2026
2018	172,219	172,219	-	2028
2020	331,485	331,485	174,476	2030
	$ 778,176	$ 778,176	$ 174,476	

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 47,167	$ 47,167	$ -	2022
2013	131,026	131,026	-	2023
2014	47,655	47,655	-	2024
2015	37,887	37,887	-	2025
2016	10,737	10,737	-	2026
2018	180,615	180,615	-	2028
	$ 455,087	$ 455,087	$ -	

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 6,311	$ 7,883

F. Income tax returns of the Company and subsidiaries, Shin Ding Engineering Consultants Co., Ltd. and Chang Ji Construction Co., Ltd. through 2018 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 315,653	198,925	$ 1.59
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,468	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 315,653	201,393	$ 1.57

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 175,432	200,589	$ 0.87
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,748	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 175,432	202,337	$ 0.87

(29) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (Long-term borrowings, current portion)	Bonds payable (Corporate bond, current portion)	Liabilities from financing activities-gross
January 1, 2020	$ 557,006	$ 1,306,400	$ -	$ 497,707	$ 2,361,113
Changes in cash flow from financing activities	(168,234)	(1,281,400)	788,180	-	(661,454)
Changes in other non-cash items	-	-	-	1,250	1,250
December 31, 2020	$ 388,772	$ 25,000	$ 788,180	$ 498,957	$ 1,700,909

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (Long-term borrowings, current portion)	Bonds payable (Corporate bond, current portion)	Liabilities from financing activities-gross
January 1, 2019	$ 1,142,098	$ 3,203,900	$ 80,000	$ 496,457	$ 4,922,455
Changes in cash flow from financing activities	(585,092)	(1,897,500)	(80,000)	-	(2,562,592)
Changes in other non-cash items	-	-	-	1,250	1,250
December 31, 2019	$ 557,006	$ 1,306,400	$ -	$ 497,707	$ 2,361,113

7. Related Party Transactions

(1) Significant related party transactions

Company name	Relationship with the Company
Chang Ji Construction Co., Ltd.	Subsidiaries
Shin Ding Engineering Construction Co., Ltd.	Subsidiaries

(2) Transactions with related parties

A. Operating revenue

(a) The transaction price and payment terms of the Company's sales to related parties are not materially different from those of ordinary customers. The price of the project of the Company's contracting parties is determined by the negotiation between the two parties; the payment conditions are handled by the monthly settlement method, and there is no major difference with ordinary customers.

(b) The project contract price and payment situation of the Company's contracting parties are as follows

	December 31, 2020		December 31, 2019	
	Contract price	Contract assets	Contract price	Contract assets
Chang Ji Construction Co., Ltd.	$ 510,922	$ 95,787	$ 510,922	$ 95,787

B. Purchases:

	2020	2019
Engineering cost		
Chang Ji Construction Co., Ltd.	$ 186,988	$ 318,690
Industrial area development cost		
Chang Ji Construction Co., Ltd.	$ 408,704	$ 246,243
Shin Ding Engineering Construction Co., Ltd.	-	18,883
	$ 408,704	$ 265,126

The transaction price and payment terms of the company's purchase of goods from related parties are not materially different from those of ordinary customers. The transaction price of the related party's contracting of the company's project is determined by double bargaining; the payment terms are handled by the monthly settlement method, and there is no major difference with ordinary customers.

C. Receivables from related parties:

	December 31, 2020	December 31, 2019
Notes receivable:		
Chang Ji Construction Co., Ltd.	$ 39,830	$ -
Accounts receivable:		
Chang Ji Construction Co., Ltd.	$ 19,882	$ 23,512

D. Payables to related parties:

	December 31, 2020	December 31, 2019
Accounts payable:		
Chang Ji Construction Co., Ltd.	$ 30,278	$ 58,463

E. Property transactions:

Acquisition of property, plant and equipment:

	Year ended December 31, 2020	Year ended December 31, 2019
Chang Ji Construction Co., Ltd.	$ 90	$ -

F. Endorsement guarantee

(a) As at December 31, 2020 and 2019,Chang Ji Construction Co., Ltd. provides endorsement guarantees$58,000 and $80,000 for the Company’s Short-term notes and bills payable.

(b) As of December 31, 2020 and 2019, because the Company entered into an outsourcing construction contract, the Company has construction payables which shall be paid in the future in the amount of $164,518 and $236,528, respectively.

G. Lease transactions－lessee

The Company leases offices in Xinmin Street, Zhonghe District and Hsing Nan building in Fuxing North Road to Chang Ji Construction Co., Ltd. Rental revenue of $980 and $1,680 were recognised for years ended December 31, 2020 and 2019, respectively.

H. Other current assets

The Company and Chang Ji Construction Co., Ltd. purchased parcels of land nearby for construction project of joint construction and separate sale. As of December 31, 2020 and 2019, the performance guarantees paid to Chang Ji Construction Co., Ltd. were all $15,000, shown as other current assets.

(3) Key management compensation

	Year ended December 31	
	2020	2019
Salaries and other short-term employee benefits	$ 34,970	$ 28,224
Post-employment benefits	584	542
Total	$ 35,554	$ 28,766

8. Pledged Assets

(1) The Company's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2020	Book value December 31, 2019	Purpose
Inventory-buildings and land held for sale	$ 286,575	$ 369,444	Guarantee for financing limit and short-term notes and bills payable
Inventory-Construction in progress	-	1,082,650	Guarantee for short-term notes and bills payable
Other receivables			
-Land development agent receivable	1,908,352	930,140	Performance guarantee and guarantee for financing limit
Other current assets			
-Certificate of deposit	24,305	35,326	Construction guarantee, performance guarantee and guarantee for financing limit
-Reserve account	414,383	248,135	Performance guarantee, guarantee for financing limit and bonds payable
-Trust account	841,911	805,674	Performance guarantee
-Jointly building guarantee, construction guarantee and bid bonds	419,831	417,388	-Jointly performance and building guarantee, construction guarantee and bid bonds
Property, plant and equipment	97,921	86,810	Guarantee for financing limit
Investment property	65,670	78,199	Guarantee for financing limit
Other non-current assets			
-Guarantee deposits paid	12,150	8,075	General deposits and for use of golf club card
-Reserve account	-	152,934	Bonds payable
	$ 4,071,098	$ 4,214,775	

(2) As of December 31, 2020 and 2019, Chang Ji Construction Co., Ltd., pledged 28,125 thousand shares and 22,625 thousand shares of the Company (shown as "treasury share") for borrowing.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Commitments

Except for the description in Note 6(6) and 7, the Company has significant commitments and contingencies as follows:

A. Guarantee

The Company entered into commission guarantee contract or provided time deposits as collateral for bid bonds, performance guarantee, prepaid guarantee and other construction guarantee which were related with construction contract and commissioned banks to be joint guarantor. As of December 31, 2020, the guarantee amount was $1,427,684.

B. As of December 31, 2020, the Company has unused letters of credit in the amount of $261,447 for purchasing materials and equipments.

C. As of December 31, 2020, because the Company entered into outsourcing construction contract, the Company has construction payables which shall be paid in the future in the amount of $666,173.

D. As of December 31, 2020, the Company entered into pre-sale house and land contracts which has a price of $10,330 with customer and has received $1,530 according to the contracts.

E. As of December 31, 2020, the Company entered into land purchase contracts which has not been transferred with a price of $493,426 and has paid $443,020 according to the contracts.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. On March 25, 2021, the Company's Board of Directors resolved the appropriation of 2020 earnings and the amount of employees' compensation and directors' remuneration, please refer to Note 6(19)F. and Note 6(26) for details.

B. On January 15, 2021, the Company entered into a contract, "Tainan Chigu Technology Industry Park Precision Development Project", with Tainan City Government.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Total borrowings	$ 1,700,909	$ 2,361,113
Less: Cash and cash equivalents	(178,897)	(103,498)
Net debt	1,522,012	2,257,615
Total equity	3,054,125	2,865,307
Total capital	$ 4,576,137	$ 5,122,922
Gearing ratio	33.26%	44.07%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets of investments in equity instruments designated at fair value through other comprehensive income:	$ 6,400	$ 10,082
Financial assets at amortised cost		
Cash and cash equivalents	178,897	103,498
Notes receivable	1,578	4,462
Notes receivable-related parties	39,830	-
Accounts receivable-related parties	484,349	335,818
Accounts receivable	19,882	23,512
Other receivables	1,910,130	942,777
Guarantee deposits paid	12,150	8,075
Other financial assets	1,700,430	1,659,457
	$ 4,353,646	$ 3,087,681

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 388,772	$ 557,006
Short-term notes and bills payable	25,000	1,306,400
Notes payable	2,464	13,461
Accounts payable	285,207	156,373
Accounts payable-related parties	30,278	58,463
Other accounts payable	63,269	51,331
Bonds payable (including current portion)	498,957	497,707
Long-term borrowings (including current portion)	788,180	-
Guarantee deposits received	60,912	1,811
	$ 2,143,039	$ 2,642,552

B. Financial risk management policies

The Company's financial risk primarily was composed of the risk following financial instrument investment and exchange rate risk of foreign currency transaction. The Company always adopted strictest control standard on the financial risk of each financial instrument investment. Every financial investments and operations were estimated for its possible market risk, credit risk, liquidity risk and cash flow risk in all dimension, the Company must choose the minimum risk. The Company managed the exchange rate risk of foreign currency transaction was based on the strategical risk management target, searched for the optimal risk position and maintained adequate liquidity position to achieve best hedge strategy.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020					
				Sensitivity analysis		
	Foreign currency amount (in thousand dollars)	Exchange rate	Book value (NTD)	Degree of variation	Affected profit or loss	Affected equity
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	2,177	28.48	$ 62,523	1%	$ 625	$ -
Non-monetary items						
USD:NTD	6,330	28.48	$ 180,265	1%	$ -	$ 1,803
Financial liabilities						
Monetary items						
USD:NTD	268	28.48	$ 7,615	1%	($ 76)	$ -

	December 31, 2019					
				Sensitivity analysis		
	Foreign currency amount (in thousand dollars)	Exchange rate	Book value (NTD)	Degree of variation	Affected profit or loss	Affected equity
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	1,916	29.98	$ 57,968	1%	$ 580	$ -
Non-monetary items						
USD:NTD	5,105	29.98	$ 153,193	1%	$ -	$ 1,522
Financial liabilities						
Monetary items						
USD:NTD	237	29.98	$ 7,257	1%	($ 73)	$ -

ii. Total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to $357 and $822, respectively.

Price risk

The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, The Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by The Company.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from short-term bank borrowings. Borrowings issued at variable rates expose The Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose The Company to fair value interest rate risk. For the years ended December 31, 20202 and 2019, the Company's borrowing at floating rate was calculated in New Taiwan dollars, and when the market rate increased 1%, the cash outflow will increase $12,020 and $18,634, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to The Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to The Company's credit policy, each local entity in The Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

ii. For the years ended December 31, 2020 and 2019, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

iv. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

vi. The Company classifies customer's accounts receivable and contract assets in accordance with customer types. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.

vii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the provision matrix and loss rate methodology were as follows:

	Not past due	1 to 120 days past due	Over 121 days past due	Total
December 31, 2020				
Expected loss rate	0%-2.44%	2.44%-80.45%	80.45%-100%	
Total book value	$ 485,512	$ 1,779	$ 5,653	$ 492,944
Loss allowance	37	1,327	5,653	7,017

	Not past due	1 to 120 days past due	Over 121 days past due	Total
December 31, 2019				
Expected loss rate	0%-0.17%	0.17%-20%	20%-100%	
Total book value	$ 333,165	$ 6,148	$ 5,885	$ 345,198
Loss allowance	2	2	4,914	4,918

viii. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable and accounts receivable are as follows:

	2020
	Accounts receivable
January 1	$ 4,918
Expected credit impairment losses	2,099
December 31	$ 7,017

	2019
	Accounts receivable
At January 1 (the same as December 31)	$ 4,918

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(26)) at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2020	December 31, 2019
Expiring within one year	$ 1,442,313	$ 1,203,855
Expiring beyond one year	5,211,820	6,000,000
	$ 6,654,133	$ 7,203,855

As of December 31, 2020 and 2019, the Company's undrawn borrowing facilities which will expire beyond one year were $5,211,820 and $6,000,000, respectively, which were the execution fund borrowing of "Chiayi County Machouhou Industry Park 2nd Precision Development Project" and described in Note 6(15).

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2020	Within 1 year	Between 1 and 5 years
Short-term borrowings	$ 391,497	$ -
Short-term notes and bills payable	25,000	-
Notes payable	2,464	-
Accounts payable (including related rarties)	244,285	71,200
Other payables	63,269	-
Bonds payable (including current portion)	506,004	-
Long-term borrowings (including current portion)	-	910,552
Guarantee deposits received	-	60,912

Non-derivative financial liabilities: December 31, 2019	Within 1 year	Between 1 and 5 years
Short-term borrowings	$ 559,567	$ -
Short-term notes and bills payable	1,306,400	-
Notes payable	13,461	-
Accounts payable(including related rarties)	162,886	51,590
Other payables	51,331	-
Bonds payable	7,000	506,004
Guarantee deposits received	-	1,811

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 6,400	$ 6,400

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 1,926	$ -	$ 8,156	$ 10,082

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020	2019
At January 1	$ 8,156	$ 11,089
Gains and losses recognised in other comprehensive income		
Unrealised gains on valuation through other comprehensive income	(1,756)	(2,933)
At December 31	$ 6,400	$ 8,156

G. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. External appraiser was commissioned to appraise investment property.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Venture capital shares Private equity fund investment	$ 6,400	Net asset value	Not applicable	-	Not applicable

	Fair value at December 31, 2,019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Venture capital shares Private equity fund investment	$ 8,156	Net asset value	Not applicable	-	Not applicable

13. Supplementary Disclosures

(4) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(5) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(6) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

(7) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

None.

APEX SCIENCE & ENGINERRING CORP.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	
Cash on hand and petty cash			$ 1,555
Bank deposits :			
Checking accounts			40,028
Demand deposits			
－USD	USD $ 1,629 rate 28.48	46,274	
－NTD		90,940	
#NAME?		100	137,314
			$ 178,897

APEX SCIENCE & ENGINERRING CORP.
STATEMENT OF NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Client:			
A Company		$ 185,033	
B Company		159,037	
C Company		45,177	
D Company		43,032	
Others		60,665	Each individual customer balance did not exceed 5% of the account balance
Subtotal		$ 492,944	
Less : Allowance for bad debts		(7,017)	
Total		$ 485,927	
Related parties:			
Chang Ji Construction Co., Ltd.		$ 59,712	

APEX SCIENCE & ENGINERRING CORP.
DETAILS OF CONSTRUCTION IN PROGRESS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Project No.	Balance at January 1, 2020	Cost	Project (loss) gain	Completed and roll-out	Balance at December 31, 2020
ACONP02	$ 302,594	$ -	$ -	$ -	$ 302,594
AFC25	732,386	323	14	-	732,723
AIW04	572,034	525	(1,597)	-	570,962
AIW05	774,425	35,455	(35,455)	-	774,425
ATY19	479,500	67,137	(67,137)	-	479,500
ATFC09	174,455	349,475	(14,999)	-	508,931
ATY21	47,590	358,698	-	-	406,288
ATW10	272,178	1,157	(1,157)	(272,178)	-
Others	1,402,585	308,969	(13,017)	(595,323)	1,103,214
	$ 4,757,747	$ 1,121,739	($ 133,348)	($ 867,501)	$ 4,878,637
				Shown as contract assets	$ 4,016,382
				Shown as deduction item to contract liabilities	$ 862,255

APEX SCIENCE & ENGINERRING CORP.
DETAILS OF INVENTORIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Merchandise inventory		$ 10,546	$ 8,583	
Finished goods		10,455	9,828	
Semi-finished goods		11,732	11,732	
Work in progress		2,426	2,426	
Raw materials		9,480	8,825	
Buildings and land held for sale		325,035	325,035	Note
Lands wait for building		1,338	1,338	"
Construction in progress		1,200	1,200	"
Prepayment for land purchases		443,020	443,020	
Subtotal		815,232	$ 811,987	
Less: Allowance for valuation loss		(8,644)		
Total		$ 806,588		

NOTE:Due to the industry characteristics of the construction company, its The price is not easy to determine, so the listed market price is not lower than the cost.

APEX SCIENCE & ENGINERRING CORP.
DETAILS OF INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition(Decrease)							Ending Balance			Market Value or Net Assets Value		
Name	Shares	Amount	Shares	Amount	Earnings distribution of investments accounted	Capital surplus	Retain earning	Cash dividend	Financial statements translation differences of foreign operations	Shares	Percentage of Ownership	Amount	Total Amount	Methods of measurement	Collateral
Shin Ding Engineering Construction Co., Ltd.	800,000	$ 19,562	-	$ -	($ 5,276)	$ -	$ -	$ -	$ -	800,000	100.00	$ 14,286	$ 14,286	Equity method	None
Reinforce Energy Co. Ltd.	2,810,000	153,192	-	-	24,142	-	-	-	2,931	2,810,000	100.00	180,265	180,265	"	"
Chang Ji Construction Co., Ltd	51,354,000	341,793	2,966,000	46,452	33,420	1,908	(4,960)	(5,202)	-	54,320,000	90.53	413,411	669,148	"	"
		$ 514,547		$ 46,452	$ 52,286	$ 1,908	($ 4,960)	($ 5,202)	$ 2,931			$ 607,962	$ 863,699		

APEX SCIENCE & ENGINERRING CORP.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Mega International Commercial Bank Co., Ltd.	Secured borrowings	$ 115,000	2020/08/19-2021/05/24	1.41%-2%	$ 190,000	Pledged time deposits,inventory, land, buildings and structures (shown as property, plant and equipment) and treasury shares.	Please refer to Note 8 for details of collaterals.
Chang Hwa Commercial Bank	Secured borrowings	52,284	2020/09/04-2021/09/04	"	100,000	"	"
The Shanghai Commercial & Savings Bank, Ltd.	Secured borrowings	44,690	2020/05/05-2021/05/05	"	194,690	"	"
Taiwan Business Bank Co., Ltd.	Secured borrowings	33,944	2020/08/17-2021/05/18	"	150,000	"	"
Taiwan Cooperative Bank	Unsecured borrowings	81,900	2020/09/22-2021/09/22	"	91,000	None	
Hua Nan Commercial Bank,Ltd.	Unsecured borrowings	40,000	2020/11/23-2021/05/23	"	100,000	"	
Jih Sun International Bank,Ltd.	Unsecured borrowings	13,255	2020/09/07-2021/05/05	"	80,000	"	
First Commercial Bank	Unsecured borrowings	7,699	2020/10/05-2021/04/14	"	90,000	"	
		$ 388,772			$ 995,690		

APEX SCIENCE & ENGINERRING CORP.
STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Nature	Guarantor or Accepting Institution	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Taiwan Shin Kong Commercial Bank Co., Ltd.	Unsecured borrowings	$ 25,000	2020/10/08-2021/01/06	0.42%	$ 50,000	None	

APEX SCIENCE & ENGINERRING CORP.
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Supplier:			
A Company		$ 55,006	
Others		230,201	Each individual supplier balance did not exceed 5% of the account balance
Subtotal		$ 285,207	
Related parties:			
Chang Ji Construction Co., Ltd.		$ 30,278	

APEX SCIENCE & ENGINERRING CORP.
DETAILS OF PARTIAL CONSTRUCTION BILLINGS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Project No.	Balance at January 1, 2020	Additions (Reductions)	Completed and roll-out	Balance at December 31, 2020
ACONP02	$ 265,604	$ -	$ -	$ 265,604
AFC25	736,435	(2,694)	-	733,741
AIW04	570,596	366	-	570,962
AIW05	755,529	11,430	-	766,959
ATFC09	95,500	388,514	-	484,014
ATY19	368,999	98,448	-	467,447
ATY21	117,314	247,898	-	365,212
ATW01	14,875	86,404	-	101,279
ATW10	272,178	-	(272,178)	-
Others	1,236,685	362,739	(595,323)	1,004,101
	$ 4,433,715	$ 1,193,105	($ 867,501)	$ 4,759,319
			Shown as contract liabilities	$ 958,378
			Shown as deduction item to contract assets	$ 3,800,941

APEX SCIENCE & ENGINERRING CORP.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
		$ 132,602	
Sales revenue			
Less:Sales return		(736)	
Sale discount		(153)	
Subtotal		131,713	
Building revenue		2,705,394	
Construction revenue		989,344	
Service revenue		79,256	
Total		$ 3,905,707	

APEX SCIENCE & ENGINERRING CORP.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Beginning raw materials		$ 23,317
Add: Raw materials purchased		24,709
Other		176
Less:Ending raw materials		(21,212)
Cost of raw materials sold		(5,704)
Turnover operating expenses		(614)
Consumed materials		20,672
Direct labor		9,694
Manufacturing expense		1,889
Manufacturing cost		32,255
Add:Beginning work in Progress		3,685
Less:Ending work in Progress		(2,426)
Cost of finished goods		33,514
Add:Beginning finished goods		8,700
Outsourcing processing fee		1,639
Less:Ending finished goods		(10,455)
Turnover operating expenses		(356)
Cost of goods sold from purchase		33,042
Beginning inventory		14,472
Add:Net purchase for the period		73,973
Other		1,402
Less:Ending inventory		(10,546)
Turnover operating expenses		(1,972)
Total cost of goods sold		77,329
Add:Cost of raw materials sold		5,704
Less: Allowance for valuation loss		(1,377)
Total cost of goods sold		$ 114,698

APEX SCIENCE & ENGINERRING CORP.
STATEMENT OF ENGINEERING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Beginning engineering materials		$ -
Add : Purchasing		346,108
Less:Ending materials		-
Cost of engineering materials		346,108
Direct labor		226
Subcontract costs		681,350
Manufacturing expenses		95,008
Total cost of engineering sales		$ 1,122,692

APEX SCIENCE & ENGINERRING CORP.
STATEMENT OF BUILDING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	
		Subtotal	Total
Lands wait for building			
Beginning lands wait for building		$ 838	
Add : Purchasing		500	
Less:Ending lands wait for building		(1,338)	$ -
Construction in progress			
Beginning construction in progress		1,873,541	
Add : Purchasing		292,994	
Capitalisation of qualifying assets		4,953	
Less:Turnover buildings and land held for sale		(2,170,288)	
Ending Construction in progress		(1,200)	-
Buildings and land held for sale			
Beginning buildings and land held for sale		397,784	
Add : Turnform construction in progress		2,170,288	
Less:Buildings and land held for sale		(325,035)	2,243,037
Total cost of building			$ 2,243,037

APEX SCIENCE & ENGINERRING CORP.
DETAILS OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Sales expense	General and administrative expenses	Research and development expenses	Total
Pension	$ 13,394	$ 62,624	$ -	$ 76,018
Commission expense	45,646	-	-	45,646
Miscellaneous expenses	4,269	10,213	120	14,602
Others	12,723	22,407	2,502	37,632
	$ 76,032	$ 95,244	$ 2,622	$ 173,898

APEX SCIENCE & ENGINERRING CORP.

DETAILS OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(25) and 6(26) for details of expenses by nature and employee benefit expense.

APEX Science & Engineering Corp. and subsidiaries

Provision of endorsements and guarantees to others

January 1, 2020 to December 31, 2020

Table 1 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

		Party being endorsed/ guaranteed												
(Note 1)	Endorser/guarantor	Company name	Relationship with the counterparty (Note 2)	Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of (Note 4)	Outstanding endorsement/ guarantee amount at December 31, (Note 6)	Actual amount drawn down (Note 7)	endorsements/	accumulated	Ceiling on total amount of endorsements/guarantees provided (Note 3)	endorsements/	endorsements/	Provision of endorsements/ guarantees to the party in Mainland (Note 9)	Footnote
1	Chang Ji Construction Co., Ltd.	Apex Science & Engineering Corp.	4	$ 4,351,300	$ 80,000	$ 58,000	$ -	-	6.66	$ 4,351,300	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(6) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(7) The performance guarantees for the sale of pre-sales contracts under the Consumer Protection Law are jointly guaranteed.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

【The Company】

(1) The limit on endorsements/guarantees to a single party is 50% of the Company’s net asset based on the latest financial statements audited or reviewed by independent accountants.

(2) The Company’s limit on amount of endoresements/ guarantees provided to others is 15% of net assets in latest financial statements of the Company.

【Domestic subsidiaries】

(1) The limit on amount of endoresements/ guarantees provided to single party is 15% of net assets in latest financial statements of the Company.

(2) In accordance with the Group's related regulation, ceiling on total amounts of endorsements / guarantees provided is 500% of the Company's net worth based on the latest financial statements.

Note 4: Fill in the year-to-date maximum accumulated outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount of endoresements/ guarantees increased/decreased of each subsidiary. However, the amount of endoresements/ guarantees increased/decreased of the Company do not have to fill.

Note 6: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. (Fill in the amount of provision of endorsements and guarantees to others till the current month)

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in the amount of endorsements and guarantees which was guaranteed by property.

Note 9: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by the company to subsidiary and provision by subsidiary to the company, and provision to the party in Mainland China.

APEX Science & Engineering Corp. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 2

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

				Ending Balance				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	No. of shares	Book value (Note 3)	Percentage of Ownership	Fair value	Footnote (Note 4)
Apex Science & Engineering Corp.	Han Qi Tang Investment Company	-	Financial asset measured at fair value through other comprehensive income, non-current	2,648,106	$ 6,400	16.07	$ 6,400	
Chang Ji Construction Co., Ltd.	Apex Science & Engineering Corp.	The Company	"	28,124,802	369,841	12.29	369,841	
Chang Ji Construction Co., Ltd.	Big Sun Energy Technology Inc.	-	"	517,789	285	0.26	285	(Note 5)

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: As of December 31, 2020, in order to obtained bank financing and borrowing facility, Chang Ji Construction Co., Ltd. pledged the Company’s share as collateral in the amount of 28,125 thousand shares.

APEX Science & Engineering Corp. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

January 1, 2020 to December 31, 2020

Table 3

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

			Transaction				Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount of endorsements/guarantees secured with collateral	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance at December 31, 2020	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
Chang Ji Construction Co., Ltd.	Apex Science & Engineering Corp.	Parent company	Construction revenue	($ 186,988)	9.11	35 to 65 days	The same as general transaction	-	$ 30,278	70.62	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

APEX Science & Engineering Corp. and subsidiaries

Significant inter-company transactions during the reporting periods

January 1, 2020 to December 31, 2020

Table 4 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount of endorsements/guarantees secured with collateral	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Apex Science & Engineering Corp.	Chang Ji Construction Co., Ltd.	1	Advance receipts for construction	$ 504,178	No significant difference from general customers	6.67
1	Chang Ji Construction Co., Ltd.	Apex Science & Engineering Corp.	2	Advance receipts for construction	1,273,392	No significant difference from general customers	16.85
1	Chang Ji Construction Co., Ltd.	Apex Science & Engineering Corp.	2	Construction revenue	186,988	No significant difference from general customers	3.58

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Ratios of asset/liability are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

APEX Science & Engineering Corp. and subsidiaries

Information on investees

January 1, 2020 to December 31, 2020

Table 5 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

				Initial investment amount		Shares held as at December 31, 2020					
Investor	Investee (Notes 1 and 2)	Location	Main business activities	Balance as at December 31, 2020	Balance as at December 31, 2019	No. of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2020 (Note 2(3))	Footnote
Apex Science & Engineering Corp.	Shin Ding Engineering Consultants Co., Ltd.	Taiwan	Construction technical advisor, urban renewal and reconstruction, management consulting and other consulting service	$ 8,000	$ 8,000	800,000	100.00	$ 14,286	($ 5,276)	($ 5,276)	
Apex Science & Engineering Corp.	Reinforce Eenergy CO.,LTD	British Virgin Islands	General investment	95,964	95,964	2,810,000	100.00	180,265	24,142	24,142	
Apex Science & Engineering Corp.	Chang Ji Construction Co., Ltd.	Taiwan	Building and civil engineering, hydraulic engineering and other construction business	496,856	462,596	54,320,000	90.53	413,411	52,413	33,420	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at June 30, 2020’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The ‘Net profit (loss) of the investee for the year ended December 31, 2020’ column should fill in amount of net profit (loss) of the investee for this period.

(3) The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2020’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

APEX Science & Engineering Corp. and subsidiaries

Information on investments in Mainland China

January 1, 2020 to December 31, 2020

Table 6

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd.	Manufacture and sale of light emitting diode display and indicator panels incorporating light emitting diodes	$ 197,100	2	$ 94,313	$ -	$ -	$ 94,313	$ 52,643	46.00	24,216	$ 180,021	$ -	Note 2(2)B.

Endorser/guarantor	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Apex Science & Engineering Corp.	$ 94,313	$ 94,313	$ 1,832,475

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Investing through REINFORCE ENERGY CO.,LTD)

(3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited by R.O.C. parent company's CPA.

C. Non-significant subsidiaries were based on financial statements which were not audited by CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

APEX Science & Engineering Corp. and subsidiaries

Major shareholders information

December 31, 2020

Table 7

Name of major shareholders	Shares		
	Name of shares held (common share)	Name of shares held (preferred share)	Percentage of Ownership
Chang Ji Construction Co., Ltd.	28,124,802	-	12.29%
Kuo, Kuo-Hua	16,124,177	-	7.04%
Chih, Chi-Kuang	15,547,189	-	6.79%
Lin, Chien-Chih	13,090,000	-	5.72%

Note 1: (1) The major shareholders information of this table comes from the data of TDCC on the final working day of every quarter, to calculate total common shares and preference shares which held by shareholders and completed the non-physical registration (including treasury shares) and exceeded 5%. The number of shares which recorded on the Company's financial report may different from the number of actually completed non-physical registration due to the difference of calculation basis.

(2) For above data, if shareholders trusted shares, it will be disclosed in accordance with the segregate account of trustors of trustee's trust account. For the declaration of internal person who held over 10% equity interest by shareholders in accordance with Securities and Exchange Act, the shareholding including shares held on one's own plus the trusted shares and has determination on the trusted property. For the declaration of shareholding of internal person, please refer to Market Observation Post System.